

**TRAINING AND PERFORMANCE OF MICRO AND
SMALL ENTERPRISES IN KISII COUNTY IN
KENYA**

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**Training and Performance of Micro and Small Enterprises in Kisii
County in Kenya**

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

This PhD thesis is dedicated to, my wife Sarah, my two sons, Charlton and Ratzinger and my daughter Aquiline. Their love, strength, perseverance and patience enabled me to face and overcome the many challenges and confrontations throughout my thesis writing.

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LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
HPWS	High Performance Work System
HRM	Human Resource Managerial
KNBS	Kenya National Bureau of Statistics
MSEs	Micro and small Enterprises
NACOSTI	National Commission for Science Technology and Innovation
PhD	Doctor of Philosophy
RLT	Rate of Labour Turn over
ROA	Return on Assets
ROI	Return on Investment
SBEs	Small Business Entrepreneurs
SET	Social Exchange Theory
SPSS	Statistical Packages for Social Sciences
VIF	Variance Inflation Test

OPERATIONAL DEFINITION OF TERMS

Enterprise	Will refer to a business entity (Verstein, 2016)
Entrepreneur	Is a person who spots something new and innovatively uses it to create wealth (Agbim, 2013)
Financial Training	The acquisition of knowledge on financial related issues such as financial risks financial opportunities and where to get financial help and improve financial status (Godfrey Levesque & Stark2009) and Wendy and Nancy (2010)
Governance	Practices and processes by which a company is directed and controlled. Governance essentially involves balancing the interests of a company's many stakeholders such as shareholders Managerial customers suppliers financiers government and the community (Ariawan& Kelly2015).
Managerial Training	The acquisition of Managerial skills regarding business planning organizing directing and quality control of assets and human resources (Mohammed & Obeleague 2014).
Micro and Small Enterprise	A business with less than 50 employees (McCormick 2011).
Networking training	Acquisition of knowledge skills and attitudes with regards to direct and indirect relationships of SSBEs and their customers and other stakeholders to improve in their business practices (Aldrich and Martinez, 2010).
Performance of MSEs	Outcome in terms of the profit margins and general growth of a business (Kamunge Njeru& Tirimba, 2014).

Technical Training

Acquisition of the needed skills by employees to improve production and meet or exceed customer expectations (Ndegwa, 2012).

Training

Acquisitions of knowledge, skills and attitudes that will enable an individual improve the performance of an enterprise (Armstrong, 2012).

ABSTRACT

Training plays a significant role in contributing to performance of Micro and Small Enterprises (MSEs) success that eventually results in economic growth. A survey by the Kenya National Bureau of Statistics in the year 2016 indicated that 400,000 MSEs are dying annually all over the country and in the 47 counties. This has made the collection of revenue in Kisii County to be erratic and unpredictable. The main aim of this study was to establish the relationship between training and the performance of micro and small enterprise in Kisii County, Kenya. This study was guided by the following specific objectives: To establish the relationship between Managerial training and the performance of MSEs in Kisii County, to determine the relationship between technical training and the performance of MSEs in Kisii County, to evaluate the relationship between financial training and the performance of MSEs in Kisii County, to establish the relationship between networking training and the performance of MSEs in Kisii County and to determine the relationship between governance training and the performance of MSEs in Kisii County to establish the moderating relationship between training on legal and regulatory requirements and the performance of MSEs in Kisii County. The study was anchored under rational model theory, human capital theory, pecking order theory, social exchange theory and workplace social networks, agency theory, dynamic capabilities theory and regulatory theory. A descriptive survey design was used to carry out the study. The target population was 12,772 owner managers. The sample size was 384 which was obtained through simple stratified random sampling where 9 strata were studied. Data was collected using questionnaires. Data was analyzed using Statistical Package of Social Sciences (SPSS) version 20.0 computer software. The hypotheses were also tested using the t- test. Results of the study Managerial, technical training, financial training, governance, networking training, were found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This was supported by coefficient of determination also known as the R square of 51.2%. This means that independent variables explain 51.2% of the variations in the dependent variable which was the performance of micro and small enterprises in Kisii County. The ANOVA results indicated that the overall model was statistically significant. This was supported by an F statistic of 72.068 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Regression of coefficients showed that Managerial training and performance of micro and small enterprises in Kisii County had a positive and significant relationship ($r=0.06$ $p=0.000$). The results also revealed that technical training and performance of micro and small enterprises had a positive and significant relationship ($r=0.072$, $p=0.000$). The results also revealed that financial training and performance of micro and small enterprises had a positive and significant relationship ($r=0.551$, $p=0.043$). The results also showed that networking training and performance of micro and small enterprises had a positive and significant relationship ($r=0.043$, $p=0.052$). Further, a moderating variable was run. The R² before moderation was 51.2% but after moderation the R² increased to 51.7%. This implies that legal requirements moderate the relationship between training and performance of micro and small and enterprises in Kisii County. The study concluded that Managerial training, technical training, financial training, governance and networking training influences the performance of micro and small enterprises. It was recommended that more Managerial, technical, financial, governance and networking trainings are organized for micro and small enterprises in Kisii County.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This study focused on training and the performance of micro and small enterprises in Kisii County. Micro and small enterprises have become economic drivers in not only our country Kenya but also Kisii County. However, critics of micro and small enterprises argue that despite the much resources the country and counties have spent in training MSEs, the gains have not been commensurate with the huge sums of money spent during the training process. MSEs still continue dying every year according to a survey carried out in 2016 by the Kenya National Bureau of Statistics. This trend continues to worry not only the country's policy makers but also county policy makers.

Simpson *et al.*, (2012) indicated that there is no or little consensus on how to measure performance of MSEs, which best suited for particular business organization. Thus, Performances are variously measured and the perspective are tied together and consistently monitored from the organization's context. Approaches which best suits to measure small business performance, conceivably lacks universality. However, the selection of performance measures that reflect the true situation of small business with some degree of certainty and reliability is indeed a crucial process. Financial and non-financial measures of performance includes but not limited to: profitability, total assets, return on investment, sales volume, employment size, capital employed, market share, customer satisfaction, productivity, turnover, delivery time, employees turnover among others.

Ghimire and Abo, (2013) in their study entitled an empirical investigation of Ivorian MSEs access to bank finance came up with various factors that constrained demand side issues related to the firm: size, age, location, ownership structure of the enterprise,

gender, level of education and length of relationship between the firm and the bank, length of loan period, collateral and availability of financial information.

Ijeoma and Ezejiofor (2013) asserted that corporate governance has contributed significantly in ensuring accountability and transparency in order to improve performance of MSEs and facilitating achievement of their social responsibilities in its environment. Furthermore corporate governance assist in providing structures which the objective of the MSEs is set and means of attaining those objectives and monitoring performances to ensure that effective and efficiency in operations are achieved.

Njooora and Kyalo (2014), in their study asserted that credit influenced the growth of MSEs. They recommended that more formal credit facilities be availed to MSEs under favorable conditions. They further said that the Kenyan government should strengthen and build the capabilities of institutions that generate and implement programmes for MSEs development.

1.1.1 The global perspective on training of micro and small enterprises

Msipah, Chavunduka, Jengeta, Mufudza and Nhemachena (2013) asserted that the secret behind successful business venture largely depends on entrepreneurial skills. They noted that there is need for government and other relevant stakeholders to put in efforts in training artisanal engineers in business Managerial skills and technical skills to enhance their sustainability. They further noted that entrepreneurs require training and advice on specific areas such as: compiling a business plan, market research, identifying business and market opportunities, marketing and advertising, entrepreneurial skill trainings, financial and cash flow planning, networking opportunities among others.

Howieson (2007) provided a list of reasons why MSEs were reluctant to adopt a broad structure, these are: cost in terms of money and time, creating additional work, the fear of being naïve or ignorant by other directors or shareholders and belief that a bureaucracy will destroy the ability to respond quickly. The last few decades have witnessed several changes in the world economic system: consolidating trend of

globalization and liberalization of economies, crumbling barriers to international trade and free movement of capital due to World Trade Organization and shifts towards market economy in contrast to controlled or socialist economy. Economic downturn indicated further that it is not the big companies which have only efficient machineries to rotate the economic cycle: rather MSEs are the most trusted vehicles that lead any economy towards salvation but the realization has possibly not brought everything best for MSEs, rather it has opened up a sea of challenges. There are new business orders in the advent of information technology – opening up or market dominated by medium and big domestic companies, transnational companies which has brought new line of business strategies and supply chain, hitherto unknown to traditional business model which dominates the MSEs sector.

1.1.2 The regional perspective on training of micro and small enterprises

Africa is plagued with corruption. African countries are ranked among the world's highest rate of corruption. This creates an environment in which according to Taylor (2012) hinders the performance of even the basic business functions. Akinruwa, Awolusi and Ibojo (2013), examined the determinants of Micro and Small Enterprises (MSEs) Performance in Ekiti State, Nigeria: A Business Survey Approach. The result finds that government focus should be on provision of all determinants that will enhance the thriving of MSEs performance, creates avenue that will give room for sharing experience among business owners. Finally, adequate information should be made to create awareness and need to patronize the home made product.

Aworemi, Abdul-Azeez, and Opoola (2010) examined the Impact of Socio-Economic Factors on the Performance of Small-Scale Enterprises in Osun State, Nigeria. The result found that integrated approach to the development of individual entrepreneurial capacity and promotion of sustainable small-scale enterprises was necessary. Donglin (2009) measured the performance of MSEs in the Information and Communication Technology Industries. The result shows that an effective performance Managerial system for Information Communication Technology (ICT), MSEs should help the companies to

formulate right strategies that can especially manage the uncertainty of the external environment in their development. Krishna et al (2012) in their study on Factors Affecting the Performance of MSEs in Malaysia proved that there is a significant positive relationship between the use of marketing information as well as the application of information technology and the performance of MSEs.

Eniola (2014) examined the role of MSEs firms performance in Nigeria. The result shows that the role of MSEs performance in the national growth in Nigeria cannot be overemphasized. The performance of MSEs and its contributions has manifested and shown that they are a major area to be researched to assist the policy makers and the MSEs, owners to encourage an enabling and conducive environment for MSEs to perform more. SitiNur and Nelson (2011) explored a literature analysis on business performance for MSEs – Subjective or Objective Measures? The result shows that examining and expanding the taxonomy of business performance and in shedding light on future research in any discipline that focuses on measuring performance (Eniola, Entebang and Sakariyau 2015).

1.1.3 The local perspective on training of micro and small enterprises

Kamunge, Njeru and Tirimba (2014) and Agbim (2013), in their study found out that availability of Managerial experience is a key factor affecting the performance of MSEs in Limuru town market. This has the potential of leading to improved business performance. The other key factors that were found to affect performance of MSEs in Limuru town market positively were: access to business information, government policy and regulations, access to infrastructure and access to finance. According to Micro and Small Enterprises Act (2012), it made it mandatory that training programmes for MSEs on technological modernization be undertaken to improve their performance. Despite the many training programmes to MSEs at both national and County Governments, MSEs performance is still below par. Various reasons have been advanced for this scenario. Poor Managerial skills are still highlighted as one of the significant contribution factors

in the failure of MSEs. They found that less than 20% of MSEs last more than 6 years. This means that more MSEs fail to prosper.

According to the Ministry of Trade and Industry Interim Draft report on National Trade Policy of August, 2007, the following were identified as some of the characteristics of small scale enterprises in Kenya: Small scale units providing and distributing goods and services some of whom employ family labour or hired workers or apprentices, they operate with inadequate capital, use low level of technology and skills, hence operating at low level of productivity, provide low and irregular incomes and highly unstable employment, unregistered and unrecorded in official statistics, they tend to have little or no access to organized markets and credit, public services and amenities, they are not recognized and protected, and supported or regulated by the government, and often compelled by circumstances to operate outside the framework of the law, they live and work in appalling, dangerous and unhealthy conditions, they rely on self-supporting and “informal” institutional arrangements, they obtain credit from sources outside the formal sector and often on much more unfavorable terms, they acquire skills through their own informal apprenticeship shares, they have to rely on family or group solidarity or unofficial organization to access social security, they operate beyond the law and receive little or no legal protection, they are vulnerable to the ambivalent authorities and the formal enterprises.

Information gathered from 2008-2012 Strategic Plan of the Ministry of Trade printed in April, 2009 stated that in the recent past, all sectors of the economy recorded improved performance, which was attributed to favorable business environment, availability of credit from financial instruments and increase in investment opportunities in the country. However, small scale enterprises did not fully realize their potential due to a number of factors, such as poor infrastructure and poor access, restrictive legislation and regulation, unaffordable finance, and poor access to land, poor market linkages between small and large enterprises, inadequate market information and limited skills. All this pose a challenge to vision 2030.

A survey carried out in 2016 by the Kenya National Bureau of Statistics (KNBS) indicated that 400,000 MSEs are dying annually. The report also indicated that some MSEs do not celebrate their second anniversary in the last five years raising concern over their sustainability. The report further indicated that a total of 2.2 million micro enterprises have been closed in the last five years, 2016 inclusive. Most of these enterprises closed because of increased operating costs, declining income and losses incurred from the business, an indication that the country's state of economy has not been as impressive as it should be. This also raises questions whether or not the many training to MSEs in Managerial, finances, technology, networking, governance and ethics have been helpful.

Rezaee (2009) observes that MSEs are the engine of growth in prosperous and growing economy and play an important role in creating an economic growth. MSEs contribute to economic development by creating employment for rural and urban population, providing flexibility and innovation through entrepreneurship and increase international trade by diversifying economic activity. Their role in income generation and economic growth for developing countries is critical. In the developing countries MSEs are major contributors to gross domestic product and private sector employment contributing as much as 60% to workforce. In developing countries they employ more than 70% of labour force.

Li (2011) found out that in order to adapt to the needs of technological innovation MSEs must train their employees in technology that will enable them improve in their market competitiveness and provision of quality products. MSEs are critical for developing countries because of their role in economic growth and poverty reduction. Companies globally are facing issues relating to transparency, accountability, ethics, rules and regulations, and timely disclose material information. In this regard the concept of governance and ethics has gained significant importance to MSEs in developing countries. It should be noted that the main constraints to MSEs growth is lack of governance structure. MSEs are reluctant to adopt good governance practices because of the high costs associated with their implementation. For MSEs to thrive there is need for

them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow.

Tolbert and Hall (2009) came up with the aspects forming the internal environment of an organization provide an enabling environment for an organization to achieve its objectives. McKinsey's conceptualization of organizational internal environment highlights strategy, structure, skills, staff, systems, shared values and style as the key internal factors that influence performance of organizations. Consequently, firms' are said to operate within a social framework of norms, values and assumptions, which eventually influences their performance and competitive advantage. The human capital of the firm refers to the knowledge, skills and abilities that employees possess and use in their work. Studies of employee human capital have found its direct positive effects on firm performance (McKelvie & Davidson, 2009). The MSEs sector is globally regarded as an important force of driving the economic growth and employment creation in both developing and developed countries (Ariyo, 2008; Kpleai, 2009).

In Kisii County, according to the Directorate of Revenue report of 2016, MSEs have not fully realized their potential due to a number of factors such as poor infrastructure, restrictive legislation, unfriendly regulations, poor Managerial, unaffordable finance, poor access to land, poor market linkages between small and large enterprises, inadequate market information, limited technical skills, poor governance and unethical practices. This has necessitated that this study be undertaken.

1.2 Statement of the Problem

Training plays a significant role in contributing to Micro and Small Enterprises (MSEs) success that eventually results in economic growth and sustainable development. A survey carried out in 2016 by the Kenya National Bureau of Statistics (KNBS) indicated that 400,000 MSEs are dying annually. In the last five years 2.2 Million micro enterprises have been closed, 2016 inclusive. Most of these enterprises are normally closed because of increased operating costs, declining income and losses incurred from the business, an indication that the country's state of economy is not as impressive as it

should be. This also raises questions whether or not the much training to MSEs in Managerial, finances, technology, networking and governance have been helpful to this group of investors.

The national government has invested heavily in protecting MSEs. In particular the national government has consistently allocated sufficient funds in the budget to train and provide conducive environment for MSEs growth. In the recent past the national government has formed MSEs authority to deal with strategic issues of this group of investors. The Strategic Plan of the Micro and Small Enterprises Authority (MSEA) has been developed in cognizance of Kenya's Vision 2030, Millennium Development Goals, the Constitution of Kenya, the MSE Act No. 55 of 2012 and the Sessional Paper No. 2 of 2005 among other legal and policy documents. The implementation of this Strategic Plan is based on stakeholder participation, good governance and a professional approach to institutional Managerial. According to the controller of budget of Kisii county in the financial years 2014/2015,2015/2016 and 2016/2017 ,MSEs were allocated Ksh.30 million, Ksh. 25 million and Ksh. 25 million respectively to enable them access soft loans at lower interest rates to boost their businesses. Since the county's inception, Ksh. 20 million has been used to train MSEs in Kisii County. This is massive investment compared with the county's revenue stream which has consistently remained low in the last three years.

Rezaee (2009) observes that MSEs are the engine of growth in prosperous and growing economy and play an important role in creating an economic growth. MSEs contribute to economic development by creating employment for rural and urban population, providing flexibility and innovation through entrepreneurship and increase international trade by diversifying economic activity. Their role in income generation and economic growth for developing countries is critical. In the developing countries MSEs are major contributors to gross domestic product and private sector employment contributing as much as 60% to workforce. In developing countries they employ more than 70% of labour force.

Wanjohi (2011) stated that despite the role played by the MSEs sector, it has been faced by a number of challenges such as lack of adequate business skills. This is mainly attributed to low levels of education. MSEs in Kenya suffer from constraints that lower their resilience to risk and prevent them from growing and attaining economies of scale. Challenges associated with access to financial resources are constrained by both internal and external factors. Magableh, et.al (2011) observed that in spite of their diversity and relative abundance of studies conducted so far little efforts have been devoted to fully analyze the determinants of training process before assessing its impact. These studies have not taken governance into consideration and yet this is a major characteristic that MSEs need to be trained on; given that most of them are either form four dropouts or college dropouts whose managerial skills are wanting. It was therefore necessary to conduct a study to determine the relationship between training and the performance of MSEs in Kisii County, Kenya.

1.3 Objectives

The study was guided by both general and specific objectives.

1.3.1 General Objective

The general objective of this study was to establish the relationship between training and the performance of micro and small enterprises (MSEs) in Kisii County of Kenya.

1.3.2 Specific Objectives

This study was guided by the following specific objectives:

- (i) To establish the relationship between managerial training and the performance of MSEs in Kisii County.
- (ii) To determine the relationship between technical training and the performance of MSEs in Kisii County.
- (iii) To evaluate the relationship between financial training and the performance of MSEs in Kisii County.

- (iv) To establish the relationship between networking training and the performance of MSEs in Kisii County.
- (v) To determine the relationship between Governance training and the performance of MSEs in Kisii County
- (vi) To establish the moderating relationship between training on legal and regulatory requirements and the performance of MSEs in Kisii county.

1.4 Research Hypotheses

This study was guided by the following hypotheses:

- i. **H_A**: Managerial training improves the performance of MSEs in Kisii County
- ii. **H_A**: Technical training improves the performance of MSEs in Kisii County.
- iii. **H_A**: Financial training improves the performance of MSEs in Kisii County.
- iv. **H_A**: Networking training improves the performance of MSEs in Kisii County
- v. **H_A**: Governance training improves the performance of MSEs in Kisii County.
- vi. **H_A**: Legal and regulatory requirements positively moderates the effects of independent variables on the performance of MSEs in Kisii county.

1.5 Scope of the Study

This study focused on establishing the relationship between training and the performance of Micro and Small Enterprises in Kisii County, Kenya. The specific businesses that were studied include: groceries, shops, bodaboda operators, salonists, matatu operators, charcoal sellers, mitumba sellers, chemists, hospitality industry, shoe shiners, hawkers, clinics, butcheries, cyber cafes, laundries, car wash, hardware, book shops, and garages among others. A total of 12772, MSEs were studied.

1.6 Significance of the Study

This study is justified because of its significance to the following parties: to the Ministries of Trade and Industry at the National and County levels the study is significant because it may get crucial information that will guide in the formulation of policies and grand strategies that will help small scale enterprises to thrive in Kisii County. To the micro and small enterprises in the county, the study is significant because they will get an opportunity to understand the variables that are important for the thriving of micro and small enterprises. Such variables could include; managerial training, technical training, financial training, networking training and governance training. By uncovering the problems that bedevil micro and small enterprises in Kisii County, the study will trigger important recommendations that if implemented will help MSEs develop a superior economic development.

Finally the study may provide useful insights to the future researchers who will undertake studies in entrepreneurial training.

The interaction between training and governance on one hand (moderating variable) and the performance of micro and small enterprises (dependent variable) is critical in modern business Managerial. The benefits of training micro and small enterprises could improve the performance of their knowledge, cognitive skills and attitudes towards business. However, there are certain moderating variables which have to be contended with such as; processes, customs, policies, laws, institutions and ethics.

1.7 Limitations of the Study

This study was limited as follows: only micro and small enterprises in Kisii County were studied. Generalization of the research findings in the whole of Kenya should be done with caution. This is because MSEs operate in unique environments. It may not be true that MSEs in Kisii County can have the same characteristics traits as those in other counties given that their geographical location and climatic conditions are not the same. The study relied on information given by small scale business entrepreneurs in Kisii

County. Given the sensitivity of the subject, it is possible that some of the respondents were reluctant to give confidential information regarding their businesses within the context of insecurity and business competition. However, efforts were made to gain the confidence of the respondents in the county by assuring them that the findings were to be used for the purpose of this study only.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covered the concept of theoretical review of; Managerial training, technical training, financial training, networking training, governance training, and the performance of micro and small enterprises in Kisii County. In particular theories and empirical review were based on the following constructs; Managerial training, technical training, financial training, networking training, governance training and the performance of micro and small enterprises in Kisii County . The conceptual framework and the Critique of existing literature relevant to the study were also covered. Research gaps were identified and the summary of the chapter finally highlighted.

2.2 Theoretical Review

A theoretical framework is a collection of interrelated concepts. It guides research to determine what things to measure, and what statistical relationships to look for (Clifford, Randal, Thomasd & Williams, 2010). Esper, Mentzer and Stank, (2008) emphasizes that a good research should be grounded in theory.

2.2.1 Managerial Training Theory

The Rational Model

The classical models of organisation have often been referred to as ‘machine models’ (Champion 1975: 31) or ‘rational models’. In these models, the organisation, though comprising of human beings, is viewed as a machine, or a mechanical device, which can function effectively if given a set of specifications or a blueprint for the accomplishment of a task or the achievement of a given purpose (Katz & Kahn 1966: 71). Joseph Massie (1965) discusses some of the assumptions made by classical theorists. Classical theory, he says, measures efficiency only in terms of productivity, which only relates to the

economic utilization of resources in a mechanical process without consideration for human factors. All human beings are assumed to act rationally and logically towards the set goal under the planned guidance and direction of superiors and under close supervision. These theories assume that all tasks required can be outlined before execution. These theories also hold that it is economic need that motivates workers and, therefore, stresses the need for monetary incentives to ensure accountability. Hierarchy is essential and authority is delegated downwards. These theories talk of simplification and repetition of tasks to improve productivity. Personal problems and individual characteristics are completely ignored. Most classical theorists were concerned chiefly with the formal aspects of organisation.

2.2.2 Technical Training Theory

Human Capital Theory

Human capital theory is based in education and economic fields and claims that the higher the education, the higher the economic returns to society (Sweetland, 1996). Most of human capital research is focused on attending post-secondary educational options and examining returns (Baum & Ma, 2007; Becker, 1975; Benson, 1978; Mincer, 1958; Schultz 1971). Mincer (1958) maintained in his study that training and skills affect an individual's personal income both formally and informally. He analyzed formal education, work experience, and number of weeks worked in determining human capital. Schultz (1961) furthered the human capital theory through research on human capabilities that increase investments which appealed to economists by analyzing these elements: Health facilities and services, broadly conceived to include all expenditures that affect life expectancy, strength and stamina, and the vigor and vitality of people; on the job training, including old-style apprenticeship organized by firms; formally organized education at the elementary, secondary, and higher levels; studies of adults that are not organized by firms, including extension programmes notably in agriculture; migration of individuals and families to admit to hanging job opportunities .

Mincer's (1958) and Schultz' (1971) applications of human capital theories opened the door for many advancements of the human capital theory in the economic field and have advanced research in many specialized areas such as "labour economics", "public sectors economics", "growth theory" and "welfare economic" (Blaug, 1970). Human capital theory has been important for scholars for decades and its analytical framework supports economic approaches used to inform and support education policy makers (Sweetland, 1996). This advancement is critical in the current study to show the impact of human capital in a new growth economy.

2.2.3 Financial Training theory

Pecking Order Theory

The pecking order theory is one that was developed by Myers Sanders in 1984. It implies that the financing requirements of firms (usually MSEs) are catered for in a hierarchical order. The initial source of funds is internally generated. As the amount of funds required is increased, the next source is via the use of debt. Further increase in the need of funds leads to sourcing for external equity. Thus there tends to be a negative relationship between profitability and external borrowing by small firms. This further implies that the debt equity mix of a firm should be heavily dependent on the hierarchical financing decisions over time. This theory thus maintains that business organizations always prefer to use internal funds. If it is not available, the organization will prefer to use debt as an external source of fund before it considers equity financing. Therefore, by simply examining a firm's debt equity mix, one can have a general understanding on the health of that organization. When managers issue new shares, the public believe that the managers have concluded that the firm is valued more than its actual worth and as such they want to quickly utilize the opportunity. This leads to the investors valuing these new stocks lower than before. The theory also implies that older firms should have more funds available to promote growth since they have had more opportunities to accumulate internally generated funds i.e. retained earnings (Akpan&Nneji,2015).

2.2.4 Networking Training theory

Social Exchange Theory and workplace social networks

One of the main views of Social Exchange Theory (SET) suggests that relationships evolve over a period of time into trusting, loyal, and mutual commitments. However, whilst the effective development of workplace social network ties can be developed over a period of time, SET suggests that such relationships will only be fostered under ideal conditions (Cole, Schaninger, & Harris, 2007). What this means is that to facilitate an environment that fosters workplace relationships it is imperative that employees abide and follow the rules and norms of exchange, as guidelines to the exchange process. By abiding with the rules and norms of the exchange process employees are more likely to share in positive exchanges with other employees (Cook & Whitmeyer, 1992; Gefen & Ridings, 2002). Therefore, it is essential that employees have an appropriate amount of social skill to effectively manage and develop workplace social network ties (Nie, 2001). However, at this stage there is no organizational mechanism in place to promote and support the development and sustainability of workplace social network ties. Past literature suggests that an organisation's culture is shaped by the organization's workplace social networks (Lizardo, 2006).

However, there is no literature with the exception of Lizardo (2006) that examines the impact of an organisation's culture upon the development of workplace social network ties. Additionally, current literature suggests that an employee's knowledge of the organisation's culture will impact upon their ability to be able to form effective workplace social networks (Obstfeld, 2005). Therefore, it is important to determine which values, rules and norms will promote and support the development of effective workplace social network exchanges.

SET suggests that interpersonal exchanges can be viewed from a cost-benefit perspective similar to an economic exchange, except that a social exchange deals with the exchange of intangible social costs and benefits (respect, honour, friendship and caring) instead of monetary gains (Cropanzano & Mitchell, 2005). Similar to an

economic exchange, a social exchange presumes that employees will enter into an exchange only when they expect that the benefit of the exchange will outweigh the cost. What sets apart social from economic exchange is that a social exchange gives no guarantee that the benefit provided in an exchange will be reciprocated by the other party. What this means is there are no rules and norms or policies that manage or facilitate the social exchanges between employees. This factor highlights the importance of an organizational culture that clearly articulates the rules and norms for exchange and the development of workplace social network ties (Granitz, 2003). As a result, this should reduce the ambiguity associated with the expectations and common practice of social exchanges in the workplace.

2.2.5 Governance Training Theory

Agency Theory

Agency theory presents governance relationships as a contract between the director and the shareholder (Jones & Tilley, 2003). Jensen Chew & Gillian, (2005) argues that because conflict of interest causes problems and therefore losses to the parties involved, the parties themselves have strong incentives to find ways to reduce the 'agency cost' of such corporation. This conservation of value principle is the basic force that motivates both principals and their agents to work together to minimize the sum of the cost of writing and enforcing contracts.

The agency theory, According to Warren (Jones & Tilley, 2003), has proven fruitful in exposing corporate governance problems in large firms where the divorce of ownership and control is most evident, but its assumed applicability to MSEs needs to be questioned. In MSEs the owner-director or owner-operator situation is common and that makes the application of this theory largely irrelevant. Huse (2007) emphasizes the need to develop the scope of governance in privately-held firms beyond the traditional agency theory. A theory that might better interact with the MSE environment is that of Stewardship.

2.2.6 Training on Legal and Regulatory Requirement Theory

Regulatory theory

Baldwin and Black (2007), argued that principles-based regulation is the primary method that should be used to regulate information privacy in Australia. Principles-based regulation is referring to both the tools of regulation that is, the principles and adopting a more outcomes based approach to regulating privacy. Principles-based legislation relies on principles to articulate the outcomes to be achieved by the regulated entities. According to Professor Julia Black, principles are ‘general rules that are implicitly higher in the implicit or explicit hierarchy of norms than more detailed rules: they express the fundamental obligations that all should observe.’ Black states that principles-based regulation avoids ‘reliance on detailed, prescriptive rules and relies more on high-level, broadly stated rules or principles’. Part of the guiding purpose of a principles-based approach is to shift the regulatory focus from process to outcomes.

2.2.7 Performance of Micro and Small Enterprises Theory

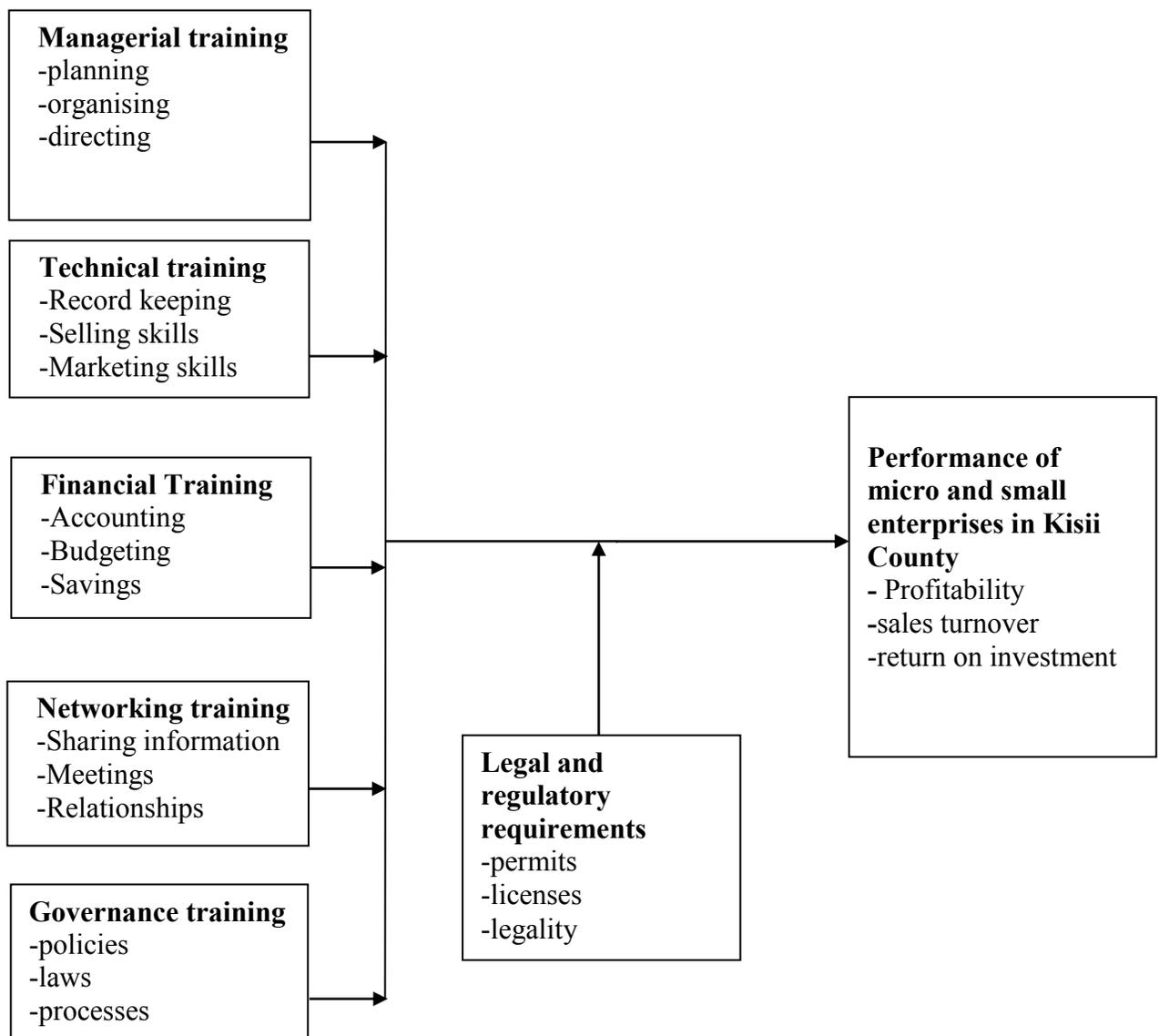
Dynamic capabilities theory

Teece, Pisano and Shuen (1997) define dynamic capabilities as the firm’s capacity to “integrate, build and reconfigure internal and external competencies to address rapidly changing environments.” Dynamic capability allows the firm to respond to the demands of new customers, as well as to regulatory and other stakeholder pressures. This ability is particularly important to small companies faced with relatively narrow and insecure customer bases. The theory has two essential aspects. The first is the heterogeneity of human capital which expands the range of possibilities that the firm can exploit. The second is the creation of wider conditions for knowledge exchange and organizational learning (Malik & Kotabe, 2009; Zahra, Sapienza & Davidsson, 2006) that help companies to adapt to changing environments. The theory has been successfully applied to developing world contexts (Malik & Kotabe, 2009), including small companies (Doving & Gooderham, 2008).

2.3 Conceptual Framework

A conceptual framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas. Strong conceptual frameworks capture something real and do this in a way that is easy to remember and apply. It is a hypothesized model identifying the variable and their relationships, Mugenda and Mugenda (2013).

The conceptual framework consisted of independent variables, dependent variable, and moderating variable. The independent variables include: Managerial training, technical training, financial training, networking training and governance training. The dependent variable was the performance of micro and small enterprises whereas the moderating variable was legal and regulatory requirements. This information is shown in figure 2.1.



Independent Variables

Moderating variable

Dependent Variable

Figure 2.1: Conceptual Framework

The conceptual framework indicates the relationship between Managerial training, technical training, financial training, networking training and governance training (independent variable) and the performance of micro and small enterprises (dependent variable) is critical in modern business Managerial. The benefits of training MSEs could

improve the performance of their knowledge, cognitive skills and attitudes towards business.

2.3.1 Managerial Training

Ans (2011), Mohammed and Obeleagu (2014) and Agbim (2013) explains Managerial training as the acquisition of Managerial skills regarding business planning, organizing, directing and quality control of assets and human resources. They said that for MSEs to succeed they need to train their employees the best practices in Managerial. Jayawarna and Macpherson (2006), noted that poor Managerial skills are still highlighted as one of the significant contributory factors in the failure of the MSEs. In his study, he found out that less than 20% of MSEs last more than 6 years a confirmation that Managerial training could be an important component in MSEs growth.

Srinivas (2013) and Jerome (2013) in their studies on quality Managerial practices in rural and urban MSEs, found that rural firms are performing at a higher level of sophistication and experience in quality Managerial practices. They further said that total quality Managerial is the major drive for quality Managerial practices implementation. Managing quality at the expense of other Managerial aspects will imply low budgetary applications to these other Managerial aspects and consequently poor programmes in Managerial training of MSEs that will be a disaster to MSEs growth and survival.

2.3.2 Technical Training

Tijani, Okhale, Oga, and Tags (2012) and Baileti (2012) in their studies revealed that there is need for all stakeholders including government and other participants in the crusade for entrepreneurship programme to redirect and rethink with emphasis on technical entrepreneurship development with technology based oriented in African countries compared with the Asian countries entrepreneurship development strategy. They further revealed that commercial entrepreneurial skills can only provide a short-run economic solution without economic development but technical entrepreneurial

development for the country, visa-av attainment of Millennium Development Goals for the country by 2020. This shows that technical training in MSEs is a major area of concern in developing countries.

Kisaka (2014) in his study concluded that there is a strong relationship between level of education, training , business experience, access to credit and entrepreneurial behavior (risk taking, innovativeness, knowledge of results and responsibility). The study however concentrated on behavior only ignoring serious technical training aspects in MSEs like hands-on experiences that make entrepreneurs more responsive and proactive in their business endeavors.

2.3.3 Financial Training

Miller, Godfrey, Levesque and Stark (2009) explained financial training as the acquisition of knowledge on combination of consumers'/investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and take other effective actions to improve their financial status. Financial training helps in empowering and educating investors so that they are knowledgeable about finance in a way that is relevant to their business and enables them to use this knowledge to evaluate products and make informed decisions. It is widely expected that greater financial knowledge would help overcome recent difficulties in advanced credit markets. Financial literacy prepares investors for tough financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance.

Wendy and Nancy (2010) argues that financial literacy facilitates the decision making processes such as payment of bills on time, proper debt Managerial which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction. It also provides greater control of one's financial future, more effective use of financial products and services, and reduced vulnerability to overzealous retailers or fraudulent schemes. Facing an educated lot,

financial regulators are now forced to improve the efficiency and quality of financial services. This is because financially literate MSEs create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Investors on their part are able to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, so as to make optimal decisions.

2.3.4 Networking Training

Aldrich and Martinez (2010), explained networking training as the acquisition of knowledge, skills and attitudes with regards to direct and indirect relationships of MSEs and their customers and other stakeholders to improve in their business practices. Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions. He further said that networks improve global businesses.

Purateera (2009) asserted that Networking is a strategy that is necessary in obtaining resources such as information gathering, technology and finance. Besides, building contacts through networks are the fundamental factors in determining the success of any firm because through entrepreneurial networks, can gather information, look for customers and suppliers, and obtain the other resources he needs. This in itself is a clear indicator why networking training is one of the key factors in performance of MSEs. Ruperto and Martini (2011), noted that the higher an entrepreneur's social competence, the greater their financial success. Entrepreneurs' social competence refers to their ability to interact effectively with others and adapt to new social situations with the purpose of developing strategic relationships that leverage business opportunities and competitiveness. This social string depends on trust and confidentiality of the MSEs. This study however doesn't embrace the fact that the MSEs need training in this area of

networking in order to maintain the key factors required to make this a lasting factor in enhancing MSEs performance.

2.3.5 Governance Training

Inyang (2009) and Ariawan and Kelly (2015), found that corporate governance is an emerging subject mainly concerned with the Managerial and control of companies for the interest of stakeholders and society in general, has attracted more global discourse, generated more debates and a plethora of literature in the United State of America, Europe, and Australia than in Africa. Publicized corporate scandals and failures has given an impetus for the development of international and national standards on corporate governance which have a tremendous impact on operation of corporate organizations and ensuring that accountability, transparency, probity, integrity and fairness are promoted as standards for creating value for shareholders, stakeholders and general public. They further found out that governance does have relevance to MSEs, although implementing governance practices in MSEs may not be simple because of the varied situations that MSEs are facing (blurred line between ownership and control, comparative size among others). They realized that the owners are becoming more aware of the need for good governance; many are willing to set aside ego, for the betterment of the MSEs.

. Abor and Adjasi (2007) asserted that the question of accountability by MSEs to the public is non-existent since they do not depend on public funds. Most especially the sole proprietorship businesses - do not necessarily need to comply with any disclosure requirement, and hence is in little or no need of corporate governance principles. One wonders whether incorporating MSEs in governance training and not only large firms is a wrong principle.

2.3.6 Legal and Regulatory Requirements

Kitching (2007) defined legal and regulatory requirements as the administrative rules created, applied and enforced by Government regulatory authorities at local, national and transnational level that both mandate and prohibit actions by individuals and organizations, with infringements subject to criminal, civil and administrative penalties. Three points are worth noting about this definition. First, regulation takes many forms, including the criminal and civil law codes and administrative rules that mandate or prohibit certain types of behaviour. What matters is that the state imposes sanctions for non-compliance; self-regulation and voluntary approaches are excluded unless ultimately founded on state power, or the threat of it. Second, regulation derives from authorities operating at various territorial scales, so businesses and other agents are governed by multiple sources of regulation. Third, taking a small business perspective, regulation influences behaviour directly by mandating or prohibiting behaviour by firms themselves but also indirectly by shaping the behaviour of other stakeholders with whom firms interact - including actual and prospective competitors, suppliers, employees, infrastructure providers and regulatory authorities. These processes operate simultaneously. The invisible hand of regulation connecting particular regulatory interventions to the actions of particular small businesses is, therefore, extremely complex.

Mitullah (2005) asserted that the reforms taking place in the in the area of business licensing are geared to improving the situation of small enterprises; however, the micro enterprises still face a number of challenges. They operate without licenses, lack business premises, and are subjected to harassment by Local Authorities i.e. have their premises demolished by the local authorities without a notice. However this study has not proposed intervention measures of the challenges MSEs face as far as legal and regulatory requirements are concerned.

2.3.7 Performance of Micro and Small Enterprises

Regular indicators used in measuring business performance are profit, return on investment (ROI), turnover or number of customers (Wood, 2006), and design quality and product improvement. However, Franco-Santos et al. (2007) recommend measuring business performance through the business performance measurement (BPM) system, as it is an important tool within many research areas, particularly in business and social science studies. This system analyses and investigates each quality that affects a firm's business performance, categorizing business performance into two broad areas: operational business performance (OBP) and strategic business performance (SBP). The major function of the system is to focus on investigating all of an organisation's functions at high and low levels of activity; it is appropriately applied to measuring the performance of micro and small enterprises (MSEs). This system is also appropriate for both quantitative (for example, questionnaires) and qualitative (for example, structured interview) research methods.

Emmanuel et al. (2013) used more diverse measure of performance such as: Survival, Sales volume, growth, profit margin, capital employed, numbers of employees. In addition to the financial measure of profit and turnover, Alasadi (2007) considered owner/manager satisfaction as measure of small firm performance. According to Blackburn et al. (2013) small firm performance should be measures in terms of employment, International Journal of Applied Research turnover and profitability growth.

Richard *et al.* (2009) focused on accounting measures of firm performance such as return on asset, return on equity, return on investment, return on capital employed and sales growth and key organizational performance measures. Moreover, wide range of literature argues that Financial and non-financial measures are used to measure the performance of firms (Perera & Baker, 2007; Chong, 2008, Richard et al. 2009). Growth as a measure of performance may be more accurate and accessible than accounting measures of financial performance (Wiklund & Shepherd, 2005). Some scholars argue

that MSEs should place a greater reliance on financial measures of performance, although with increase in size there is a tendency to make more use of non-financial measures (Perera & Baker, 2007). Despite the various approaches performance measurements used in single study, there are scholars who ignore multidimensional aspects and hybrid measure of performance and confined to single measures of performance. For instance, Immayxai and Tekahashi (2010) and Woldie et al., (2008) considered only single measure such as turnover or sales as proxy measure of firm performance.

2.4 Empirical review

Under this section, an empirical analysis of previous studies of the relationship under study is undertaken. The objective of various articles, research methodologies used was critically examined to identify knowledge gap in the areas identified of interest in the study. Specifically, relationship between Managerial

training, technical training, financial training, network training, governance training and legal requirements on the dependent variable, and performance are evaluated.

2.4.1 Managerial Training

Arafat and Ahmed (2012) found out that MSEs play a vital role in economic growth, poverty alleviation and rapid industrialization of the developing countries. MSEs are significant in underlying countries economic growth, employment generation and acceleration of industrialization. The government of Bangladesh discovered the importance of MSEs hence highlighting it in the industrialization policy, 2010. They found out that MSEs in Bangladesh would face intense competition from the international markets. Human resource is the greatest asset that MSEs need to succeed. A well trained workforce is critical in the growth of MSEs. This study has not considered the fact that in Managerial training of MSEs, only training the workforce and ignoring the other Managerial aspect is preparing to fail.

Tiftik and Zincirkiran (2013) asserted that knowledge and skill of enterprise managers and mid scaled companies against Managerial activities and growing Managerial scale are gradually becoming complex in environment where there are globalization, information economy, rapidly changing information and communication technologies, new market opportunities and economic crisis makes adaptation to change very complicated. Since entrepreneurs are inadequate by means of time and information level emerging new specialization areas, information being vital value, relations of enterprise environment gaining importance and organization structures becoming complex enterprise also need other managers. They further noted that there is need for managers to comprehend changes and to respond to these changes with new approaches.

Gholami, Sulaiman and Ramayah (2013) said that training MSEs in innovation is a good idea but Managerial training of MSEs need to be broadened to include other managerial issues that are extremely critical to MSEs survival which their study failed to address. They also realized that knowledge sharing has a higher factor loading compared with other knowledge Managerial practices, and financial performance has higher factor compared with other organizational components. They further noted that MSEs knowledge Managerial practices can play a significant role in improving productivity, financial performance, staff performance, innovation, work relationships, and customer satisfaction and thus improving MSEs organization performance. They further suggested that knowledge Managerial practices are the critical elements for promoting the performance of MSEs. This study concentrated on knowledge Managerial and has thus failed to address critical Managerial training issues that hinder MSEs performance such as team building among others.

2.4.2 Technical Training

Ndegwa (2012) in his study found that managers of MSEs who do not apply the latest technology in their businesses will grossly affect not only their productivity but also their growth and profitability. In this regard technical skills play pivotal role in MSEs survival. Kiveu (2008) found that MSEs seem to be ill equipped with technical skills to

embrace opportunities presented while confronting challenges of globalization. Globalization of MSEs opportunities to participate in the regional and international markets while internationalization presents opportunity for growth and development beyond the local market. However, globalized production by multinationals presents new threats in the form of increased competition. The ability of MSEs to survive in an increasingly competitive growth environment is largely dependent upon their capacity to embrace technical training. Njoroge and Gathugu (2013), established that majority of entrepreneurs did not have skills and experience in areas such as business planning, financial reporting, strategic planning and financial Managerial. They noted that the MSEs expressed desire for training that would enable them improve their businesses. The study further established that entrepreneurs were able to market their products and do a market research. They were also able to meet the needs of their customers. This however is not attributed to training because they never received entrepreneurial training. The results of the study further revealed that they were able to do daily book keeping of their transactions. However, most of these entrepreneurs were not able to prepare serious accounting practices such as preparation of profit and loss account and a balance sheet. Suffering from such issues may lead to business failure an obvious issue in MSEs. Technical training will therefore handle such issues in depth to help MSEs in daily business activities.

Abdulahi, Awang, Abubakar, Bala, Umar, Khalid and Shamsu (2015) in their study found that there is significant influence of training on business success in Nigeria. The study signified the benefit of training on business success, and at the same time it helps the MSEs to cope with the latest Managerial concepts, accounting systems, production techniques and information technology. In addition to training, other factors such as relevant education and experience are recognized as a requirement to cope with work and environmental change. Technical aspects in this study seemed to be ignored and success was 0.197 percent which means that for each unit increase in training, business access increases by 0.197 percent. This indicates that there is a huge gap when it comes

to technical training which is one of the areas that bridge MSEs competition and environmental challenges.

2.4.3 Financial Training

Kihimbo (2012) noted that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa. Owing to the high risks profile, MSEs in Africa largely remain an unattractive investment for mainstream investors. It is also true that business financing for MSEs in Kenya is what determines their survival and therefore MSEs should be thoroughly trained in financial Managerial. Calice (2012), asserted that a crucial element in the development of MSEs sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in the MSEs growth. According to the World Bank report (2015), MSEs access to finance is perceived as one of the main obstacles to doing business particularly in the developing world. This access to finance has adversely affected the growth of MSEs. It is important to note that the international development community has listed MSEs access to finance as an important policy priority. MSEs are therefore entitled to information on finance. In the event that they access finances, training MSEs on financial Managerial is critical if they have to utilize money well for their business growth and survival.

Ghimire and Abo (2013) in their study entitled an empirical investigation of Ivorian MSEs access to bank finance came up with various factors that constrained demand side issues related to the firm: size, age, location, ownership structure of the enterprise, gender, level of education and length of relationship between the firm and the bank, length of loan period, collateral and availability of financial information. In their study they have ignored training of MSEs on financial related matters. Njooora and Kyalo (2014) in their study asserted that credit influenced the growth of MSEs. They recommended that more formal credit facilities be availed to MSEs under favorable conditions. They further said that the Kenyan government should strengthen and built the capabilities of institutions that generate and implement programmes for MSEs

development. However they have not come up clearly on how the MSEs need to be trained to manage the credit finance in order to improve in their performance.

Awour and Sije (2013) stated that many women entrepreneurs knew how to write business proposals to enable them access credit facilities from financial institutions. They also found out that many women entrepreneurs have formed groups that enable them access credit facilities. The groups also enable women to pull together their scarce resources thus a strategy that is used by women entrepreneurs. They further stated that the women had bank account which enabled them to get access to credit facilities and save money for future use. They have not identified the nature of financial training these women MSEs need in order to improve the performance of businesses.

Oduro, Choi and Ryu (2011) in their study found that business advisory services provided them with broader knowledge on customer care techniques, increased customer attraction and improved customer relations with a corresponding increase in sales turnover and business income. They found out that loans caused increase in business incomes. They further found out that competitive interest rates did not hurt MSEs. They further said that African government should come up with subsidies to cushion the MSEs in their business endeavor. Collaboration with other stakeholders e.g. the media was also found to be important to MSEs because the media is a source of all financial training matters and beyond. MSEs still suffer from inadequate funds because financial institutions have never regarded them as serious business partners because many of them fail after only six years. They also do not have necessary collaterals to access loans from credible financial institutions. Kisaka and Mwewa (2014) further found out that the growth in MSEs in Machakos County is due to changes in Micro-credit and Micro-savings. In their study, they found out that the commercial banks need to find innovative ways of extending credit to MSEs. Micro-credit and Micro-savings sub sectors have been very promising not only in terms of potential profits to lenders but also on employment and economic growth. They further found out that the training provided by this sub sectors do not impact on MSEs growth probably because it is not based on the real needs of the MSEs. In this regard these subsectors must carry out a need assessment

survey in order to come up with focused programmes that address real needs in the MSEs sub-sector. This study therefore has completely ignored the fact that MSEs can only be trained better in financial Managerial if a training need assessment is properly undertaken prior to their training.

Kira (2013) and Rajesh, Suresh and Deshmuch (2008) observed that disorganization of MSEs have far reaching consequences in accessing credits. They said that MSEs are in most cases informal and some even operate illegally on other peoples premises. They noted that some business operate on location not surveyed, there are no street names to facilitate traceability and access by service providers also limits their properties i.e. building to be used as collateral by financial institutions. Therefore owner managers have to evaluate the future location of their properties (i.e. buildings which might be used as debt security) and their business premises as they influence access to debt financing. They further observed that lack of business expertise and managerial competence (education and experiences) are also important reasons why finances are not available to MSEs. For MSEs to improve their access to debt financing, there is a need for MSEs owner managers to develop themselves in the area of business and Managerial skills through training and where necessary they have to hire consultants. He also found out that most universities and colleges in Tanzania offer short courses, consultancy and incubators to MSEs for practical training purposes. The study failed to acknowledge the fact that financial training is key in MSEs growth and performance.

Njaramba and Ngugi (2014) confirmed that the cost of adoption of financial advisory services is an important factor in the adoption and utilization of services. They also said that MSEs need to less adopt new services when its initial setup cost is high. In this regard perceived cost is another variable that plays an important role for MSEs in determining adoption of any service in their business. They further said that if firms are to grow they need to obtain expert knowledge from external service providers and then embed the knowledge in their firms. The study also found out that MSEs managers are frequently not aware of the range of support services and advice available to them due to poor financial training.

Mutemu (2013) in her study found out that credit facilities are a significant component of the women MSEs activities and are critical both at the start-up as well as in later growth and expansion of MSEs. It is also evident that a majority of those women who seek credit facilities are in the informal sector and mainly undertake trading and service activities in the business sector with few being engaged in the agri-business sector. She also found out that all the business had recorded improved business performance on a year-on-year basis since establishment. She further found that those with low financial literacy are more likely than others to base their behavior on financial advice from friends and are less likely to invest in stocks. She further found that high school seniors with higher financial literacy scores were less likely than others to bounce a cheque and more likely to balance their cheque books. However, she has not said much about the utilization of money from friends to maximize their business returns.

Nunoo and Andoh (2012) did a study of youth to examine the effects of various personal characteristics among entrepreneurs and employees. They found that verbal abilities appear to be more important for employees, while mathematical, technical and social abilities are more important for entrepreneurs. They also argued that general ability and balance across the various kinds of ability generate higher incomes for entrepreneurs. Entrepreneurs with intermediate levels of risk tolerance survive longer than entrepreneurs with very high or very low levels of tolerance for risk. More risk tolerant individuals and those with a preference for autonomy benefit more from business training. Financial literacy is crucial in stimulating the small enterprise sectors. Financial literate MSEs may save more, and better manage risk, by purchasing insurance contracts. The results of the study proved that financial literacy has a positive effect on MSEs performance. Basic education enhances the overall quality of the entrepreneur by providing the basic numeric and financial literacy skills that increases the chance of survival. Some studies state that the fact that a manager has a higher education degree or even a postgraduate degree seems to stimulate the growth of the firm, thus having an impact on both survival and growth. However this study has not come out clearly to

advance the reasons behind some illiterate business people doing extremely well in business.

Bruhn and Zia (2011) in their study on the Impact of Business and Financial Literacy for Young Entrepreneurs in Bosnia and Herzegovina found that business outcomes and practices is the difference in effects of the training on individuals with below and above median financial literacy at baseline. They also found that both entrepreneurs with below and above median financial literacy changed some of their business practices, such as separating personal accounts from business, and making investments in their business; however, only entrepreneurs with above median financial literacy at baseline reported increases in sales and profits as a result of the training. These findings suggest that baseline knowledge and information conveyed in the financial training act as complements in increasing the productivity and sales of a business. They also found that entrepreneurs with relatively high ex-ante financial literacy exhibit improvements in sales due to the training programme.

2.4.4 Networking Training

Silic, and Bradac (2009) hinted that market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. These changes include: effective networks and inter-company corporations which allows for competition and innovation in a dynamic business environment. Large and small businesses that operate nowadays are in one way or another involved in networking relationships to improve in their profitability. Various studies have revealed that companies differ in their competitive strategies, strategic and technological orientation and also in their methods of networking. Most of these studies have linked networking with performance, with less empirical evidence on linking networking of MSEs with corporate growth. The networking activities nature varies between different industries. Its major function is to enable information flow in order to increase acquired knowledge and capabilities. Past research has shown that networking activities are extremely important for the survival and growth of MSEs because of their linkages with large firms which have better

Managerial practices because of their experience and huge capital outlay. Networking training to MSEs in this case becomes necessary.

Tendai (2013) in his study of networks and performance of MSEs realized that there is a positive relationship between quality of a social network in both the start-up and the growth phase and the performance of MSEs. He recommended that strong ties should be exploited in order to increase performance, and firms past their initial stage are advised to focus on developing weak ties to reach this goal. However, this conclusion is based on a single case and therefore might not be generalized to the majority of the MSEs. Humburg and Hall (2013), asserted that though social networks such as my space and face book spreading to global phenomena are widely used for business activities, the benefit of 2.0 for MSEs are not as well known. Social networks are useful to improve continuing vocational education and training technologies which need to be re-engineered to be accessible for all and also support the integration of people with special needs. They noted that these new innovations will change the way staff learn, how they interact with learning content and how they communicate with peers. However this study has not come up clearly to address the darker sides of too much networking training on MSEs given that a lot of replication may lead to business saturation and failure.

Provan and Kenis (2008) and Klijin (2010) in their studies found out that there is normally an effect of a network structure to associated firms. Outcomes vary significantly among networks the effect of some network Managerial dimensions on firms performance may not be similar to those of all networks. Some networks may have a more organized structure compared to other networks and may achieve superior performance. However they have not told us much on the benefits of these networks.

According to Katungi, Ermeades and Smale (2008) and Shaw, Lam, Carter and Wilson (2006) they asserted that our knowledge in terms of the nature of social networks and how they operate in supporting small-scale rural non-farm business development is limited. Despite there being consensus that social networks influence entrepreneurial

processes in various ways, there still is a dearth of critical studies that demonstrate how these social networks operate in the activities of rural entrepreneurs. The role of social networks in enterprise development therefore needs to be properly investigated if the sector is to fully contribute to the socio-economic development landscape. This study contributes to knowledge of the role of social networks in economic development by extending our understanding of the role of social networks – kinship, social groups, membership of organizations and contacts – from the predominantly urban and farm-based studies to the rural non-farm enterprise sector. It also contributes to literature on the gender dimension of social networks by building upon recent work by those who established that female-headed households in Uganda are disadvantaged at social networking platforms.

2.4.5 Governance Training

Mahmood (2007) noted that MSEs are critical for developing countries because of their role in economic growth and poverty reduction. Companies globally are facing issues relating to transparency, accountability, ethics, rules and regulations, and timely disclosure of material information. In this regard the concept of governance and ethics has gained significant importance to MSEs in developing countries. It should be noted that the main constraints to MSEs growth is lack of governance structures. MSEs do not adopt good governance practices because of high cost associate in their implementation. For MSEs to thrive there is need for them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow. Ijeoma and Ezejiofor (2013) examined that corporate governance has contributed significantly in ensuring accountability and transparency in order to improve performance of MSEs and facilitating achievement of their social responsibilities in its environment. Furthermore corporate governance assist in providing structures which the objective of the MSEs is set and means of attaining those objectives and monitoring performances to ensure that effective and efficiency in operations are achieved. However governance is not anchored in accountability and transparency only.

Clerke and Klettner (2009) highlighted the following policies in corporate governance: the need for corporate governance guidelines to include flexibility, particularly for companies early in their life cycle, the need to reinforce the robustness of the “if not why not” approach and educate the market that disclosure, not uniformity, is important, the fact that corporate governance demands upon companies develop as they increase in scale and complexity with more diffuse shareholders; the existence of critical period in corporate governance when private companies become listed entities with wider accountability and corresponding need for a more independent board; the importance of legal and regulatory guidance and direct education for companies preparing to list and the fact that companies may carry with them problems of inadequate corporate governance and dysfunctional boards if these are not resolved early in the company life cycle

2.4.6 Training on Legal and Regulatory Requirements

According to Karingithi (1999) the legal and regulatory environment is one of the factors which affect the growth and performance of MSEs. He further states that, the cumbersome laws and regulations have a negative impact on the growth and development of MSEs because: they restrict operating flexibility, increase fixed costs disproportionately, absorb scarce Managerial time and divert scarce financial resources from productive investment. He further states that unfavorable legal framework results in increased general and administrative expenses, and in a diversion of Managerial time and attention from revenue generating activities to compliance activities. In the absence of a conducive legal framework, businesses operate under the Local Government Act which is restrictive and non-responsive to the emerging contributions of MSEs. The provisions of the Act stand in conflict with the Government policy of encouraging the growth and development of MSEs and supporting informal workers. This study has however not come up very clearly with sufficient reasons why MSEs still fail to prosper despite the fact that the government has put in place a lot of legal interventions and training to protect them.

Ndumia (2015) conducted a study on influence of regulatory framework on performance of building construction projects in Nairobi county, Kenya. The study was guided by the objectives; to establish the influence of the Board of Registration for Architects and Quantity Surveyors on performance of building construction projects in Nairobi County, to determine the influence of County Government of Nairobi regulations on performance of building construction projects in Nairobi County, to establish the influence of National Environmental Managerial Authority regulations on performance of building construction projects in Nairobi County and to determine the influence of National Construction Authority regulations on performance of building construction projects in Nairobi County. The study adopted a descriptive survey research design. The study used simple random sampling to select 19 licensed quantity surveyors, 28 licensed architects and 132 licensed building contractors operating in Nairobi. The study found out that Architects and Quantity Surveyors trained and licensed in the planning and designing of buildings, their work is to advise their clients and study their needs, Nairobi County had formulated a statutory and regulatory framework to embrace digital system for Managerial of developments applications which involves the public and stakeholders in policy formulation, NEMA effectively implements environmental policies, proposes effective mitigation measures for significant negative impacts of building construction projects and NCA registers and certifies constructors, regularly publishes the code of conduct for the building construction industry.

Mushila (2012) conducted a study on the effect of SASRA regulatory framework on the financial performance of savings and credit co-operatives in Kenya. The Sample size for the study was 35 SACCOs. Questionnaires were used to obtain important information about the population in terms of effects on the financial operations on the SACCOs prior to and after introduction of regulations. Secondary data in form of financial statements for the period before and the period after introduction of regulations were also compared. Financial projections in the 5 year business plans submitted to SASRA as a mandatory requirement were also examined. After receiving questionnaires from respondents and copies of financial statements, responses were edited, classified and

coded to analyze quantitative data using Statistical Package for Social Science. Tables and charts were used for further representation for easy understanding and analysis. Data collected was thoroughly examined and checked for completeness and comprehensibility. The data was then summarized, coded and tabulated. Inferential Statistic Was used to establish the effect of regulation on the financial performance of SACCOs. From the findings the study concludes that regulation has had a positive effect on the financial performance of SACCOs. The Study established that improvement in financial performance is attributed to the positive fundamental changes in the regulatory framework which amongst other things has ensured professional Managerial of SACCOs, restored confidence in the sector, created a cushion for members through spelling out protection measures on their deposits and has also offered guidance on capital adequacy and credit Managerial.

2.4.7 Performance of Micro and Small Enterprises

In small scale business economic literature, an approach to define and measure small firm performance remains controversial among the scholars, arguably due to the fact that, small firm performance measures are multi-dimensional (Wood, 2006; Simpson et al., 2012). However, Wood (2006) attempts to define small business performance as ability of small business to contribute for jobs and wealth creation through business start –up, survival and growth. He also tried to describe business performance in terms of how organizational objectives are well achieved. Business performance is assessed by measuring the success or failure of an organization in achieving its goals and can therefore be defined in a number of ways.

Wood (2006) and Chittithaworn et al., (2011) argued that Performance of the firm can be described as the firm's ability to create acceptable outcomes and actions. Similarly, (Alasadi, 2007) described performance of small scale enterprises from the dimension of how the firm is successful and use the performance and success interchangeably. Moreover, it is also evident that Small firm performance is termed to be the firm's performance in the market, which may have different outcomes (Chittithaworn et al.,

2011; Emmanuel, 2013). Alasadi (2007) on his study, critical analysis and modeling of MSEs performance, confirms that growth of small firms is synonymous with success.

Gill and Biger (2012) on their study of barriers of small firm growth evidenced that growth of small firm is measured (Increase in sales over the last three years, Improvement in overall performance over the last three years and Increase in market share over the last three years), which supports the idea that performance, growth and success are alternatively used in measuring firm performance. This is due to the fact that as a firm grows unemployment rate reduces and the number of products and services increases. Some studies consider growth as proxy of small firm performance (Wiklund & Shepherd, 2005; Blackburn et al. 2013). To sum up, looking at various literature of small firm performance, it can be perhaps justifiable to deduce that performance of MSEs is synonymous to success and growth. Thus, performance, success and growth of the firm are assumed to be synonyms due to the fact that they would be measured using similar indicators, such as survival, profit, return on investment, sales growth, number of employees, happiness, reputation, and so on.

Despite the various measure of performance suggested by different authors, Cho and Lee (2005) emphasized on the importance of performance measurement, using proposition described as “What gets measured gets done and you cannot manage what you cannot measure”. Performance of small firms is multidimensional its nature and should be measured with diverse parameter (Wiklund & Shepherd, 2005; Alasadi, 2007; Rosli, 2011 & Blackburn et al., 2013). This is due to the fact that, there is no single over reaching measure of small firm performance because small firms may pursue multiple objectives, perhaps, performance measurement vary according to the objectives pursued (Simpson et al., 2012). There is no or little consensus on how to measure performance of MSEs, which best suited for particular business organization (Richard et al., 2009; Jamil & Mohamed, 2012 & Simpson et al., 2012). Moreover, the institutional effect may drive the selection and use of specific performance measures (Verbeeten & Boons, 2009). Thus, Performances are variously measured and the perspective are tied together and consistently monitored from the organization’s context. Approaches which best suits to

measure small business performance, conceivably lacks universality. However, the selection of performance measures that reflect the true situation of small business with some degree of certainty and reliability is indeed a crucial process.

Gomes et al. (2006) claims that the performance measurement is an elusive and multifaceted construct as the change brought new realities in the market place. Financial and non-financial measures of performance includes but not limited to: profitability, total assets, return on investment (ROI), sales volume, employment size, capital employed, market share, customer satisfaction, productivity, turnover, delivery time, employees turnover and other. In literature we failed to find, which measure is best suit in order to measure the performance of small scale enterprises. There is no empirical evidence that suggested financial measure is preferred over non-financial measures and vice versa. Most studies suggested the use of hybrid measures of performance.

Gebreeyesus (2007) attempted to provide some theoretical justification, that assumed to use growth rate in sales (increase in sales), increase in capital assets and profits as more precise and potential offer more objective measurement as compared to other measures of performance of firm. However, in practice they reported that these measures tend to be susceptible, problematic and not credible as firms hesitate to report the true value of their sales and profit in fear for high tax burden from the government and the factors that influence one growth measure (for instance, increase in profits) may not necessarily influence another (for example, increase in employment). Moreover, firms may be unable to accurately report their sales and profit as they do not keep records and fixed assets could also not indicate proper measures of performance, as it could have possibility to be affected by inflationary conditions of the country hence this may leads to measurement errors and resulted to incorrect inferences from the study.

Chong (2008) argued that business organization could measure their performance using hybrid approach combining both financial (profit before tax and turnover) and nonfinancial measures (customer satisfaction, delivery time, waiting time and employees turnover). Forsman (2008) also suggested use of financial and non –financial measures

including the following: Sales growth market share, cost reduction, operating profit ratio, quality and productivity and return on investment in order to incorporate multidimensional aspects of firm performance.

Wiklund and Shepherd (2005) used financial measure of performance such as gross margin - the ratios of gross profit to sales were used as proxy performance and qualitative financial measures profit and cash flow compared with competitors on five point scale. In addition to quantitative and qualitative measures of financial performance, Wiklund and Shepherd (2005), used nonfinancial measures of performance in their study of small firm performance such as growth as indicator of firm performance that were measured as change/growth in sales and employment as proxy of performance.

Tefera et al. (2013) used only growth in employees since startup as objective measure of small firm performance assuming other measures would result to measurement error. Dawkins et al., (2007) also used only profit as the measure of firm performance. Hybrid (financial and non-financial) measures were suggested better indicators of firm performance as it is strong enough to capture various performance approaches than single approach (Simpson et al., 2012) & Blackburn et al., (2013) . Contrary to Simpson et al., (2012) and Blackburn et al., (2013), there are scholars that revealed single measure reliable indicators business performance depending on objectives of the firm. According to Brown et al., (2005), Xheneti and Bartlett, (2012) basic objective of the firm is to maximize profit, as the result, the performance of the firm should be largely measured based on profit. Turnover is a better measure of small firm performance in comparison to employment size, but turnover data often lack detail, due to the difficulties that would be experienced while collecting accurate financial data at all level of individual firms.

Fadaunsi (2012) convincingly argues that most academic researchers and policy planners appears to be focused on those two measures of performance: employment growth (increase in numbers employees), which addresses job concerns and sales growth (increase in sales), which addresses taxations concerns. Multi-dimensional approaches

that include hybrid measures (financial and non-financial measures) of firm performance has been widely used and suggested by various authors in single study to overcome shortcoming of single measure of small firm performance.

Gomes et al., (2006) noted the traditional accounting measures of performance had been characterized by a cost accounting orientation which emphasized selective financial indicators such as profit and return on investment. However, the accounting measures of performance have been criticized and assumed to be inappropriate for modern organizations as it is based on merely quantitative approaches to organizational performance measures. Arguably, these approaches received considerable criticism due to their stressing merely on financial indicator of performance. Similarly, Verbeeten and Boons (2009) criticized focusing merely on financial indicator of performance as financial indicators only may lead to historically and backward looking information and cause short-run orientation and Managerial frustration and resistant and result incongruent with organizational strategic priorities.

Forsman (2008) argued that mere reliance on traditionally measures of business performance which have been derived from the financial data alone, is under serious challenge and firms should use integrated approach both financial and non –financial measure so that the result might be more convincing and reliable. As revealed by Verbeeten and Boons (2009) non –financial measures of performance of the firm includes, customer measures, employee measures, quality measures, innovation and development of human capital measures. However for the effective running of the organization, the financial measure alone is arguably insufficient.

Kotey et al. (2008) asserted that the government is primarily interested in job creation, innovation and increased productivity, consequently, enterprise performance should be measured in terms of respondents to meet these and other business goals and assess the extent to which the objectives were met by the firm. Small firms may pursue various goals. Perhaps there is a situation where a particular measure of performance is more desirable if it is priorities are more important. For instance, accounting performance

measures (return on capital employed) more intensively used if the financial performance priorities of the firm become more important (Verbeeten & Boons, 2009). But, measuring the business performance solely by financial indicator will not capture the complex range of objective. With objectives of overcoming the pitfall of traditional accounting measures, development of multidimensional framework (financial and non-financial) measure of performance has been more pronounced in recent times. Consequently, over the past decades, a great deal of attention has been paid to development and use of non-financial measures.

Rosli (2011) said that performance of MSEs is their ability to contribute to job and wealth creation through Enterprises start-up, survival and growth. Also, Komppula (2004) identify some constrained by two major factors: internal factors such as entrepreneur competencies, commitment, resource, strategic choice and external factors like competitors, culture, technology, and infrastructure and government policy. Understanding determinant factors of MSEs performance is considered an important area of focus in Enterprises. He further suggested that the link of MSEs performance and economic growth remains complex, and that entrepreneurial ability remains a necessary component of a country's capability to support economic development. The performance and growth of MSEs is a major driver and indices for the level of industrialization, modernization, urbanization, gainful and meaningful employment for all those who are able and willing to work, per capital income, equitable distribution of income, and the welfare and quality of life enjoyed by the citizenry.

Aremu and Adeyemi (2011) said that MSEs contribute to employment growth at a higher rate than larger firms Farouk and Saleh (2011). The reasons for identification of MSEs performance include: provision of knowledge about the present characteristics of MSEs performance while the knowledge gained would assist the MSEs to track their position, verify priorities as well as communicate and improve performance.

Williams (2009) asserted that the internal environment of any organization comprises firm-related factors that influence its capacity to achieve set objectives, develop and

implement a viable plan, which consequently contributes to its performance (Ghani, Nayan, Ghazali & Shafie, 2010). Internal environment can also be described as those internal controllable forces operating within the organization itself that have a direct impact on an organization's performance. These include financial resources, information and knowledge, firm's capabilities, incentives, organizational demographics such as size, inter-institutional linkages, company's objectives, goals and employees' skills.

Tolbert and Hall (2009) argues that whereas the operationalization of an organization's internal environment remains varied, there is consensus among scholars that internal environment is a key determinant of an organization's performance. Internal environmental forces provide strengths and weaknesses to the business. The aspects forming the internal environment of an organization provide an enabling environment for an organization to achieve its objectives. However, despite the existence of many MSEs support programmes that provide backing to MSEs in the country continue to weaken (not all MSEs are experiencing positive growth) (Baloyi 2010). More so, there are other MSEs that have stagnated at the survivalist stage (Bidzakin 2009). This raises questions on whether the MSES owner/managers have the adequate and requisite skills, competences and capacity to manage the MSEs in a manner that enhances growth and survival or not and the technological capacities of MSEs and their competitive intensity.

Cirikovic (2008) examined internal factors of organizational structure. The result illustrate the internal factors of organizational structure, but also point out how changes in these factors constantly cause the changing of the organizational structure, which leads to the fact that the organizational structure is a flexible category and that the degree of its successful realization is reflected in that flexibility.

Shiamwama, Ombayo and Mukolwe (2014) examined the Internal Factors Affecting the Performance of Business of Retirees in Kakamega Municipality. The result revealed that the major factors affecting performance of retirees' business include financial stability, physical and mental strength, entrepreneurial skills and family base which accounted for significant failure of business of retirees. Yu and Zhang (2010) examined internal factors

affecting the organizational internationalization process: Evidence from Huawei case study. The result illustrates the relationship of some organizational internal factors and the firm's internationalization. Hove and Tarisai, (2013) examined the Internal Factors Affecting the Successful Growth and Survival of Small and Micro Agri-business Firms in Alice Communal Area. Their result is significant to policy makers (that is government and quasi-government agencies), MSEs and other researchers.

Williams (2009) and Ghani, Nayan, Ghazali and Shafie (2010) asserted that the internal environment of any organization comprises firm-related factors that influence its capacity to achieve set objectives, develop and implement a viable plan, which consequently contributes to its performance. These include financial resources, information and knowledge, firm's capabilities, incentives, organizational demographics such as size, inter-institutional linkages, company's objectives, goals and employees' skills. Whereas the operationalization of an organization's internal environment remains varied, there is consensus among scholars that internal environment is a key determinant of an organization's performance. Internal environmental forces provide strengths and weaknesses to the business

Tolbert and Hall (2009) said that the aspects of forming the internal environment of an organization provide an enabling environment for an organization to achieve its objectives. McKinsey's conceptualization of organizational internal environment highlights strategy, structure, skills, staff, systems, shared values and style as the key internal factors that influence performance of organizations.

Consequently, firms' are said to operate within a social framework of norms, values and assumptions, which eventually influences their performance and competitive advantage. The human capital of the firm refers to the knowledge, skills and abilities that employees possess and use in their work. Studies of employee human capital have found its direct positive effects on firm performance (McKelvie & Davidson, 2009). The MSEs sector is globally regarded as an important force of driving the economic growth and employment creation in both developing and developed countries (Ariyo, 2008; Kpleai, 2009).

Ntakobajira (2013) conducted a study on factors affecting the performance of Micro and Small Enterprises (MSEs) Traders at City Park Hawkers Market in Nairobi City County. The study sought to achieve the following objectives: establishing how accessibility to business information services affects the performance of MSEs traders at city park hawkers market in Nairobi County; examining how access to finance affect performance of MSEs traders at city park hawkers market in Nairobi City County; determining how the use of technological input in payment system affect the performance of MSEs traders at city park hawkers market in Nairobi City County and examining how the availability of managerial experience affect the performance of MSEs traders at city park hawkers market in Nairobi City County. The study applied survey research design on a sample of 47 MSEs Traders. The study employed the use of questionnaires to collect primary data through interviews as research tools since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. For the main purpose of this research, the study collected primary data and compare it with the available secondary data for the literature review. Descriptive statistics was used mainly to summarize the data. This included percentages and frequencies. Tables and other graphs were used as appropriate to present the data collected for ease of understanding and analysis.

The study concludes that access to business information services affected the performance of the business to a great extent. The study further concludes that access to finance affected performance of MSEs.

It affected performance to a great extent because it limited the entrepreneurs' ability to take advantage of opportunity as and when they arose. The study further concludes that technology affected the businesses to a very great extent by facilitating communication with both the supplier and customers, by easing the transportation of goods and by easing the marketing of our products. The study concludes that most of the respondents measured the performance of the business the number of customers and that the

Government policy and regulations affect the performance of the business to a very great extent. Managerial experience affected the performance of MSEs to a great extent.

2.5 Critique of Existing Literature relevant to the study

There have been several critiques of the rational model. Some of the limitations of this have been explained as follows: Handel(2003) asserted that by equating human beings to parts of a machine, the emotional composition, personal feelings, individual characteristics, the varied levels of competence and the irrational aspect of human behaviour is ignored, Organizational rules can never be exhaustive. They sometimes cannot foresee unpredictable events, unusual problems that might occur and which a manager must be equipped with the skills to cope with; Conformity to rules and closely adhering to personal expertise in a limited field only can often result in inflexibility and a resistance to change. Organizations are dynamic and need to facilitate innovation. Rigidity might often be detrimental to organizational effectiveness, progress and innovation. With the clear separation of different departments/units of the production process, there is a fear that the individual department's interests might become ends in themselves thereby overshadowing the larger organizational goals. It also ignores that these departments might be interrelated and that the strict separation may not always be possible. The theory of division of labor follows four principles namely – purpose, process, clientele and geographical area. This division is not, however, always possible in reality. There sometimes might be an overlap in the principles or they may be incompatible.

The way organizations grow, develop, divide and merge is not always predictable and controllable by the Managerial. This model overlooks the fact that informal groups and informal leaders do emerge even in formal organizations. The codes set by these informal leaders then determine the extent to which the formal rules are adhered. Like in the case of trade unions, superiors very often have to bargain with subordinates outside the formal chain of command, as mentioned in point three, rigidity and rules stifle innovation, spontaneity and creation, there is little respect for individual autonomy even

in decision making. Studies in organizational theory have shown the bureaucratic model is only applicable for very larger organizations. Small organizations are not amenable to 'mechanistic systems' (Burns 1984,). In Weber's theory in particular, bureaucratic authority is based on position in the hierarchy and here it is assumed to also imply expert knowledge. Weber does not differentiate between technical experts and managers that is, line departments which are involved with production and staff departments which are involved with personnel and accounting.

2.6 Research Gaps

Miller *et al.* (2009), Kihimbo (2012), Ghimire and Abo (2013) in their studies, they have concentrated on training of MSEs on finances gotten from banks and micro-savings ignoring completely training them on how to utilize money gotten from friends and relatives which they must account for. Aldrich and Martinez (2010), Obura *et al.* (2009), Silic and Bradac (2009), Tendai (2013), Purateera (2009), Ruperto and Martini (2011), in their studies on networking, they have not addressed the issues of weak networks and how to overcome them especially those in developing countries to give them a competitive edge. Further, Jayawarna and Macpherson (2006) in their studies, they have focused only training managers ignoring the training of other junior staff whose contribution is also critical in running an organization efficiently and effectively. Ignoring training junior staff is planning to fail. Finally, Clerke and Klettner (2009), Mahmood (2007), Inyang (2009), Ariawana and Kelly (2015) did their studies on corporate governance in developed countries and in large corporations ignoring developing countries and in particular MSEs. This is a gap that this study seeks to fill.

2.7 Summary of Literature Review

Managerial training was measured using the level of planning, organizing and directing just to mention a few. Agbim (2013) explains Managerial training as the acquisition of Managerial skills regarding business planning, organizing, directing and quality control of assets and human resources. Technical training was measured using information on record keeping, selling skills and marketing skills among others. Financial training was

measured through the analysis of the accounting procedures, budgeting and savings among other measurements.

Baileti (2012) in their studies revealed that there is need for all stakeholders including government and other participants in the crusade for entrepreneurship programme to redirect and rethink with emphasis on technical entrepreneurship development with technology based oriented in African countries compared with the Asian countries entrepreneurship development strategy. Networking training was measured using the sharability of information, the number of meetings conducted and attended and the nature of relationships established among others Martinez (2010), explained networking training as the acquisition of knowledge, skills and attitudes with regards to direct and indirect relationships of MSEs and their customers and other stakeholders to improve in their business practices. Governance training was measured by way of analyzing processes, customs, policies, laws, institutions and ethical considerations.

Kelly (2015), found that corporate governance is an emerging subject mainly concerned with the Managerial and control of companies for the interest of stakeholders. Legal and regulatory requirement was measured by a way of having business license and having business permit Kitching (2007) defined legal and regulatory requirements as the administrative rules created, applied and enforced by Government regulatory authorities. Performance of micro and small enterprises in Kisii County was measured on the basis of profitability, sales turnover ,return on investment and the number of branches among other measurement variables. Franco-Santos et al. (2007) recommended measuring business performance through the business performance measurement (BPM) system, as it is an important tool within many research areas, particularly in business and social science studies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covered; research design, research philosophy, target population, sampling frame, sample and sampling technique, data collection instruments, data collection procedures, pilot testing, data analysis and presentation and hypotheses testing. In data analysis and presentation regression analysis model was used. Testing the moderating effect was done using the partial least square path model.

3.2 Research Design

Kothari (2009) defined a research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy procedure. Kothari further said that the research design must make enough provision for protection against bias and must maximize reliability, with due concern with the economical completion of the research study. The study used a descriptive survey design, which deals with the collection of data from the members of a sample for the purpose of estimating one or more population parameters. Descriptive survey design like the scientific model, will be based on precise definition of the problem to be studied, standardized research methods, representative samples and other smaller groups with a view of making generalizations of the population under study.

Saunders (2009) defined a descriptive survey method as a simple and commonly used in scientific disciplines to evaluate relationships, effects of treatments and comparisons between groups that are being studied. By using the descriptive survey method, questions in questionnaires were posed to respondents thus facilitating investigations that would answer the stated research questions.

3.2.1 Research philosophy

Collins (2010), Saunders and Thornhill (2012) defined research as important assumptions that serve as a basis for the research strategy. This adopted the positivism research philosophy because of the assumption that is objective and yields tangible results. As a philosophy, positivism adheres to the view that only “factual” knowledge gained through observation (the senses), including measurement, is trustworthy. In positivism studies the role of the researcher is limited to data collection and interpretation through objective approach and the research findings are usually observable and quantifiable.

Lancaster and Crowther (2008) assert that in positivism studies the researcher is independent from the study and there are no provisions for human interests within the study. As a general rule, positivist studies usually adopt deductive approach, whereas inductive research approach is usually associated with a phenomenology philosophy. Moreover, positivism relates to the viewpoint that researcher needs to concentrate on facts, whereas phenomenology concentrates on the meaning and has provision for human interest. The five main principles of positivism philosophy can be summarized as follows; there are no differences in the logic of inquiry across sciences, the research should aim to explain and predict, research should be empirically observable via human senses, science is not the same as the common sense and Science must be value-free and it should be judged only by logic.

3.3 Target Population

According to the director of revenue, Kisii County has a population of 12,772 registered micro and small enterprises; thus the population of study was 12,772 owner managers. These MSEs were situated in all the 9 sub-counties that make up Kisii County.

Table 3.1: Distribution of micro and small enterprises in Kisii County by sub-counties

sub-county	trade	manufacturing	services	total number of MSEs
Bonchari	634	0	733	1,367
South Mugirango	153	0	197	350
BomachogeChache	203	0	211	414
BomachogeBorabu	113	0	264	377
Bobasi	192	0	271	463
NyaribariMasaba	248	0	266	514
NyaribariChache	2109	5	2311	4,425
KitutuChache North	137	0	246	383
KitutuChache South	2997	4	1478	4,479
TOTAL	6786	9	5977	12,772

Source: record from the directorate of Revenue, Kisii County, 2016

3.4 Sample and Sampling Techniques

3.4.1 Sampling Frame

According to Kothari (2009), a sampling frame is a complete list of all members of the population that is to be studied. This study has nine strata, with a total population of 12,772 MSEs. This therefore means that simple stratified random sampling was employed when conducting the study. The table 3.1 indicated the population distribution per stratum.

3.4.2 Sampling Techniques

The study adopted stratified random sampling technique which is aimed at selecting a group of subjects for the study in such a way that their attributes represented the larger

group from which they are to be drawn. According to Mugenda and Mugenda, (2013) the size of a sample influences the detection of significant differences, relationships and interactions. Critical factors in determining sample size include the population size, the desired level of precision, the level of confidence and the degree of variability of attributes being measured. Since the population of the required characteristics was estimated at 50% (p=0.5), the sample size was determined as follows according to Saunders *et al.* (2009):

$$n = \frac{Z^2 pq}{d^2}$$

where: n = estimated sample size if the target population is greater than 10,000.

Z = standard normal deviate at the required confidence level (value for selected alpha level (1.96)

p= The proportion of the target population estimated to have characteristics being measured.

$$q=1-p$$

d = the level of statistical significance set (0.05).

Executing the formula, the distribution of the target population and the corresponding sample size will be 384. In order to get proportionate allocation of the sample in the different sub-counties, the following formula was used;

Sample size in the Sub-County = Number of enterprises in the Sub-county × sample size

Number of enterprises in the County

This formula was repeated for each sub-county and the corresponding sample size given as follows.

Table 3.2: Sample sizes per Sub-county

Sub-county	Number of MSEs	Sample sizes (3%)
Bonchari	1367	41
South Mugirango	350	10
Bomachoge Chache	414	12
Bomachoge Borabu	377	12
Bobasi	463	14
Nyaribari Masaba	514	15
Nyaribari Chache	4425	133
Kitutu Chache North	383	12
Kitutu Chache South	4479	135
TOTAL	12,772	384

3.5 Data Collection Instruments

The data collection instrument in this study was a questionnaire. Primary data was collected using a questionnaire whereas secondary data was got from published reports. Both primary and secondary data were necessary. Primary data would be analyzed separately. Only relevant secondary data was to be used.

3.5.1. Questionnaire

According to Saunders, Lewis and Thornhill (2009), they prefer the use of questionnaires as research instruments because of their wide application in descriptive survey design. This study adopted closed ended questionnaire because it is a descriptive survey design. The open ended questionnaire also fitted because the study required clear

enumeration. Lastly, this type of questionnaire was used because of its application to data related to likert scale questions which the study has adopted.

3.6 Data collection procedures

The researcher obtained permission to commence his study from the National Commission for Science Technology and Innovation (NACOSTI) upon production of introductory letter from the Director School of Graduate Studies and an approved proposal. The research permit was produced to the CEC trade and all the sub county commissioners for permission to collect data in the sub counties. Similarly, chiefs, assistant chiefs and clan elders were informed about the intended visit to collect data and research work in their respective areas. The study targeted respondents in their business premises and working places.

Familiarization between the researcher and the small scale entrepreneurs were facilitated by the provincial administration. The time to do the study was chosen carefully so that the respondents give the right answers. In the event the respondents were not clear about the meaning of a question, the researcher made clarifications before the respondents fill their responses during pre-organized interview sessions.

During the interview schedules, the research assistant filled the interview blanks alone. It was assumed that the presence of the researcher and his research assistants made small scale entrepreneurs cooperate to finally ensure a 100% response rate. Duly completed questionnaires and interview blanks were collected the same day and immediately were in possession of the researchers.

3.7 Pilot Testing

Empirical studies require pre-testing of the research instruments to ascertain the ability to collect the expected information from the respondents. The purpose of pre-testing the instruments is to ensure the items in the instruments are stated clearly and exemplify the same meaning to all the respondents (Mugenda & Mugenda, 2013) out of 384 MSEs

selected from Kisii County 38 were used in piloting. They were selected randomly to include all the 9 strata that were studied.

Donald and Pamela (2006) said that the final step toward improving survey results is pre-testing, the assessment of questions and instruments before the start of a study. They said that there are abundant reasons for pre-testing individual questions, questionnaires, and interview schedules: discovering ways to increase participant interest, increasing the likelihood that participants will remain engaged to the completion of the survey discovering question content, wording, and sequencing problems discovering target question groups where researcher training is needed and exploring ways to improve the overall quality of survey data.

3.7.1 Reliability of Research Instruments

Saunders *et al.* (2009) explained reliability as the extent to which your data collection techniques or analysis procedure will yield consistent findings. A reliable measurement is one that if it will be repeated for a second time, it will give the same results as in the first case. There are four methods of testing reliability namely: Re-test method, alternative method, split halves method and Internal Consistency. Retest method is one in which the same test is given to the same people after a period of time. The reliability of the test (instrument) can be estimated by examining the consistency of the responses between the two tests; Alternative method requires two testing with the same people. However, the same test is not given each time. Each of the two tests must be designed to measure the same thing and should not differ in any systematic way. One way to help ensure this is to use random procedures to select items for the different tests; Split halves is a method where total number of items is divided into halves, and a correlation taken between the two halves. This correlation only estimates the reliability of each half of the test; Internal consistency method provides a unique estimate of reliability for the given test administration.

Hair et al (2006) asserted that Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is unidimensional. If, in addition to measuring internal consistency, you wish to provide evidence that the scale in question is unidimensional, additional analyses can be performed. Exploratory factor analysis is one method of checking dimensionality. Cronbach's alpha is not a statistical test - it is a coefficient of reliability (or consistency). Cronbach's alpha can be written as a function of the number of test items and the average inter-correlation among the items. The formula for the standardized Cronbach's alpha is given as:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{V} + (N-1) \cdot \bar{c}}$$

α is a measure of internal consistency, that is, how closely related a set of items are as a group.

N is equal to the number of items,

\bar{c} is the average inter-item covariance among the items and

\bar{V} equals the average variance.

From this formula, when one increases the number of items, Cronbach's alpha increases. Additionally, if the average inter-item correlation is low, alpha will be low. As the average inter-item correlation increases, Cronbach's alpha increases as well (holding the number of items constant). Cronbach's Alpha Coefficient value of 1.0 indicates a perfect reliability while that of below 0.70 will indicate low reliability.

3.7.2 Validity of Research Instruments

Best and Kahn (2006), stated that validity of an instrument refers to asking the right question formed in the least ambiguous way. Validity is concerned with whether the results appear to be what they are. Content validity was ensured through piloting. Validation strategies include: content-related: evidence that the items of the population and domains of an instrument are appropriate and comprehensive relative to its intended measurement concept(s), population and use; construct-related: evidence that relationships among the population items, domains, and concepts conform to a priori hypotheses concerning logical relationships that should exist with other measures or characteristics of patients and patient groups; and external validity which is about generalization of the findings in accordance with populations, settings, treatment variables, and measurement variables. Content validity was achieved through the review of the relevant literature to find out the relevant concepts. Construct validity was achieved through the review of the theories that formed the major themes of the study and will establish the existence of the constructs and finally external validity was achieved through generalization of the findings of the studies.

3.8 Data Analysis and Presentation

This study yielded both qualitative and quantitative data which was analysed using descriptive and inferential statistics. According to Saunders et al. (2009), descriptive statistics is the term given to the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might emerge from the data. Descriptive statistics do not, however, allow us to make conclusions beyond the data we have analyzed or reach conclusions regarding any hypotheses we might have made. Inferential statistics are techniques that allow us to use samples to make generalizations about the populations from which the samples were drawn. It is, therefore, important that the sample accurately represents the population. Inferential statistics arise out of the fact that sampling naturally incurs sampling error and thus a sample is not expected to perfectly represent the population.

In this study, measures of central tendency and spread were analyzed descriptively using the mean, mode, median and the standard deviation. Relationships between the variables was analysed inferentially using Regression Analysis. The moderating variable was analysed using Partial Correlation which is a measure of the strength and direction of a linear relationship between two continuous variables whilst controlling for the effect of one or more other continuous variables. The data collected was first edited to correct the errors if any, coded and then analysed using the Statistical Package of Social Sciences (SPSS) version 20.0 computer software which enabled in the manipulation and transformation of variables into desired forms for the purpose of analysis. The analysed data was then presented using tables, pie charts and graphs such as bar graphs, histograms and ogives.

3.8.1 Regression Analysis

Regression analysis was conducted to determine the relationship between training and the performance of micro and small enterprises. Regression analysis was also conducted to examine the weight of each variable against the dependent variable. Performance of micro and small enterprises was regressed against five variables namely; Managerial training, technical trainings, financial training, networking training and governance training. The variables were also regressed against the moderating variable; legal and regulatory requirements. The equation was expressed as follows;

$$Y_p = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon \dots\dots\dots \text{equation (1)}$$

Where:

Y_p = performance of micro and small enterprises.

β_0 =constant (co efficient of intercept)

X₁ = Managerial training, X₂ = technical trainings, X₃ = financial training, X₄ networking training, X₅ = governance training

β₁.....β₅ = regression coefficient of five variables

ε = error term

3.8.2 Moderating Effect Model

The following model will be used to assess the moderating effects of the various independent variables on the moderating variable.

$$Y = \beta_0 + \beta_1 X + \beta_2 M + \beta_3 XM + \epsilon \dots \dots \dots \text{equation (2)}$$

Where X takes the values (X₁, X₂, X₃, X₄, X₅)

3.8.3 Diagnostic Tests

Normality test

According to Saunders *et al.* (2009), normality tests are used to determine if a data set is well modeled by a normal distribution to compute how likely it is for a random variable underlying the data set to be normally distributed. In this case the test for normality was examined using the graphical method approach. Kolmogorov- Smirnov was used to check for normality tests. This was ideal because the sample size was more than a hundred units.

Multicollinearity

According to William *et al.* (2013) multicollinearity referred to the presence of correlations between the predictor variables. In severe cases of perfect correlations between predictor variables, multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multicollinearity was assessed in this study using the variance inflation factors (VIF). When VIF values are in excess of 10 it was an indication of the presence of high multicollinearity. Where VIF

was less than 5 this could indicate that there was no multicollinearity at all. Where VIF was 5 or less than 10 this could indicate moderate multicollinearity.

Heteroscedasticity Test

According to Kothari (2004) the existence of heteroscedasticity is a major concern in the application of regression analysis, including the analysis of variance, as it can invalidate statistical tests of significance that assume that the modeling errors are uncorrelated and uniform-hence that their variances do not vary with the effects being modeled. The error process may be homoskedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise Heteroscedasticity. The hottest command calculates Breuch Pagan for group wise Heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms were correlated across observation in the panel data.

Linearity Test

According to Mugenda and Mugenda (2003) a linearity test is performed to determine the linear reportable range of an analysis. This was tested using analysis of variance table. In this case when F was significant it illustrated that there was significant linear relationship between the independent variables and the dependent variable. Linearity test was a perfect example of inferential statistics.

3.8.4 Hypotheses testing

T-test

Kothari (2009) defines a t-test as an analysis of two population means through the use of statistical examination; a t-test with two samples is commonly used to test the differences between the samples when the variances of two normal distributions are not known. A t-test looks at the t-statistic, the t-distribution and degrees of freedom to determine the probability of difference between populations; the test statistic in the test is known as the t-statistic. An important property of the t-test is its robustness against

assumptions of population normality. In other words, t-tests are often valid even when the assumption of normality is violated, but only if the distribution is not highly skewed. This property makes them one of the most useful procedures for making inferences about population means.

Calculation of t:

$$t = \frac{\text{mean-comparison value}}{\text{Standard Error}}$$

This estimate may be more or less accurate.

If we have a large number of observations and all of these observations are close to the sample mean (large N, small SD), we can be confident that our estimate of the population mean (i.e., that it equals the sample mean) is fairly accurate => small SE

If we have a small number of observations and they vary a lot (small N, large SD), our estimate of the population is likely to be quite inaccurate => large SE

Where:

N=Sample size

SD= Standard deviation

SE= Standard Error

If; $t \leq 0.05$ reject the null hypothesis and if,
 $t \geq 0.05$ fail to reject the null hypothesis

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter focused on the findings of the study based on the research objectives. This chapter is organized in two broad parts. Part one presented the demographic characteristics of the respondents in the micro and small enterprises studied while the other part expounded on the research results of the study. The analysis was guided by the specific objectives and research hypotheses of the study as highlighted in chapter one which were conceptualized in chapter two. The data was summarized and presented through tables and diagrams.

4.2 Response Rate

The number of questionnaires, administered to all the respondents, was 384. Results were presented in Table 4.1. A total of 350 questionnaires were properly filled and returned from the respondents. This represented an overall successful response rate of 91.1%. According to Mugenda and Mugenda (2003) a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Further, Cooper and Schindler (2003) also argues that a response rate exceeding 30% of the total sample size provides enough data that can be used to generalize the characteristics of a study problem as expressed by the opinions of the respondents in the target population. Based on these assertions, the response rate of 91.1% was adequate for the study.

Table 4.1: Response Rate

Response	Total	Percent
Returned	350	91.1%
Unreturned	34	8.9%
Total	384	100%

4.3 Pilot Study Results

The reliability of an instrument refers to its ability to produce consistent and stable measurements. Reliability of this instrument was evaluated through Cronbach Alpha which measures the internal consistency. Cronbach Alpha value is widely used to verify the reliability of the construct. Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test- internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. The results were presented in Table 4.2. The findings on Table 4.2 indicated that Managerial training, technical training, financial training, networking training, governance training and legal and regulatory requirements training had Cronbach alpha of .863, .835, .823, .888, .846 and .820 respectively.

All variables depicted that the value of Cronbach's Alpha are above value of 0.7 thus the study variables were reliable. This represented high level of reliability. The reliability results agree with those of Saunders *et al.* (2009) that a reliable measurement is one that if it will be repeated for a second time, it will give the same results as in the first case.

Table 4.2: Pilot Study Results

Variables	Cronbach alpha	Critical value	conclusion
Managerial training	.863	.7	Reliable
Technical Training	.835	.7	Reliable
Financial Training	.823	.7	Reliable
Networking training	.888	.7	Reliable
Governance training	.846	.7	Reliable
Legal and regulatory requirement	.820	.7	Reliable

4.4 Demographic Information Analysis

According to the director of revenue, Kisii County has a population of 12,772 registered micro and small enterprises. This forms a population of 12,772 owner managers. These MSEs are situated in 9 sub-counties that make up Kisii County. The background information of the respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depended on their educational background and the number of years they have ran the MSEs (work experience). This background information has been summarized under the sub-headings: gender, age, level of education, duration of work in the MSEs, ownership and type of business.

4.4.1 Gender of the Respondents

The study sought to establish gender of the respondents. This was meant to establish any relationship between gender and performance of micro and small enterprises. The results are presented in Figure 4.1. As shown in Figure 4.1, of the total respondents, 247 were males (71%) and 103 were females (29%). The results revealed that majority of the respondents were males which implied that most MSEs are owned by males. This pointed to a gender imbalance in the Micro and medium enterprises sector. Coincidentally even there is also some skewness in terms of ownership. This implies that we have more males pursuing small and medium enterprises than females. This is an implication that women are tight up by domestic roles hence are not represented much in the MSE sector. The results agree with Osunsan (2015) study that gender significantly affects the performance of the small business and that there is a significant difference in the levels of performance between male owned businesses and females owned businesses. According to Radipere and Dhliwayo (2014), gender plays a significant role in business performance.

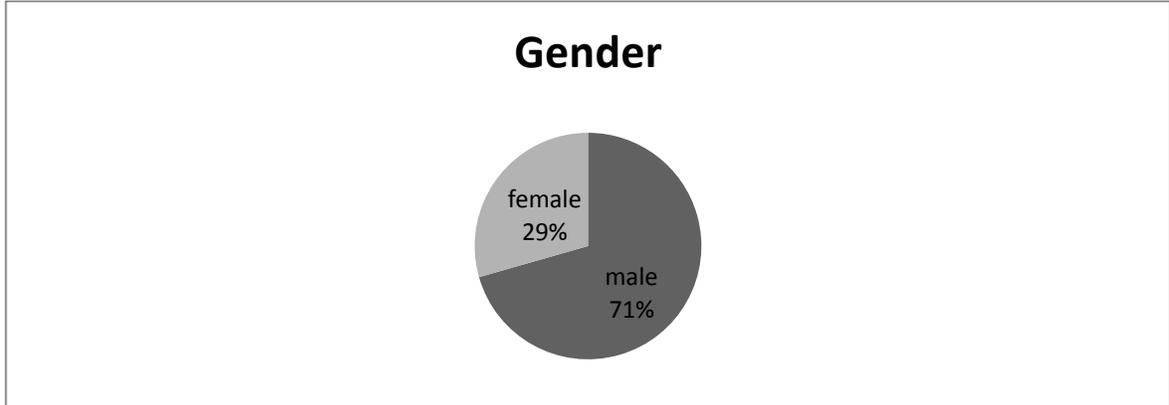


Figure 4.1: Gender of the Respondents

4.4.2 Education Level of Respondents

The study sought to establish the educational levels of the respondents. This was meant to establish any relationship between education and performance of micro and small enterprises. The results areas presented in Figure 4.2. The findings in Figure 4.2 indicated that, 29.7% of the total respondents stated that they possessed diploma level of education; 20.3% of the total respondents had secondary level of education; 19.7% alluded that they had certificate level of education; 16.6% were first degree holders while 6.9% of the respondents had master's degree. Further, 6% of the respondents had primary level of education while 0.9% of MSE owners had Ph.D. Based on the results of the study regarding the educational levels of the respondents, it can be concluded that the respondents were fairly educated, however it is evident that those with higher levels of education are less and this indicated that they are in the formal employment. From the study it is clear that the MSE business is largely in the hands of those with low education levels-certificate, secondary school and diploma holders. Education is a key determinant in work and firm performance and this is likely to influence performance of micro and small enterprises. Education is also likely to influence their need for training. The results agree with Chiliya and Roberts-Lombard (2012) who established that education levels, age of the owner and the length of business operation have a significant impact on the profitability of the business. The results concur with Mmari (2014) who conducted a

study on the influence of education on performance of small and medium garages and found that most of the owner-managers possessed low levels of education and that the majority of their vehicle garages experienced low levels of success.

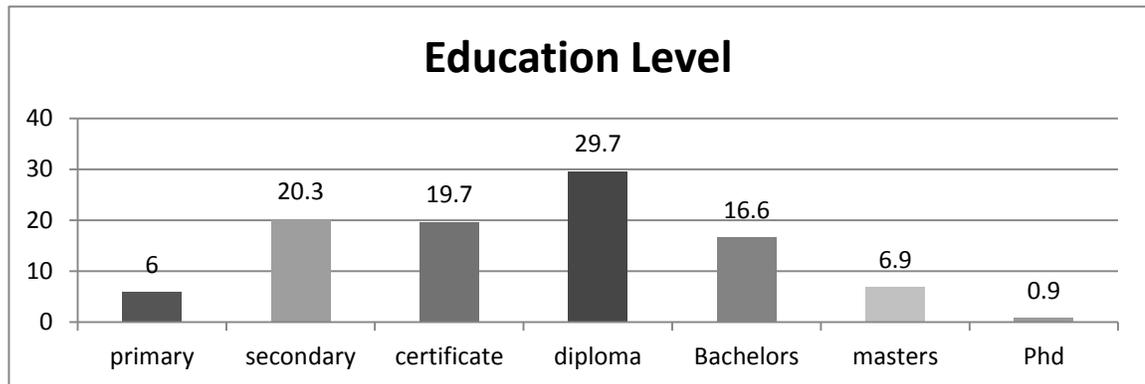


Figure 4.2: Education Level of Respondents

4.4.3 Age of the Respondents

The study sought to present the age of the respondents. This was meant to establish any relationship between age of the respondents and performance of micro and small enterprises. The results were as presented in Figure 4.3. The findings in Figure 4.3 indicated that, of the total respondents 40% were aged between 40-49 years, 38% were between 30 – 39 years, 13% were aged between 18 – 29 years, 8% were aged 50 years and above while only 1% were 18 years and below. From the findings it is evident that the majority of the MSEs owners are at their middle age. This could be attributed that at this age, people have more responsibilities that range from educating children and family sustenance hence need of more sources of income. The results agree with Chiliya and Roberts-Lombard (2012) who established that age of the owner and the length of business operation have a significant impact on the profitability of the business.

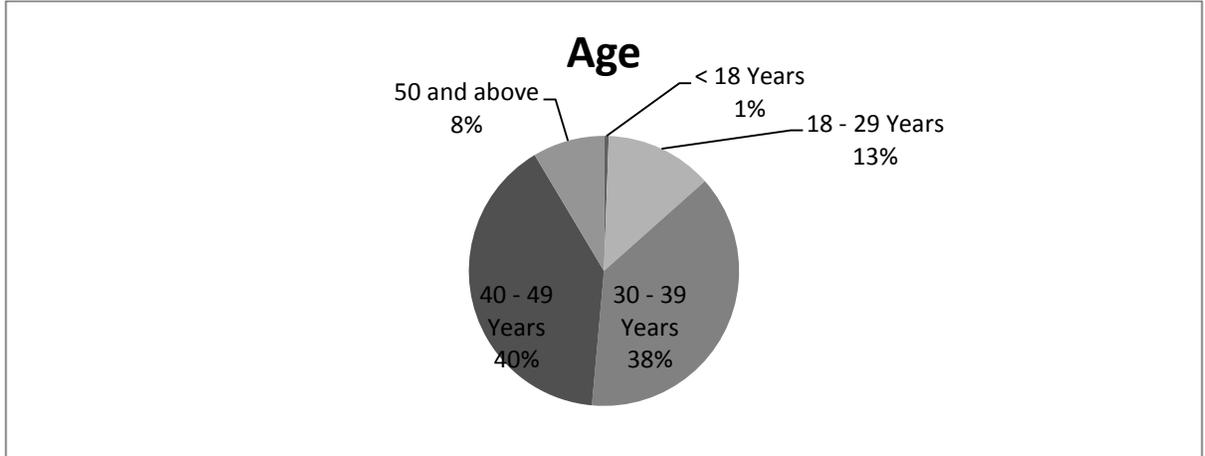


Figure 4.3: Age of the Respondents

4.4.4 Position Held by Respondents

The respondents were asked to indicate their position held in the micro and small enterprise. This was meant to establish any relationship between current position of the respondents and performance of micro and small enterprises. The results are presented in Figure 4.4. Majority 78 % of the respondents were owners of the micro and small enterprises while 22% of the respondents held the position of the managers. This implies that most MSEs are at the sole Managerial of the owners. The findings agree with those in Akinruwa, Awolusi and Ibojo (2013) who examined the determinants of Micro and Small Enterprises (MSEs) Performance in Ekiti State, Nigeria and concluded that most business are owner managed. The findings also conform to Aworemi, Abdul-Azeez, and Opoola (2010) who examined the Impact of Socio-Economic Factors on the Performance of Small-Scale Enterprises in Osun State, Nigeria and revealed that majority of businesses are owner managed.

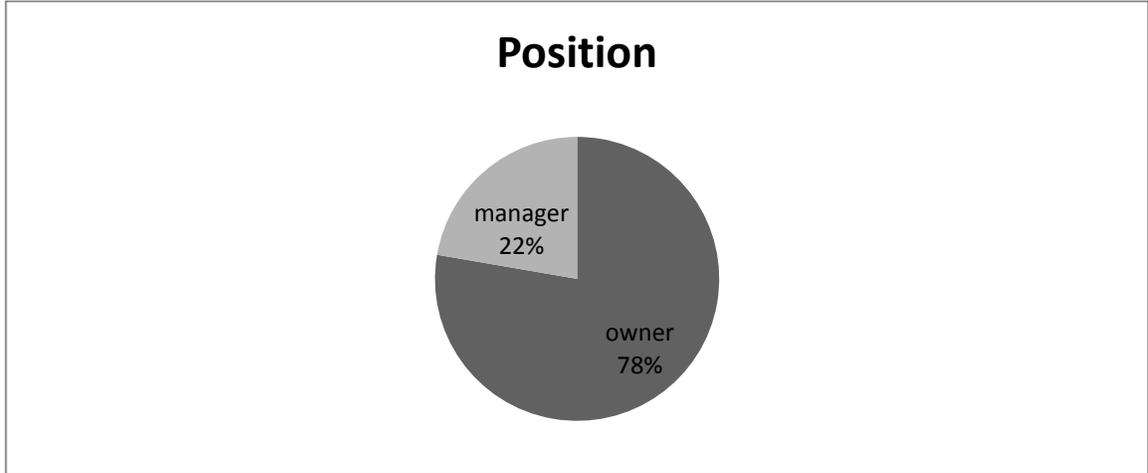


Figure 4.4: Position held

4.4.5 Type of Business

The study sought to indicate the type of business. This was meant to establish any relationship between type of business and performance of micro and small enterprises. The results are presented in Figure 4.5. Based on Figure 4.5, results of the study showed that 31.1% of the respondents indicated other type of business, 10.9% of the respondents were bodaboda operators, 8.9% were operating groceries, 8% retail business, 6.9% matatu operators 7.1% mitumba sellers, 6% were running a chemist, 6.3% ran cyber cafes, 5.4 operated hotels. Further, 4.9% of the respondents had clinics while 4.3% of the respondents ran hardware shops. This implies that micro and small enterprises are diversified.

The findings agree with those in Akinruwa, Awolusi and Ibojo (2013) who examined the determinants of Micro and Small Enterprises (MSEs) Performance in Ekiti State, Nigeria and concluded that small business vary and are spread across the various economic sectors. The findings also conform to Aworemi, Abdul-Azeez and Opoola (2010) who examined the Impact of Socio-Economic Factors on the Performance of Small-Scale Enterprises in Osun State, Nigeria and revealed that small business occupy many sectors of the economy.

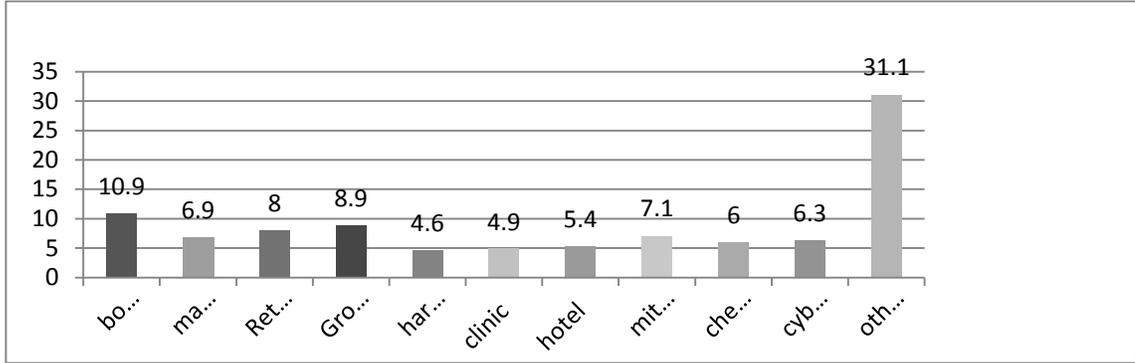


Figure 4.5: Type of business

4.4.6 Form of Ownership

The respondents were asked to indicate type of ownership for the micro and small enterprises. This was meant to establish any relationship between ownership of the business and performance of micro and small enterprises. The results are presented in Figure 4.6. Majority 69 % of the respondents indicated that they were sole proprietors, 23% were partners in the business. Further, 8% of the respondents indicated that their micro and small enterprises were registered as limited companies. This implies that most micro and small enterprises are at the sole Managerial of the owners. The findings agree with those in Akinruwa, Awolusi and Ibojo (2013) who examined the determinants of Micro and Small Enterprises (MSEs) Performance in Ekiti State, Nigeria and concluded that most business are sole proprietorship and rarely adopt higher forms of formalization. The findings also conform to Aworemi, Abdul-Azeez, and Opoola (2010) who examined the Impact of Socio-Economic Factors on the Performance of Small-Scale Enterprises in Osun State, Nigeria and revealed that majority of small business are sole proprietorships.

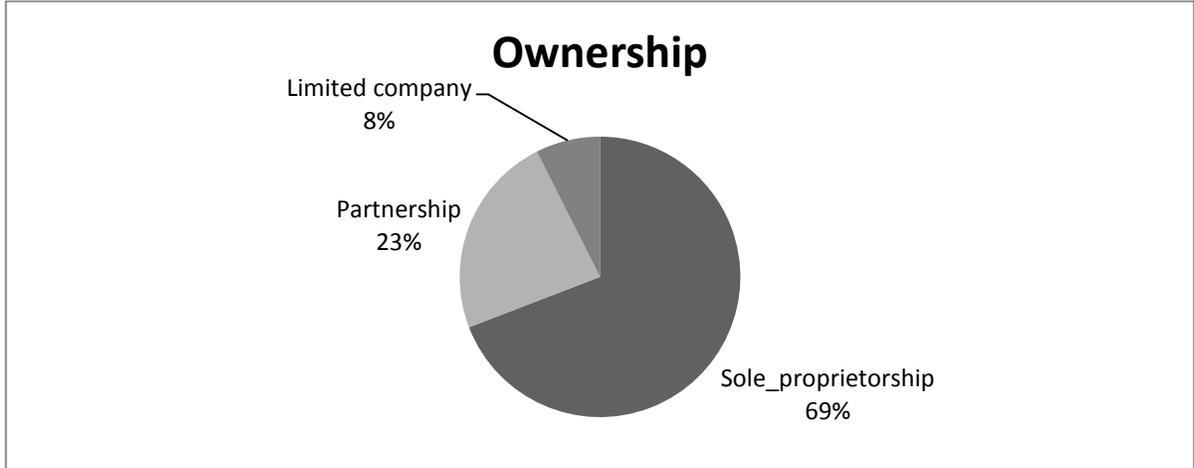


Figure 4.6: Form of ownership

4.4.7 Period of Service of the Respondents

The respondents were asked to indicate the duration they had operated their micro and small enterprises. The study sought to present the period business has been in existence. This was meant to establish any relationship between age of the MSE and its performance. The results are presented in Figure 4.7. Majority 58% of the respondents indicated that they have been operating their enterprise for the period of 6- 10 years, 34% of the respondents indicated a period of more than 10 years. Further, results showed that 6% of the enterprises have been in operation for a period of 2-5 years while only 2% of the enterprises had been in existence for a period of less than 2 years. This implies that micro and small enterprises are growing. The results agree with Chiliya and Roberts-Lombard (2012) that previous work experiences, education levels, age of the owner and the length of business operation have a significant impact on the profitability of the business. Wanigasekara and Surangi (2011) elaborates that there is found a strong link between business experience and business success.

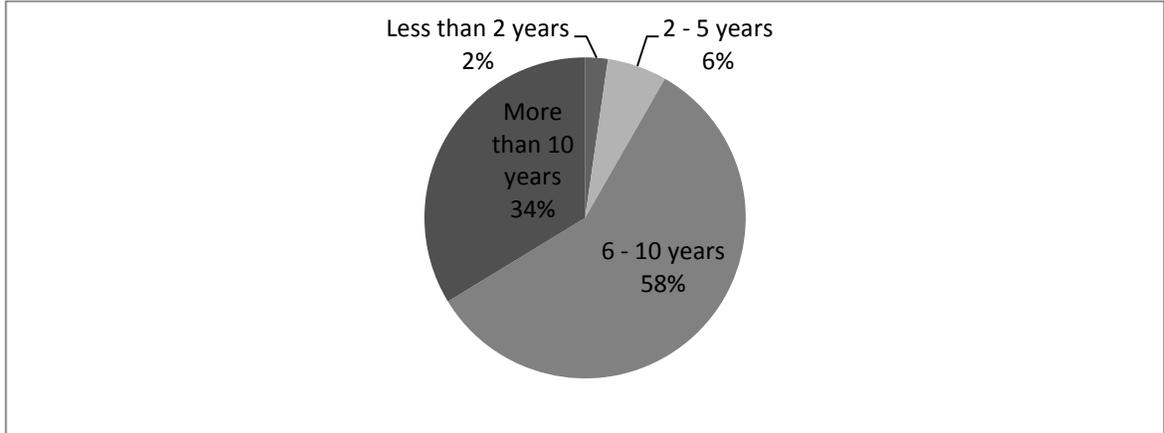


Figure 4.7: Duration of Work

4.4.8 Region of Study

The study sought to indicate the region where the MSE is situated. This was meant to establish any relationship between locality of a MSE and performance its performance. The results are presented in Figure 4.8. Based on results in Figure 4.8, 32.6% of the enterprises were from Kitutu Chache South Sub County, 24.3% of the enterprises were from Nyaribari Chache Sub County, 11.7% were from Bonchari Sub County, 4.3% of the enterprises were from Nyaribari Masaba Sub County, 4% of the enterprises were from Bobasi Sub County, 3.7% were of the enterprises were from Kitutu Chache North Sub County, 3.4% of the enterprises were from Machoge Borabu while another 3.4% was from Machoge Chache Sub County. Finally, 2.9% of the enterprises were from South Mugirango Sub County. This implies that the study covered all micro and small enterprises across the region. The study was therefore representative. The findings agree with those in Akinruwa, Awolusi and Ibojo (2013) who examined the determinants of Micro and Small Enterprises (MSEs) Performance in Ekiti State. The findings also conform to Aworemi, Abdul-Azeez, and Opoola (2010) who examined the Impact of Socio-Economic Factors on the Performance of Small-Scale Enterprises in Osun State, Nigeria and revealed that majority of small business were spread across the state.

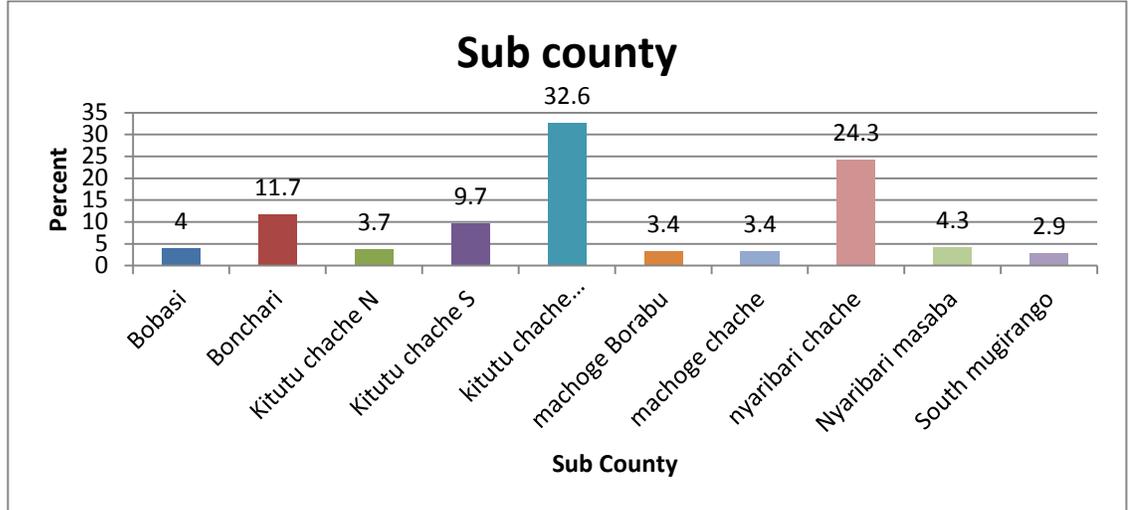


Figure 4.8: Region of study

4.5 Descriptive Analysis

This section contains descriptive analysis for Managerial training, technical training, financial training, network training, governance training and legal and regulatory requirements. A likert scale with options of strongly disagree, disagree, not sure, agree and strongly agree were presented for answering by respondents. The results were presented in form of percentages, mean and standard deviations.

4.6 Managerial Training and Performance of MSEs in Kisii County

The first objective of this study was to establish the relationship between managerial training and the performance of MSEs in Kisii County. To establish the relationship between managerial training and the performance of MSEs in Kisii County, a Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.3.

Regarding the statement that the enterprise owner can now plan how to do the business well based on the training that was given on how to run their business, majority of the respondents 92.8% agreed to the statement. The results had a mean response of 4.0 with a standard deviation of 0.5. This means that there was low variation in the responses from the respondents implying that most of the respondents could now plan for their business based on the training given. The results agree with that of Arafat and Ahmed (2012) that a well trained workforce is critical in the growth of MSEs

Majority of the respondents 90.5% agreed that the business is more organized than it was before due to the training that they attended. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was a low variation in the responses from the respondents with regard to organization of the business. Another 91.4% of the respondents indicated that the training that they attended has enabled them to give better directions to their employees. The results had a mean response of 4.1 with a standard deviation of 0.6. This means that there was a low variation in the responses from the respondents with regard to giving better directions to their employees. The study also sought to find out the extent to which training had helped respondents in controlling their business operations. Results of the study showed that 92.8% of the respondents agreed to the statement. The results had a mean response of 4.1 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents with regard to controlling their business operations. The results agree with that of Arafat and Ahmed (2012) that a well trained workforce is critical in the growth of MSEs. Jayawarna and Macpherson (2016) noted that poor Managerial skills are still highlighted as one of the significant contributory factors in the failure of the MSEs.

With regard to the statement that the training that they attended had helped them know how to motivate their staff 90.3% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Further, regarding the statement that they have improved on time Managerial due to the Managerial training that they took, majority of

the respondents 88.0% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The results agree also with that of Magableh and Al-Mahrouq (2007) Managerial skills and entrepreneurship skills affect MSEs performance and success. The results are also in agreement with Mungai (2012) that business Managerial training had a positive effect on the entrepreneurs and as such, new products and services were introduced in the enterprise after the training.

Further the respondents were asked to respondent on the statement that they can now recruit competent staff due to the Managerial training they took. Majority of the respondents 88.0% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Regarding the statement that they can appraise employee performance due to the Managerial training they took, majority of the respondents 87.4% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Further, the respondents were asked to respond on the statement that respondents can now monitor the attendance of employees due to the Managerial training they took, majority of the respondents 91.4% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The results agree also with that of Magableh and Al-Mahrouq (2007) Managerial skills and entrepreneurship skills affect MSEs performance and success. The results are also in agreement with Mungai (2012) that business Managerial training had a positive effect on the entrepreneurs and as such, new products and services were introduced in the enterprise after the training.

Finally regarding the statement that the Managerial training they have undertaken has improved the performance of their business, majority of the respondents 94.0% agreed to the statement. The results had a mean response of 4.4 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The

results agree with that of Arafat and Ahmed (2012) that a well trained workforce is critical in the growth of MSEs. Jayawarna and Macpherson (2016) noted that poor Managerial skills are still highlighted as one of the significant contributory factors in the failure of the MSEs.

Overall, the average mean of the responses was 4.2 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.6 meaning that the responses were clustered around the mean response.

Table 4.3: Managerial training and the performance of MSEs in Kisii County

Statement	strongly disagree	disagree	not sure	agree	strongly agree	Mean	SD
I can now plan how to do my business well based on the training I have been given on how to run my business	0.3%	1.4%	5.7%	78.3%	14.3%	4.0	0.5
My business is more organized than it was before due to the training that I attended	0.3%	1.1%	8.0%	55.1%	35.4%	4.2	0.7
The training that I attended has enabled me give better directions to my employees	0.0%	1.7%	6.9%	69.4%	22.0%	4.1	0.6
The training that I attended has helped me in controlling my business operations	0.0%	0.9%	6.3%	57.6%	35.2%	4.3	0.6
The training that I attended has helped me know how to motivate my staff	0.3%	1.1%	8.3%	60.0%	30.3%	4.2	0.7
I have improved on time Managerial due to the Managerial training that I took	0.0%	1.7%	8.3%	54.3%	35.7%	4.2	0.7
I can now recruit competent staff due to the Managerial training I took.	0.3%	2.0%	7.1%	59.4%	31.1%	4.2	0.7
I can appraise employee performance due to the Managerial training I took	0.0%	0.9%	11.7%	45.1%	42.3%	4.3	0.7
I can monitor the attendance of employees due to the Managerial training I took	0.0%	1.7%	6.9%	61.1%	30.3%	4.2	0.6
The Managerial training I have undertaken has improved the performance of my business	0.0%	0.9%	5.1%	50.6%	43.4%	4.4	0.6
Average						4.2	0.6

4.6.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett’s Test of Sphericity. For a data set to be

regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.4 showed that the KMO statistic was .852 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 1000.247 with 45 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.4. These results provide an excellent justification for further statistical analysis to be conducted. Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 10 statements on Managerial training can be factored into 1 factor. The total variance explained by the extracted factor is 39.8% as shown in Appendix IV. This is also supported by the Scree Plot in the Principal Components output.

Table 4.4: Managerial training KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO Sampling Adequacy and Bartlett's Sphericity Tests	
Kaiser-Meyer-Olkin Measure	.852
Bartlett's Chi- Square	1000.247
Bartlett's df	45
Bartlett's Sig.	0.000

Factor analysis was conducted on statements regarding Managerial and all the ten indicators attracted a coefficient of more than 0.5 hence were retained for further analysis in regression. Results of the factor analysis are presented in Table 4.5.

Table 4.5: Managerial training Analysis Component Matrix

Statement	Component
I can appraise employee performance due to the Managerial training I took	0.69
I can now recruit competent staff due to the Managerial training I took.	0.655
The Managerial training I have undertaken has improved the performance of my business	0.651
My business is more organized than it was before due to the training that I attended	0.65
The training that I attended has helped me know how to motivate my staff	0.65
I can monitor the attendance of employees due to the Managerial training I took	0.631
The training that I attended has enabled me give better directions to my employees	0.626
The training that I attended has helped me in controlling my business operations	0.62
I can now plan how to do my business well based on the training I have been given on how to run my business	0.591
I have improved on time Managerial due to the Managerial training that I took	0.527

The statement that appraising employee performance after training had a component coefficient of 0.69, the statement that MSEs owners can now recruit competent staff after training had a coefficient of 0.655, the statement that Managerial training attended improved performance had a coefficient of 0.651, the statement that the business is more organized than it was before due to the training had a coefficient of 0.650, the statement that MSEs owners can now motivate employees had a coefficient of 0.650, the statement that that MSEs owners can now monitor employee attendance had a coefficient of 0.631. Further, the statement that training attended enabled MSEs owners give better directions had a coefficient of 0.626, the statement that training that attended had helped MSEs owners in controlling their business operations had a coefficient of 0.620, the statement that planning for the business after training had a coefficient of 0.590. Finally, the statement that MSEs owners had improved on time Managerial due to the Managerial training had coefficients of 0.527.

4.7 Technical Training and Performance of MSEs in Kisii County.

The second objective of this study was to determine the relationship between technical training and the performance of MSEs in Kisii County. To establish the relationship between technical training and the performance of MSEs in Kisii County, a Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.6.

Regarding the statement that they have learnt how to keep the records of their business from the training they attended, majority of the respondents 89.9% agreed to the statement. The results had a mean response of 4.1 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents implying that most of the respondents could keep records. Majority of the respondents 89.4% agreed that they are now able to gather important information concerning their competitors to enable me make informed decisions as a result of the training they received. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was a low variation in the responses from the respondents with regard to the statement. The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival.

Another 89.1% of the respondents indicated that due to the training they attended, they can multitask. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was a low variation in the responses from the respondents with regard to multitasking. The study also sought to find out whether the training attended had enabled them to improve in their selling skills. Results of the study showed that 90.2% of the respondents agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents.

With regard to the statement that they have improved in their marketing skills as a result of attending a training forum 88.5% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Further, regarding the statement that nowadays they make fewer mistakes in running their business because of the training they underwent. Majority of the respondents 88.2% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. Tijani, Okhale, Oga, and Tags (2012) and Baileti (2012) in their studies revealed that commercial entrepreneurial skills can only provide a short-run economic solution without economic development but technical entrepreneurial development for the country, visa-vi attainment of Millennium Development Goals for the country by 2020.

Further the respondents were asked to respond on the statement that they now can operate their business with ease due to the technical training they did. Majority of the respondents 91.4% (agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Regarding the statement that their products have increased due to the technical training they took, majority of the respondents 89.7% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival.

Finally, the respondents were asked to respond on the statement that they now understand that technology is important in business due to technical training they did, majority of the respondents 92.3% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. This means that there was low variation in the responses from the respondents. The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. Tijani, Okhale, Oga and Tags (2012)

and Baileti (2012) in their studies revealed that commercial entrepreneurial skills can only provide a short-run economic solution without economic development but technical entrepreneurial development for the country, visa-vi attainment of Millennium Development Goals for the country by 2020. Abdulahi, Awang, Abubakar, Bala, Umar, Khalid and Shamsu (2015), in their study found that there is significant influence of training on business success in Nigeria. The study signified the benefit of training on business success, and at the same time it helps the MSEs to cope with the latest Managerial technical requirements in order to run a success business. This shows that technical training in MSEs is a major area of concern for economic development. Technical training is important in the growth of MSEs.

Overall, the average mean of the responses was 4.2 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.7 meaning that the responses were clustered around the mean response.

Table 4.6: Technical training and performance of MSEs in Kisii County

Statement	strongly disagree	disagree	not sure	agree	strongly agree	Mean	SD
I have learnt how to keep the records of my business from the training I attended	0.3%	1.1%	8.6%	72.4%	17.5%	4.1	0.6
I am now able to gather important information concerning my competitors to enable me make informed decisions as a result of the training I received	0.0%	2.6%	8.0%	53.6%	35.8%	4.2	0.7
Due to the training I attended, I can multitask	0.0%	1.7%	9.2%	59.8%	29.3%	4.2	0.7
The training I attended has enabled me improve in my selling skills	0.0%	1.7%	8.0%	52.3%	37.9%	4.3	0.7
I have improved in my marketing skills as a result of attending a training forum	0.0%	1.2%	10.4%	54.2%	34.3%	4.2	0.7
I nowadays make less mistakes in running my business because of the training I underwent	0.0%	1.7%	10.0%	52.7%	35.5%	4.2	0.7
I now can operate my business with ease due to the technical training I did	0.3%	0.9%	7.4%	59.3%	32.1%	4.2	0.6
My products have increased due to the technical training I took	0.6%	2.0%	7.7%	57.3%	32.4%	4.2	0.7
I now understand that technology is important in business due to technical training I did	0.3%	1.4%	6.0%	53.3%	39.0%	4.3	0.7
Average						4.2	0.7

4.7.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett’s Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.8 showed that the KMO statistic was .847 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 1029.002 with 45 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.7.

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 10 statements on technical training can be factored into 1 factor. The total variance explained by the extracted factor is 40.933 as shown in Appendix IV. This is also supported by the Scree Plot in the Principal Components output.

Table 4.7: Technical training KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO Sampling Adequacy and Bartlett's Sphericity Tests	
Kaiser-Meyer-Olkin Measure	.847
Bartlett's Chi- Square	1029.002
Bartlett's df	45
Bartlett's Sig.	0.000

Factor analysis was conducted on statements regarding Managerial. Results were presented in Table 4.8. Results indicated that all the ten indicators attracted a coefficient of more than 0.5 hence was retained for further analysis in regression. The statement that keeping records after training had a component coefficient of 0.726, the statement that MSEs owners can now gather important business information after training had a coefficient of 0.663, the statement that multitasking after training is possible had a coefficient of 0.659, the statement that selling skills improved after training had a coefficient of 0.64, the statement that marketing skills improved after training had a coefficient of 0.638, the statement that errors and mistakes in the business reduced after

training had a coefficient of 0.633. Further, the statement that improved ease of operating a business after training had a coefficient of 0.625, the statement that products increased after training had a coefficient of 0.617, the statement that technology is important for business had a coefficient of 0.612. Finally, the statement that technical training undertaken improved performance had coefficients of 0.573.

Table 4.8: Technical training Analysis Component Matrix

Statement	Component
I have learnt how to keep the records of my business from the training I attended	0.726
I am now able to gather important information concerning my competitors to enable me make informed decisions as a result of the training I received	0.663
Due to the training I attended, I can multitask	0.659
The training I attended has enabled me improve in my selling skills	0.64
I have improved in my marketing skills as a result of attending a training forum	0.638
I nowadays make less mistakes in running my business because of the training I underwent	0.633
I now can operate my business with ease due to the technical training I did	0.625
My products have increased due to the technical training I took	0.617
I now understand that technology is important in business due to technical training I did	0.612
The technical training I have undertaken has improved the performance of my business	0.573

4.8 Financial Training and Performance of MSEs in Kisii County.

The third objective of this study was to identify the relationship between financial training and the performance of MSEs in Kisii County. To establish the relationship between financial training and the performance of MSEs in Kisii County, a Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners

calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.9.

Regarding the statement that as a result of attending training, they nowadays can account for their profits and losses, majority of the respondents 92.0% agreed to the statement. The results had a mean response of 4.1 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Majority of the respondents 92.3% agreed that they could now account for all their financial issues because they have accounting knowledge as a result of the training they underwent. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was a low variation in the responses from the respondents with regard to the statement. The results agree with the study by Kihimbo (2012) that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa.

Another 94.0% of the respondents indicated that they have a budget that guides their business operations courtesy of the training their attended. The results had a mean response of 4.3 with a standard deviation of 0.6. This means that there was a low variation in the responses from the respondents with regard to multitasking. The study also sought to find out whether the training they attended has enable me detect fraud in their business. Results of the study showed that 90.8% of the respondents agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Further, the results conger with Yahya, Othman and Shamsuri (2012) that financial training has a positive impact on MSEs performance.

With regard to the statement that they now know how to manage loans as a result of attending training programme 92.0%, agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Further, regarding the statement that the training

they attended has enabled me to save from the profits they make from the business. Majority of the respondents 94.6% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. The results agree with the study by Kihimbo (2012) that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa. Calice (2012), asserted that a crucial element in the development of MSEs sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in the MSEs growth.

Further the respondents were asked to respond on the statement that they now pay taxes to Kenya Revenue Authority due to the knowledge they got from a training programme. Majority of the respondents 92.0% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Regarding the statement that they have insured their business as a result of the training they underwent 92.5% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Further, the respondents were asked to respond on the statement that they can now understand that inflation hurts business due to the training they did 91.4% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The results agree with the study by Kihimbo (2012) that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa. Calice (2012), asserted that a crucial element in the development of MSEs sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in the MSEs growth.

Finally, the respondents were asked to respond on the statement they can now manage debts due to the financial Managerial training they took. Majority 92.6% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This

means that there was low variation in the responses from the respondents. This means that there was low variation in the responses from the respondents. The results agree with the study by Kihimbo (2012) that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa. Calice (2012) asserted that a crucial element in the development of MSEs sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in the MSEs growth. Further, the results conger with Yahya, Othman and Shamsuri (2012) that financial training has a positive impact on MSEs performance.

Overall, the average mean of the responses was 4.3 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.6 meaning that the responses were clustered around the mean response.

Table 4.9: Financial training and performance of MSEs in Kisii County

Statement	strongly disagree	Disagree	not sure	agree	strongly agree	Mean	SD
As a result of attending a training, I nowadays can account for my profits and losses						4.1	0.6
I can account for all my financial issues because I have accounting knowledge as a result of the training I underwent	0.0%	1.7%	6.3%	70.0%	22.0%	4.3	0.7
I have a budget that guide my business operations courtesy of the training I attended	0.0%	0.6%	5.4%	60.9%	33.1%	4.3	0.6
The training I attended has enable me detect fraud in my business	0.0%	1.1%	8.0%	49.1%	41.7%	4.3	0.7
I now know how to manage loans as a result of attending a training programme	0.0%	0.3%	7.8%	54.9%	37.1%	4.3	0.6
The training I attended has enabled me to save from the profits I make from the business	0.3%	0.9%	4.3%	54.3%	40.3%	4.3	0.6
I now pay taxes to Kenya Revenue Authority due to the knowledge I got from a training programme	0.0%	1.1%	6.9%	52.0%	40.0%	4.3	0.7
I have insured my business as a result of the training I underwent	0.0%	2.0%	5.5%	48.7%	43.8%	4.3	0.7
I can now understand that inflation hurts business due to the training I did	0.0%	1.1%	7.4%	51.0%	40.4%	4.3	0.7
I can now manage debts due to the financial Managerial training I took	0.0%	1.7%	5.7%	50.3%	42.3%	4.3	0.7
Average						4.3	0.6

4.8.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other

statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

The results of the KMO and Bartlett's Test are summarized in Table 4.12. Findings in Table 4.12 showed that the KMO statistic was .790 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 972.339 with 55 degree of freedom, at $p < 0.05$).

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 11 statements on financial training can be factored into 1 factor. The total variance explained by the extracted factor is 34.924 % as shown in Appendix IV. This is also supported by the Scree Plot in the Principal Components output.

Table 4.10: Financial training KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO Sampling Adequacy and Bartlett's Sphericity Tests	
Kaiser-Meyer-Olkin Measure	.790
Bartlett's Chi- Square	972.339
Bartlett's df	55
Bartlett's Sig.	0.000

Factor analysis was conducted on statements regarding financial training. Results are presented in table 4.13. Results revealed that all the eleven indicators attracted coefficients of more than 0.5 hence were retained for further analysis in regression. The statement that accounting for financial issues after training had a component coefficient of 0.668, the statement that accounting for losses and profits after training had a

coefficient of 0.659, the statement that detecting fraud after training is possible had a coefficient of 0.612, the statement that financial Managerial has improved performance after training had a coefficient of 0.599, the statement that saving from profits after training had a coefficient of 0.591, the statement that insuring business had a coefficient of 0.585. Further, the statement that preparing a budget for business operations had a coefficient of 0.568, the statement that managing loans after training had a coefficient of 0.563, the statement that inflation hurts business had a coefficient of 0.559, the statement that paying tax had a coefficient of 0.549. Finally, the statement that managing debts was possible after training had coefficients of 0.531.

Table 4.11: Financial training Analysis Component Matrix

Statement	Component
I can account for all my financial issues because I have accounting knowledge as a result of the training I underwent	0.668
As a result of attending a training, I nowadays can account for my profits and losses	0.659
The training I attended has enable me detect fraud in my business	0.612
The financial Managerial training I have undertaken has improved the performance of my business	0.599
The training I attended has enabled me to save from the profits I make from the business	0.591
I have insured my business as a result of the training I underwent	0.585
I have a budget that guide my business operations courtesy of the training I attended	0.568
I now know how to manage loans as a result of attending a training programme	0.563
I can now understand that inflation hurts business due to the training I did	0.559
I now pay taxes to Kenya Revenue Authority due to the knowledge I got from a training programme	0.549
I can now manage debts due to the financial Managerial training I took	0.531

4.9 Network Training and Performance of MSEs in Kisii County.

The forth objective of this study was to establish the relationship between networking training and the performance of MSEs in Kisii County. To establish the relationship between network training and the performance of MSEs in Kisii County, a Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.12.

Regarding the statement that they regularly share information with other business associates due to the training they attended 84.6% agreed to the statement. The results had a mean response of 4.0 with a standard deviation of 0.8. This means that there was low variation in the responses from the respondents. Majority of the respondents 83.7% agreed that the training they attended has enabled me have several meetings with other business owners thus increasing their networks linked to their business. The results had a mean response of 4.1 with a standard deviation of 0.9. This means that there was a low variation in the responses from the respondents with regard to the statement. The results concur with that of Obura, Majanja, Cloete and Odongo (2009) in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions.

Another 92.3% of the respondents indicated that they have positive attitudes towards the business partners courtesy of the training programme they attended. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was a low variation in the responses from the respondents with regard to the statement. The study also sought to find out whether the training they attended has enabled me relate well with their business men with similar business. Results of the study showed that 91.9% of the respondents agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions.

With regard to the statement that networking training they did has improved their innovativeness majority 91.1%, agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Further, regarding the statement that customer base has increased due to the networking training. Majority of the respondents 92.3% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7.

This means that there was low variation in the responses from the respondents. The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions. Silic, and Bradac (2009) noted that market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive.

Further the respondents were asked to respond on the statement that they now understand that continual education improves one's knowledge due to the networking training they did. Majority of the respondents 94.3% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Regarding the statement that they now value their customers more due to the networking training, majority 92.9% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Finally, the respondents were asked to respond on the statement that they have improved on their communication channels due to the networking training majority 94.6% agreed to the statement. The results had a mean response of 4.4 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. This means that there was low variation in the responses from the respondents. The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions. Silic and Bradac (2009), noted that market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. These changes include: effective networks and inter-company corporations which allows for competition and innovation in a dynamic business environment.

Overall, the average mean of the responses was 4.3 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.7 meaning that the responses were clustered around the mean response.

Table 4.12: Network training and performance of MSEs in Kisii County

Statement	strongly disagree	disagree	not sure	agree	strongly agree	Mean	SD
I regularly share information with other business associates due to the training I attended						4.0	0.8
The training I attended has enabled me have several meetings with other business owners thus increasing my networks linked to my business	1.4%	4.9%	9.1%	60.6%	24.0%	4.1	0.9
I have a positive attitudes towards my business partners courtesy of the training programme I attended	0.3%	6.3%	9.7%	45.7%	38.0%	4.2	0.6
The training I attended has enabled me relate well with my business men with similar business	0.0%	2.3%	5.4%	61.6%	30.7%	4.2	0.6
The networking training I did has improved my innovativeness.	0.0%	0.9%	7.8%	57.2%	34.2%	4.2	0.6
I have increased my customer base due to the networking training	0.0%	1.4%	7.4%	60.0%	31.1%	4.3	0.7
I now understand that continual education improves ones knowledge due to the networking training I did	0.0%	1.7%	6.0%	54.2%	38.1%	4.3	0.6
I now value my customers more due to the networking training	0.0%	0.6%	5.2%	54.2%	40.1%	4.3	0.7
I have improved on my communication channels due to the networking training	0.0%	1.7%	5.4%	51.9%	41.0%	4.4	0.6
Average						4.3	0.7

4.9.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and

appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.16 showed that the KMO statistic was 0.843 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 1105.230 with 45 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.16. These results provide an excellent justification for further statistical analysis to be conducted. Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 10 statements on network training can be factored into 1 factor. The total variance explained by the extracted factor is 41.5 as shown in Appendix IV. This is also supported by the Scree Plot in the Principal Components output.

Table 4.13: Network training KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO Sampling Adequacy and Bartlett's Sphericity Tests	
Kaiser-Meyer-Olkin Measure	.843
Bartlett's Chi- Square	1105.230
Bartlett's df	45
Bartlett's Sig.	0.000

Factor analysis was conducted on statements regarding network training. Results were presented in Table 4.17. Results revealed that all the ten indicators attracted coefficients of more than 0.5 hence were retained for further analysis in regression. The statement that the training attended enabled MSE owners have several meetings with other business owners thus increasing their networks linked to their business had a component coefficient of 0.726, the statement that sharing business information with other entrepreneurs after training had a coefficient of 0.718, the statement that MSE owners

can now relate well after training had a coefficient of 0.703, the statement that networking training has improved performance had a coefficient of 0.67, the statement that networking training has improved innovativeness of MSE owners after training had a coefficient of 0.649, the statement that customer base has increased after training had a coefficient of 0.644. Further, the statement that valuing customers after training had a coefficient of 0.621, the statement that positive attitude developed after training had a coefficient of 0.609, the statement that communication channels have grown after training had a coefficient of 0.54. Finally, continual learning had coefficients of 0.53.

Table 4.14: Network training Analysis Component Matrix

Statement	Component
The training I attended has enabled me have several meetings with other business owners thus increasing my networks linked to my business	0.726
I regularly share information with other business associates due to the training I attended	0.718
The training I attended has enabled me relate well with my business men with similar business	0.703
The networking training I have undertaken has improved the performance of my business	0.67
The networking training I did has improved my innovativeness.	0.649
I have increased my customer base due to the networking training	0.644
I now value my customers more due to the networking training	0.621
I have a positive attitudes towards my business partners courtesy of the training programme I attended	0.609
I have improved on my communication channels due to the networking training	0.54
I now understand that continual education improves ones knowledge due to the networking training I did	0.53

4.10 Governance Training and Performance of MSEs in Kisii County

The fifth objective of this study was to determine the relationship between Governance training and the performance of MSEs in Kisii County. To establish the relationship between governance training and the performance of MSEs in Kisii County, a Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.15.

Regarding the statement that the training they attended has made them improve in their observance of the law, majority of the respondents 92.3% agreed to the statement. The results had a mean response of 4.0 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Majority of the respondents 92.0% agreed that they now observe best business practices like fair competition courtesy of the training they undertook. The results had a mean response of 4.3 with a standard deviation of 0.6. This means that there was a low variation in the responses from the respondents with regard to the statement. The results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures. MSEs do not adopt good governance practices because of high cost associate in their implementation. For MSEs to thrive there is need for them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow.

Another 90.6% of the respondents indicated that they now understand the bylaws guiding business courtesy of the training they underwent. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was a low variation in the responses from the respondents with regard to the respondents. The study also sought to find out whether the training they undertook has made them improve in services delivery to their customers. Results of the study showed that 90.2 %

of the respondents agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. The results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures. MSEs do not adopt good governance practices because of high cost associate in their implementation. For MSEs to thrive there is need for them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow.

With regard to the statement that they relate well with their suppliers because of the training they underwent 92.0%, agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Further, regarding the statement that they participate in community activities such as fundraising for needy cases as a result of training they undertook. Majority of the respondents 89.7% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. These findings agreed with that of Ijeoma and Ezejiofor (2013) examined that corporate governance has contributed significantly in ensuring accountability and transparency in order to improve performance of MSEs and facilitating achievement of their social responsibilities in its environment.

Further the respondents were asked to respondent on the statement that they are now a better leader due to governance training they did. Majority of the respondents 89.7% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Regarding the statement that they are now more transparent and accountable due to the governance training they did majority 92.3% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Finally, the respondents were asked to respond on the statement that they are now more effective and efficient in managing their business due to governance training they did majority 93.1% agreed to the

statement. The results had a mean response of 4.3 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. The results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures. MSEs do not adopt good governance practices because of high cost associate in their implementation. For MSEs to thrive there is need for them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow. Ijeoma and Ezejiofor (2013) examined that corporate governance has contributed significantly in ensuring accountability and transparency in order to improve performance of MSEs and facilitating achievement of their social responsibilities in its environment.

Overall, the average mean of the responses was 4.4 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.6 meaning that the responses were clustered around the mean response.

Table 4.15: Governance training and performance of MSEs in Kisii County

Statement	strongly disagree	disagree	not sure	agree	strongly agree	Mean	SD
The training I attended has made me improve in my observance of the law	0.3%	0.9%	6.6%	72.2%	20.1%	4.1	0.6
I now observe best business practices like fair competition courtesy of the training I undertook	0.3%	0.6%	7.2%	55.0%	37.0%	4.3	0.6
I now understand the bylaws guiding business courtesy of the training I underwent	0.6%	1.4%	7.4%	62.5%	28.1%	4.2	0.7
The training I undertook has made me improve in services delivery to my customers	0.3%	1.4%	8.0%	56.7%	33.5%	4.2	0.7
I relate well with my suppliers because of the training I underwent	0.0%	0.6%	8.7%	56.6%	34.1%	4.2	0.6
I participate in community activities such as fundraising for needy cases as a result of training I undertook	0.0%	0.9%	9.5%	54.9%	34.8%	4.2	0.7
I am now a better leader due to governance training I did	0.0%	0.9%	9.5%	55.0%	34.7%	4.2	0.6
I am now more transparent and accountable due to the governance training I did	0.3%	1.4%	6.0%	57.3%	35.0%	4.3	0.7
I am now more effective and efficient in managing my business due to governance training I did	0.0%	0.9%	6.0%	55.0%	38.1%	4.3	0.6
Average						4.2	0.6

4.10.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett’s Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.16 showed that the KMO statistic was .814 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 719.906 with 45 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.20. These results provide an excellent justification for further statistical analysis to be conducted. Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 10 statements on governance training can be factored into 1 factor. The total variance explained by the extracted factor 34.75% as shown in Appendix IV. This is also supported by the Scree Plot in the Principal Components output.

Table 4.16: Governance training KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO Sampling Adequacy and Bartlett's Sphericity Tests	
Kaiser-Meyer-Olkin Measure	.814
Bartlett's Chi- Square	719.906
Bartlett's df	45
Bartlett's Sig.	0.000

Factor analysis was conducted on statements regarding governance training. Results were presented in Table 4.17. Results revealed all the ten indicators attracted a coefficient of more than 0.5 hence was retained for further analysis in regression. The statement that observing good business practices after training had a component coefficient of 0.668, the statement that service delivery after training had a coefficient of 0.616, by laws guiding business had a coefficient of 0.609, the better leadership skills after training had a coefficient of 0.605, the law observance after training had a

coefficient of 0.59, participating in community activities after training had a coefficient of 0.585. Further, governance training had a coefficient of 0.572, the statement that MSEs owners are now transparent and accountable after training had a coefficient of 0.559; the statement better relationship with suppliers after training had a coefficient of 0.55. Finally, effectiveness in managing business had coefficients of 0.531.

Table 4.17: Governance training Analysis Component Matrix

Statement	Component
I now observe best business practices like fair competition courtesy of the training I undertook	0.668
The training I undertook has made me improve in services delivery to my customers	0.616
I now understand the bylaws guiding business courtesy of the training I underwent	0.609
I am now a better leader due to governance training I did	0.605
The training I attended has made me improve in my observance of the law	0.59
I participate in community activities such as fundraising for needy cases as a result of training I undertook	0.585
The governance training I have undertaken has increased greatly my business performance	0.572
I am now more transparent and accountable due to the governance training I did	0.559
I relate well with my suppliers because of the training I underwent	0.55
I am now more effective and efficient in managing my business due to governance training I did	0.531

4. 11 Moderating effect of Legal and Regulatory Requirements on Training and the Performance of MSEs

The sixth objective of this study was to establish the moderating relationship between training on legal and regulatory requirements and the performance of MSEs in Kisii County. To establish the moderating relationship between training on legal and regulatory requirements and the performance of MSEs in Kisii County, a Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = Neutral, 4 = Agree, 5 = strongly agree)

was used and the mean response rate from the micro and small enterprise owners calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was neutral. The results of this study are as depicted in Table 4.18.

Regarding the statement that I now have a business permit due to the training I took 92.0% agreed to the statement. The results had a mean response of 4.0 with a standard deviation of 0.6. This means that there was low variation in the responses from the respondents. Majority of the respondents 91.7% agreed that they now have a business license due to the training they took. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was a low variation in the responses from the respondents with regard to the statement. Results agree with Karingithi (2009) that the legal and regulatory environment is one of the factors which affect the growth and performance of MSEs. Karingithi further states that, the cumbersome laws and regulations have a negative impact on the growth and development of MSEs because: they restrict operating flexibility, increase fixed costs disproportionately, absorb scarce Managerial time and divert scarce financial resources from productive investment.

Another 92.3% of the respondents indicated that they now operate a legal business due to the training that they took. The results had a mean response of 4.2 with a standard deviation of 0.6. This means that there was a low variation in the responses from the respondents with regard to the mean. The study also sought to find out whether the local authorities do not harass me because the training that they took has made me compliant. Results of the study showed that 85.5 % of the respondents agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.8. This means that there was low variation in the responses from the respondents. Results agree with Karingithi (2009) that the legal and regulatory environment is one of the factors which affect the growth and performance of MSEs. Karingithi further states that, the cumbersome laws and regulations have a negative impact on the growth and development of MSEs because: they restrict operating flexibility, increase fixed costs

disproportionately, absorb scarce Managerial time and divert scarce financial resources from productive investment.

With regard to the statement that they know understand that it is important to have a business premise due to the training that they took 87.4%, agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Further, regarding the statement that the training that they took has made them understand the importance of providing a conducive environment. Majority of the respondents 87.6% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Results also agrees with that of Mitullah (2015) who asserted that the reforms taking place in the in the area of business licensing are geared to improving the situation of small enterprises; however, the micro enterprises still face a number of challenges.

Further the respondents were asked to respondent on the statement that they understand the law more due to the training that they took. Majority of the respondents 79.4% agreed to the statement. The results had a mean response of 4.2 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Finally regarding the statement that the performance of their business has improved due to the training that they took majority 92.0% agreed to the statement. The results had a mean response of 4.3 with a standard deviation of 0.7. This means that there was low variation in the responses from the respondents. Results agree with Karingithi (2009) that the legal and regulatory environment is one of the factors which affect the growth and performance of MSEs. Karingithi further states that, the cumbersome laws and regulations have a negative impact on the growth and development of MSEs because: they restrict operating flexibility, increase fixed costs disproportionately, absorb scarce Managerial time and divert scarce financial resources from productive investment. Mitullah (2015) asserted that the reforms taking place in the in the area of business licensing are geared to improving the situation of small enterprises; however, the micro and small enterprises still face a number of challenges.

Overall, the average mean of the responses was 4.2 which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was 0.7 meaning that the responses were clustered around the mean response.

Table 4.18: Moderating effect of training legal and regulatory requirements on the performance of MSEs in Kisii County

Statement	strongly disagree	disagree	not sure	agree	strongly agree	Mean	SD
I now have a business permit due to the training I took	0.9%	1.1%	6.0%	70.9%	21.1%	4.1	0.6
I now have a business license due to the training I took	0.9%	1.7%	5.7%	52.3%	39.4%	4.3	0.7
I now operate a legal business due to the training that I took	0.6%	1.7%	5.4%	64.9%	27.4%	4.2	0.6
The local authorities do not harass me because the training that I took has made me compliant	1.4%	3.4%	9.7%	46.9%	38.6%	4.2	0.8
I know understand that it is important to have a business premise due to the training that I took	0.3%	3.1%	7.1%	58.0%	31.4%	4.2	0.7
The training that I took has made me understand the importance of providing a conducive environment	0.3%	2.3%	9.7%	50.4%	37.2%	4.2	0.7
I understand the law more due to the training that I took	0.0%	3.7%	6.9%	55.1%	34.3%	4.2	0.7
The performance of my business has improved due to the training that I took	0.3%	1.7%	6.0%	49.7%	42.3%	4.3	0.7
Average						4.2	0.7

4.11.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as multiple linear regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.19 showed that the KMO statistic was .803 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 742.119 with 28 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.19. These results provide an excellent justification for further statistical analysis to be conducted.

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 8 statements on legal requirements can be factored into 1 factor. The total variance explained by the extracted factor is 42.131% as shown in Appendix IV. This is also supported by the Scree Plot in the Principal Components output.

Table 4.19: Training on legal requirements KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO Sampling Adequacy and Bartlett's Sphericity Tests	
Kaiser-Meyer-Olkin Measure	.803
Bartlett's Chi- Square	742.119
Bartlett's df	28
Bartlett's Sig.	0.000

Factor analysis was conducted on statements regarding training on legal requirements. Results were presented in Table 4.20. Results revealed that all the ten indicators attracted coefficients of more than 0.5 hence were retained for further analysis in regression. The statement that performance of their business improved after training had a component coefficient of .734, owning a business license after training had a coefficient of .705, providing conducive work environment had a coefficient of .679, the understanding business law after training had a coefficient of .668, the need for a business premise after training had a coefficient of .642, operating legal business after training had a coefficient of 0.610. Further, need of a business after training had a coefficient of .584. Finally, complying to local authorities requirements had coefficients of .550.

Table 4.20: Training on legal requirements Analysis Component Matrix

Statement	Component
The performance of my business has improved due to the training that I took	.734
I now have a business license due to the training I took	.705
The training that I took has made me understand the importance of providing a conducive environment	.679
I understand the law more due to the training that I took	.668
I know understand that it is important to have a business premise due to the training that I took	.642
I now operate a legal business due to the training that I took	.610
I now have a business permit due to the training I took	.584
The local authorities do not harass me because the training that I took has made me compliant	.550

4.12 Trend analysis

4.12.1 Average net profits for years 2012-2016

Figure 4.9 indicates the general trend for average net profits for all the micro and small enterprises for the years 2012 to 2016. The trend line shows that the average net profits

for micro and small enterprises in Kisii County have been increasing steadily from the year 2012 to 2016. This imply that the number of MSEs have been growing in Kisii County hence the steady growth in the average net profits.

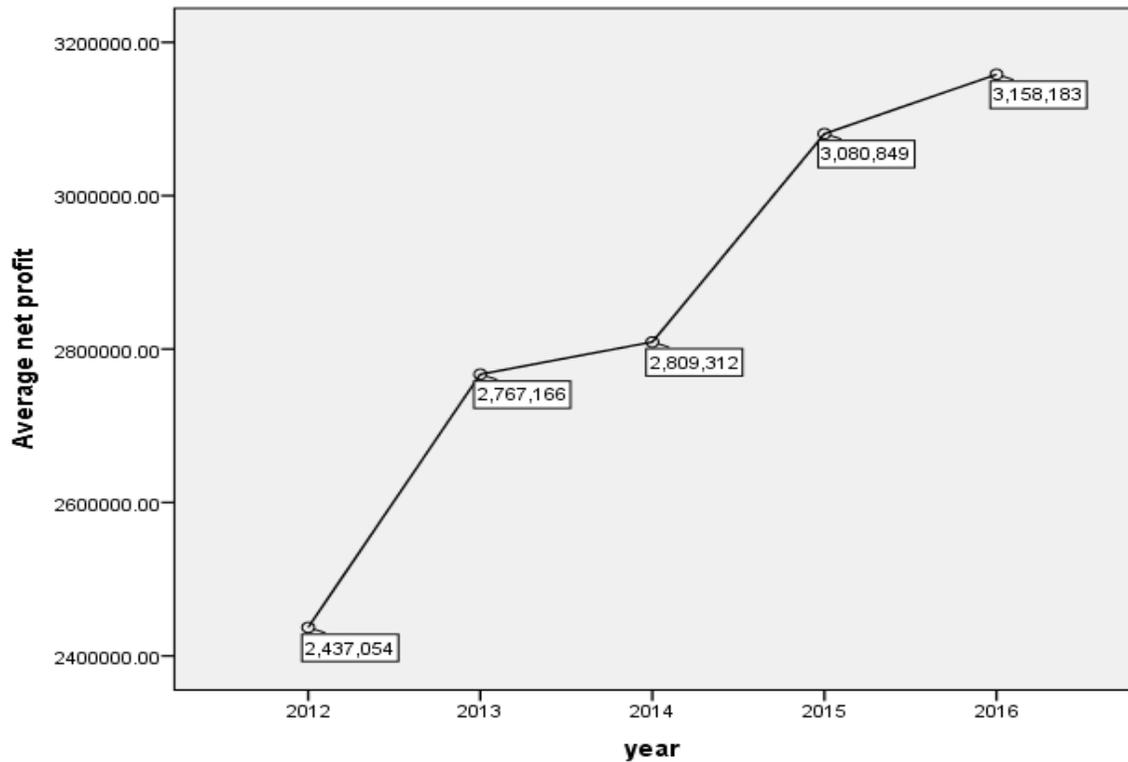


Figure 4.9: Average net profits

4.12.2 Average sales volume for years 2012-2016

Figure 4.10 indicates the general trend for average sales volume for micro and small enterprises for the years 2012 to 2016. The trend line shows that the average sales volume for micro and small enterprises in Kisii County increased steadily from the year 2012 to 2013 but in the year 2014 sales volume dropped. However, in the year 2015 to 2016 the average sales volume rose steadily again. This implies that sales volumes for micro and small enterprises in Kisii County have been increasing owing to the rapid growth of MSEs in the region.

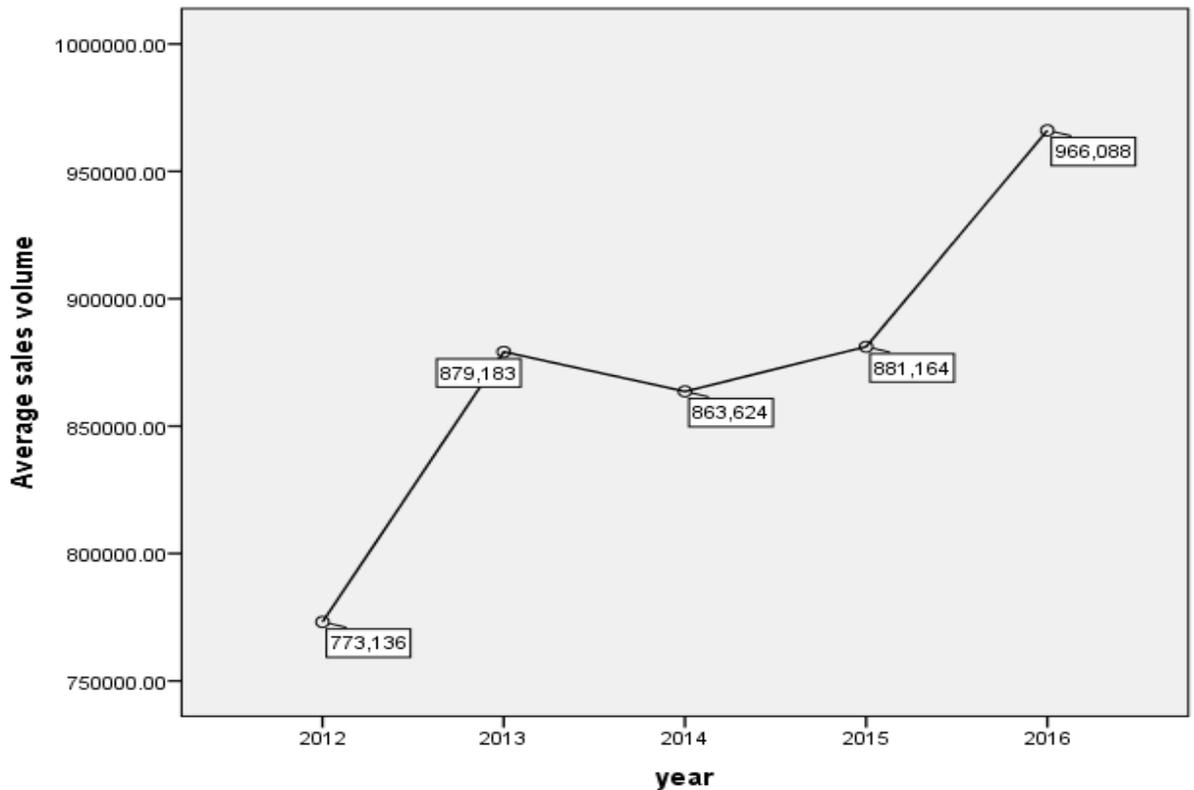


Figure 4.10: Average sales volume

4.12.3 Average Return on Investment for years 2012-2016

Figure 4.11 indicates the general trend for average Return on Investment (ROI) for micro and small enterprises for the years 2012 to 2016. The trend line shows that the average ROI for micro and small enterprises in Kisii County have been increasing steadily from the year 2012 to 2016. This implies that average ROI for micro and small enterprises in Kisii County have been increasing owing to the rapid growth of MSEs in the region.

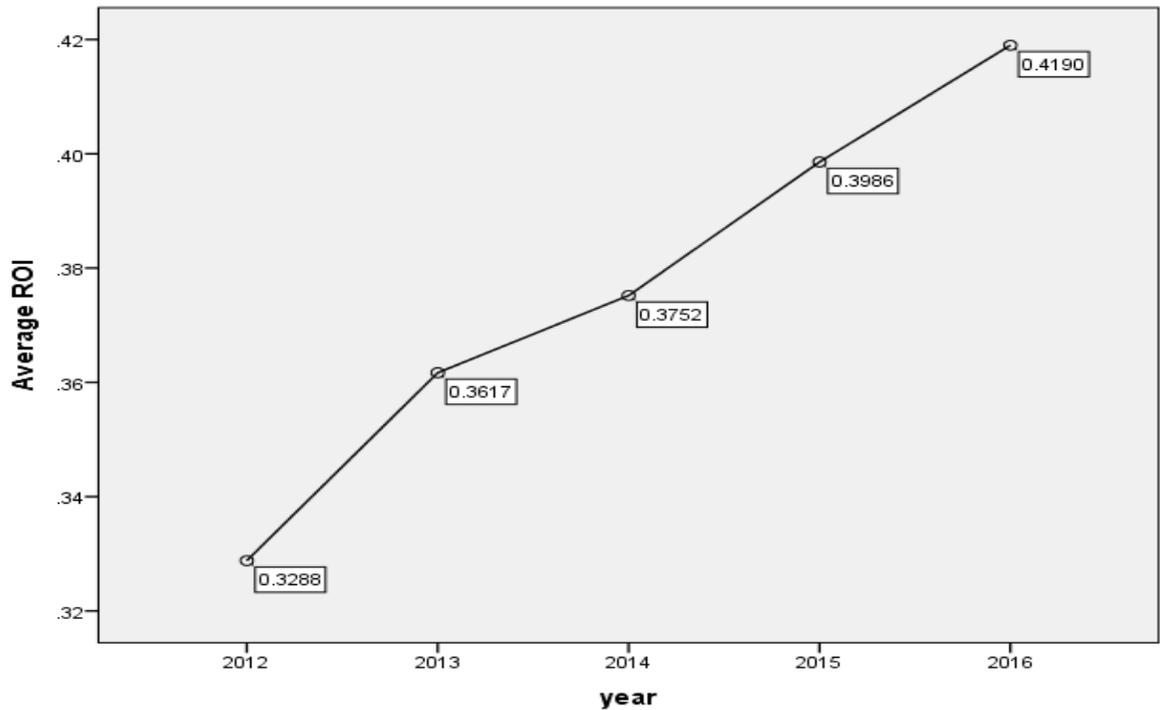


Figure 4.11: Average Return on Investment (ROI)

4.12.4 Average Number of branches for years 2012-2016

Figure 4.12 indicates the general trend for average number of branches for micro and small enterprises for the years 2012 to 2016. The trend line shows that the average number of MSEs in Kisii County has been increasing steadily from the year 2012 to 2016. This implies that micro and small enterprises in Kisii County have been increasing owing in the region.

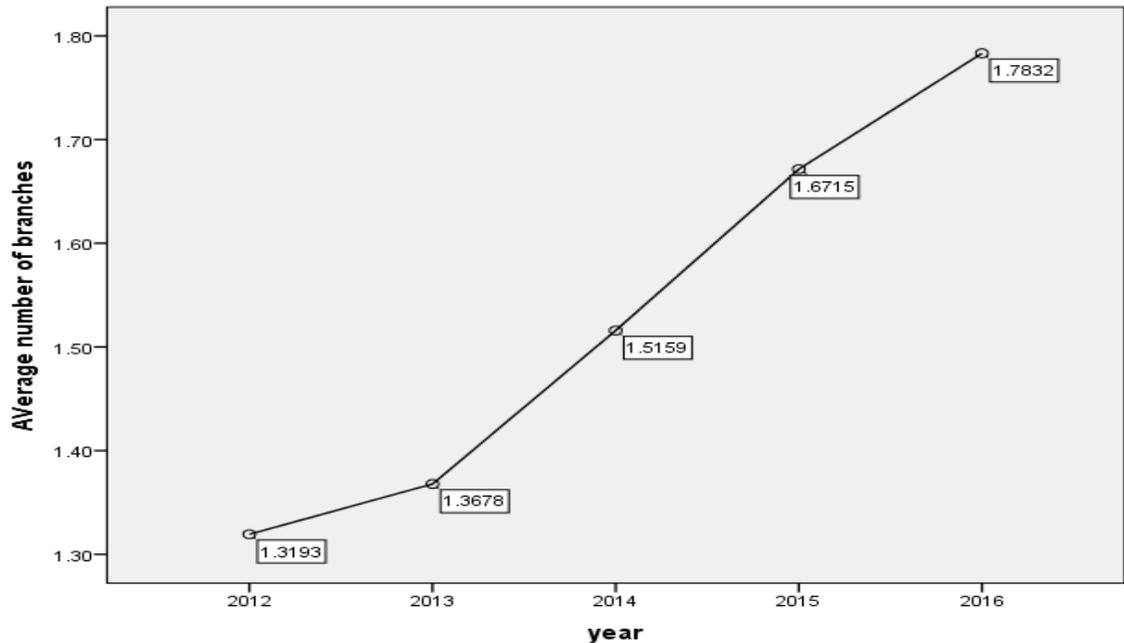


Figure 4.12: Average Number of branches

4.12.5 Analysis of Variance (ANOVA)

Table 4.21 provides the results on the analysis of the variance (ANOVA). This was to establish whether there was any significant difference among the means of dependent variables. Dependent variables was explored to determine whether their existed any significance difference among its indicators. The indicators were given as net profits, sales volume, Return on Investment (ROI) and number of branches for micro and small enterprises. For post hoc tests and descriptive refer Appendix V.

The results indicated that all indicators for dependent variable were statistically significant. Further, the results imply that the indicators are good predictors of the dependent variable (performance of micro and small enterprises). Results of the study showed that net profits was statistically significant as supported by an F statistic of 7.480 and the reported p value (0.050) which was less than the conventional 0.05 significance level. Further, results of the ANOVA indicated that sales volume was statistically significant as supported by an F statistic of 9.767 and the reported p value (0.047) which was less than the conventional 0.05 significance level. The results also showed that

return on investment (ROI) was statistically significant as supported by an F statistic of 11.459 and the reported p value (0.000) which was less than the conventional 0.05 significance level. Finally, ANOVA results showed that the number of branches for micro and small enterprises was statistically significant as supported by an F statistic of 18.186 and the reported p value (0.000) which was less than the conventional 0.05 significance level.

Table 4.21: One Way Analysis of Variance (ANOVA)

		Sum of Squares	df	Mean Square	F	Sig.
Net profits	Between Groups	11574424993 3495.600	4	28936062 483373.90 0	7.480	.050
	Within Groups	10537478120 0428272.000	1749	60248588 450788.03 0		
	Total	10549052545 0361760.000	1753			
Sales volume	Between Groups	66613956210 16.784	4	16653489 05254.196	9.767	.047
	Within Groups	37988926143 68932.000	1750	21707957 79639.390		
	Total	38055540099 89949.000	1754			
ROI	Between Groups	1.692	4	.423	11.459	.000
	Within Groups	64.619	1750	.037		
	Total	66.311	1754			
Branches	Between Groups	54.201	4	13.550	18.186	.000
	Within Groups	1296.469	1740	.745		
	Total	1350.670	1744			

4.12.6 Correlations

The study sought to establish the association among the indicators for the dependent variable. The results are as presented in Table 4.22.

The results in Table 4.22 indicated that net profits and composite performance are significant and positively related. Results indicated that net profits ($r= 0.991$, $p= 0.000$) indicated a strong contribution to the composite performance. Sales volume and composite performance were also significant and positively related ($r= 0.556$, $p=0.000$). Results further showed that return on investment and composite performance were insignificant and negatively related ($r= -.071$, $p=.187$). Finally, results further showed the number of MSEs branches and composite performance were significant and positively related ($r= .000$, $p=.198$).

Table 4.22 Correlations for independent variable indicators

		Net profits	Sales volume	Return on Investment (ROI)	Branches	Composite performance
Net profits	Pearson Correlation	1	.440**	-.076	.210**	.991**
	Sig. (2-tailed)		.000	.154	.000	.000
	N	350	350	350	348	348
Sales volume	Pearson Correlation	.440**	1	-.029	.022	.556**
	Sig. (2-tailed)	.000		.586	.683	.000
	N	350	350	350	348	348
Return on Investment (ROI)	Pearson Correlation	-.076	-.029	1	-.128*	-.071
	Sig. (2-tailed)	.154	.586		.017	.187
	N	350	350	350	348	348
Branches	Pearson Correlation	.210**	.022	-.128*	1	.198**
	Sig. (2-tailed)	.000	.683	.017		.000
	N	348	348	348	348	348
Composite performance	Pearson Correlation	.991**	.556**	-.071	.198**	1
	Sig. (2-tailed)	.000	.000	.187	.000	
	N	348	348	348	348	348

4.13 Diagnostic Tests

The relationship between the dependent and the independent variables should satisfy the assumption of normality and multi-collinearity (Greene, 2002). Before conducting the

regression analysis; it is advisable to conduct several diagnostic tests to establish the appropriateness of the data for making inference. The researcher subjected the collected data to normality, multicollinearity and heteroskedasticity test.

4.13.1 Histogram test of normality

The test for normality was examined using the graphical method approach as shown in the Figure 4.13. The results in the figure indicate that the residuals are normally distributed. This implies that the data did not have outliers and thus would give consistent results.

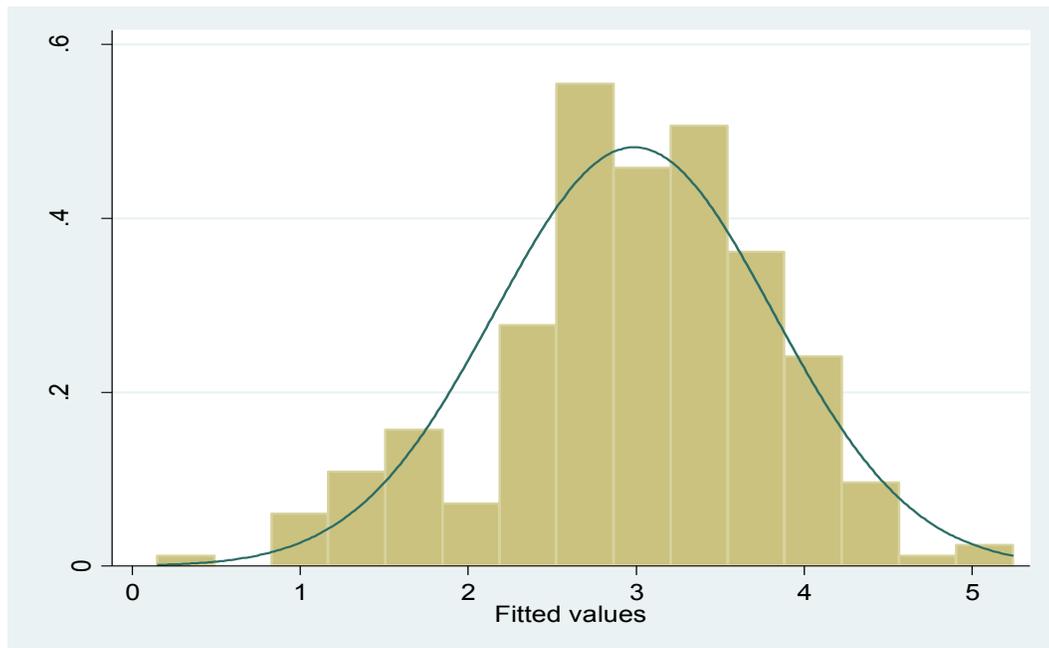


Figure 4.13: Histogram test of normality

4.13.2 Kolmogorov-Smirnov

Kolmogorov-Smirnov was used to check for normality tests. Kolmogorov-Smirnov since the sample size was more than 100. Results of the tests are presented in table 4.23. The null hypothesis is rejected since the significant level of 0.063 was greater than 0.05. We therefore conclude that the data was normally distributed.

Table 4.23: Kolmogorov-Smirnov tests

	Kolmogorov-Smirnov		
	Statistic	df	Sig.
MSE Performance	.366	350	.063

The null hypothesis was;

H_{01} : The data set is not normally distributed.

4.13.3 Multicollinearity

According to William *et al.* (2013), multicollinearity refers to the presence of correlations between the predictor variables. In severe cases of perfect correlations between predictor variables, multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multicollinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multicollinearity was assessed in this study using the variance inflation factors (VIF). According to Field (2009) VIF values in excess of 10 is an indication of the presence of Multicollinearity.

The results in Table 4.24 present variance inflation factors results and were established to be 1.98 which is less than 10 and thus according to Field (2009) indicates that there is no Multicollinearity.

Table 4.24: Multicollinearity results using VIF

Variable	VIF	1/VIF
Technical training	2.26	0.442598
Financial training	2.06	0.485644
Network training	2.01	0.498040
Governance training	1.87	0.533539
Managerial training	1.69	0.591902
Mean	1.98	

4.13.4 Heteroskedasticity Test

The error process may be Homoskedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise Heteroscedasticity. The hettest command calculates Breuch Pagan for group wise Heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the panel data. The null hypothesis is that the data does not suffer from Heteroskedasticity since the p-value is greater than the 5%. The null hypothesis was not rejected at a critical p value of 0.05 since the reported value was 0.319. Thus the data did not suffer from heteroscedasticity.

The results in Table 4.25 indicate that the null hypothesis of Homoskedastic error terms is not rejected as supported by a p-value of 0.319.

Table 4.25: Heteroskedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity		
Ho: Constant variance		
Variables: fitted values of Composite sustainability		
chi2(1)	=	61.21
Prob > chi2	=	0.319

4.14 Statistical Modelling

This section contains inferential analysis for Managerial training, technical training, financial training, network training, governance training and overall regression analysis. A moderated model was also discussed in this section. Inferential statistics in this section include model fitness, ANOVA tests, regression coefficients and hypothesis testing.

4.15 Regression Analysis for Managerial Training

The results presented in Table 4.26 present the fitness of model used of the regression model in explaining the study phenomena. Managerial training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This was supported by coefficient of determination also known as the R square of 50.1%. This means that Managerial training explain 50.1% of the variations in the dependent variable which is performance of micro and small enterprises in Kisii County. Results of the model fitness back up the study by Srinivas (2013) and Jerome (2013) that quality Managerial practices influences performance of rural and urban MSEs. This indicated that there was a close relationship between Managerial training and performance of micro and small enterprises. The results are also in agreement with Mungai (2012) that business Managerial training had a positive effect on the entrepreneurs and as such, new products and services were introduced in the enterprise after the training.

Table 4.26 further provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of MSEs performance in Kisii county. This was supported by an F statistic of 33.988 and the reported p value (0.000) which was less than the conventional probability of 0.05significance level. The results agree with that of Arafat and Ahmed (2012) that a well trained workforce is critical in the growth of MSEs. Jayawarna and Macpherson (2006) noted that poor Managerial skills are still highlighted as one of the significant contributory factors in the failure of the MSEs. Regression of coefficient results is presented in Table 4.26.

Regression of coefficients showed that planning as a result of training and MSE performance had a positive and significant relationship ($\beta=0.08$, $p=0.037$).The results also revealed that organization skills as a result of training and MSE performance had a positive and significant relationship ($\beta=0.077$, $p=0.046$). The results also revealed that give better directions to employees because of the training received and MSE

performance had a positive and significant relationship ($\beta=0.137$, $p=0.000$). The results also revealed that controlling the business operations as a result of the training received and MSE performance had a positive and significant relationship ($\beta=0.08$, $p=0.041$). The results agree also with that of Magableh and Al-Mahrouq (2007) Managerial skills and entrepreneurship skills affect MSEs performance and success. The results also showed that motivating staff and MSE performance had a positive and significant relationship ($\beta=0.079$, $p=0.034$). The results further showed that time Managerial and MSE performance had a positive and significant relationship ($\beta=0.072$, $p=0.056$). The results also revealed that recruiting competent staff as a result of the training received and MSE performance had a positive and insignificant relationship ($\beta=0.105$, $p=0.006$). The results also showed that appraising employee performance and MSE performance had a positive and significant relationship ($\beta=0.148$, $p=0.000$). The results further showed that monitoring attendance of employees and MSE performance had a positive and significant relationship ($\beta =0.145$, $p=0.000$). Finally, that Managerial training undertaken and MSE performance had a positive and significant relationship ($\beta=0.047$, $p=0.202$). The results are also in agreement with Mungai (2012) that business Managerial training had a positive effect on the entrepreneurs and as such, new products and services were introduced in the enterprise after the training.

Table 4.26: Regression model results for Managerial training on performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.708a	0.501	0.486	0.3625	
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.672	10	4.467	33.988	.000 ^b
Residual	44.557	339	0.131		
Total	89.229	349			
Coefficients					
	B	Std. Error	Beta	t	sig
(Constant)	10.319	0.232		44.466	0.000
I can now plan how to do my business well based on the training I have been given on how to run my business	0.08	0.038	0.097	2.094	0.037
My business is more organized than it was before due to the training that I attended	0.077	0.038	0.088	2.003	0.046
The training that I attended has enabled me give better directions to my employees	0.137	0.038	0.157	3.652	0.000
The training that I attended has helped me in controlling my business operations	0.08	0.039	0.095	2.056	0.041
The training that I attended has helped me know how to motivate my staff	0.079	0.037	0.093	2.133	0.034
I have improved on time Managerial due to the Managerial training that I took	0.072	0.038	0.087	1.918	0.056
I can now recruit competent staff due to the Managerial training I took.	0.105	0.038	0.125	2.74	0.006
I can appraise employee performance due to the Managerial training I took	0.148	0.037	0.174	3.94	0.000
I can monitor the attendance of employees due to the Managerial training I took	0.145	0.037	0.173	3.895	0.000
The Managerial training I have undertaken has improved the performance of my business	0.047	0.036	0.058	1.278	0.202

Regression of coefficients showed that Managerial training and MSE performance had a positive and significant relationship ($\beta=0.324$, $p=0.000$). This was supported by a calculated t-statistic of 12.771 which is larger than the critical t-statistic of 1.96. The results agree with Gholami, Sulaiman and Ramayah (2013) that training MSEs in innovation is a good idea but Managerial training of MSEs need to be broadened to include other managerial issues that are extremely critical to MSEs survival which their study failed to address. Srinivas (2013) and Jerome (2013) in their studies on quality Managerial practices in rural and urban MSEs, found that rural firms are performing at a higher level of sophistication and experience in quality Managerial practices. They further said that total quality Managerial is the major drive for quality Managerial practices implementation.

Table 4.27: Model Summary for Managerial training

	B	Std. Error	Beta	t	Sig.
(Constant)	4.565	0.122		37.528	0.000
Managerial Training	0.324	0.025	0.565	12.771	0.000

$$Y = 4.565 + 0.324X_1$$

Where **Y = MSE performance**

X_1 is Managerial training

Hypothesis testing for Managerial training

The first Hypothesis to be tested was:

H₀₁: There is no significant relationship between Managerial training and the performance of MSEs in Kisii County.

The hypothesis was tested by using simple linear regression and determined using p-value (Table 4.27). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the H_{01} but if it's less than 0.05, the H_{01} is rejected. Therefore

the null hypothesis is that there is no significant relationship between Managerial training and the performance of MSEs in Kisii County.

The null hypothesis was that there is no significant relationship between Managerial training and the performance of MSEs in Kisii County. Results in Table 4.27 show that the p-value was 0.000. This was supported by a calculated t-statistic of 12.771 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that there is a significant relationship between Managerial training and the performance of MSEs in Kisii County. The findings agree with those of Mungai (2012) that business Managerial training has a positive effect on SME performance.

4.16 Regression Analysis for Technical training

The results presented in Table 4.28 present the fitness of model used of the regression model in explaining the study phenomena.

Technical training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This is supported by coefficient of determination also known as the R square of 47.3%. This means that technical training explain 47.3% of the variations in the dependent variable which is performance of micro and small enterprises in Kisii County. The results of the model fitness agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. This implies that we have a close relationship between technical training and performance of micro and small enterprises. Technical training is important in the growth of MSEs.

Table 4.28 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of MSEs performance in Kisii county. This was supported by an F statistic of 30.433 and the reported p value (0.000) which was less than the conventional probability of 0.05significance level.

Regressions of coefficient results were presented in Table 4.28. Regression of coefficients showed that keeping records as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.071$, $p=0.069$). The results also revealed that gathering important information as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.059$, $p=0.121$). The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. The results also revealed that multitasking is possible as result of the training received and MSE performance had a positive and insignificant relationship ($\beta =0.052$, $p=0.178$). The results also revealed that selling skills as a result of the training received and MSE performance had a positive and significant relationship ($\beta=0.15$, $p=0.000$). The results also showed that marketing skills as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.074$, $p=0.062$). The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. Abdulahi, Awang, Abubakar, Bala, Umar, Khalid and Shamsu (2015), in their study found that there is significant influence of training on business success in Nigeria. The study signified the benefit of training on business success, and at the same time it helps the MSEs to cope with the latest Managerial technical requirements in order to run a success business. This shows that technical training in MSEs is a major area of concern for economic development. Technical training is important in the growth of MSEs.

Results further showed that reduced mistakes in the business and MSE performance had a positive and significant relationship ($\beta=0.139$, $p=0.000$). The results also revealed that easing of operating business as a result of the training received and MSE performance had a positive and significant relationship ($\beta=0.121$, $p=0.002$). The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. Tijani, Okhale, Oga, and Tags (2012) and Baileti (2012) in their studies revealed that commercial entrepreneurial skills can only provide a short-runeconomic solution without economic development but technical entrepreneurial development for thecountry, visa-vi attainment of Millennium Development Goals for the country by 2020. The results also showed that product variety and MSE performance had a positive and significant

relationship ($\beta=0.033$, $p=0.401$). The results further showed that importance of technology in business operation and MSE performance had a positive and insignificant relationship ($\beta=0.067$, $p=0.088$). Finally, that technical training undertaken and MSE performance had a positive and significant relationship ($\beta=0.12$, $p=0.002$). The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival. Tijani, Okhale, Oga, and Tags (2012) and Baileti (2012) in their studies revealed that commercial entrepreneurial skills can only provide a short-runeconomic solution without economic development but technical entrepreneurial development for thecountry, visa-vi attainment of Millennium Development Goals for the country by 2020. Abdulahi, Awang, Abubakar, Bala, Umar, Khalid and Shamsu(2015), in their study found that there is significant influence of training on business success in Nigeria. The study signified the benefit of training on business success, andat the same time it helps the MSEs to cope with the latest Managerial technical requirements in order to run a success business. This shows that technical training in MSEs is a major area of concern for economic development. Technical training is important in the growth of MSEs.

Table 4.28: Regression model results for Technical training on performance

Model Summary				
Model	R	R Square	Adj. R²	Std. Error
1	.688a	0.473	0.458	0.37242

ANOVA						
	Sum of Squares	df	Mean Square	F	Sig.	
Regression	42.211	10	4.221	30.433	.000 ^b	
Residual	47.019	339	0.139			
Total	89.229	349				

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	9.956	0.229		43.415	0.000
I have learnt how to keep the records of my business from the training I attended	0.071	0.039	0.084	1.822	0.069
I am now able to gather important information concerning my competitors to enable me make informed decisions as a result of the training I received	0.059	0.038	0.072	1.556	0.121
Due to the training I attended, I can multitask	0.052	0.039	0.063	1.351	0.178
The training I attended has enabled me improve in my selling skills	0.15	0.039	0.183	3.875	0.000
I have improved in my marketing skills as a result of attending a training forum	0.074	0.039	0.095	1.876	0.062
I nowadays make less mistakes in running my business because of the training I underwent	0.139	0.038	0.167	3.648	0.000
I now can operate my business with ease due to the technical training I did	0.121	0.039	0.14	3.1	0.002
My products have increased due to the technical training I took	0.033	0.039	0.04	0.841	0.401
I now understand that technology is important in business due to technical training I did	0.067	0.039	0.079	1.713	0.088
The technical training I have undertaken has improved the performance of my business	0.12	0.038	0.15	3.187	0.002

Regression of coefficients showed that technical training and MSE performance had a positive and significant relationship ($\beta=0.397$, $p=0.000$). This was supported by a calculated t-statistic of 17.914 which is larger than the critical t-statistic of 1.96. Results agree with Abdulahi, Awang, Abubakar, Bala, Umar, Khalid and Shamsu (2015), who found that there is significant influence of training on business success. The study signified the benefit of training on business success, and at the same time it helps the MSEs to cope with the latest Managerial concepts, accounting systems, production techniques and information technology.

Table 4.29: Model Summary for technical training

	B	Std. Error	Beta	t	Sig.
(Constant)	4.275	0.103		41.373	0.000
technical training	0.397	0.022	0.693	17.914	0.000

$$Y = 4.275 + 0.397 X_1$$

Where **Y = MSE performance**

X_1 is technical training

Hypothesis testing for technical training

The first Hypothesis to be tested was:

H₀₁: There is a significant relationship between technical training and the performance of MSEs in Kisii County.

The hypothesis was tested by using simple linear regression and determined using t-value (Table 4.29). The acceptance/rejection criteria was that, if the p value is greater than 0.05, the H_{01} is not rejected but if it's less than 0.05, the H_{01} fails to be accepted. Therefore the null hypothesis is that there is no significant relationship between technical training and the performance of MSEs in Kisii County.

The null hypothesis was that there is no significant relationship between technical training and the performance of MSEs in Kisii County. Results in Table 4.35 show that the p-value was 0.000. This was supported by a calculated t-statistic of 17.914 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that there is a significant relationship between technical training and the performance of MSEs in Kisii County. The findings agree with those of Rogerson (2000) in South Africa that successful clothing entrepreneurs were those who had undertaken a number of business and technical training programmes.

4.17 Regression Analysis for financial training

The results presented in Table 4.30 present the fitness of model used of the regression model in explaining the study phenomena. Financial training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This is supported by coefficient of determination also known as the R square of 51.9%. This means that financial training explain 51.9%% of the variations in the dependent variable which is performance of micro and small enterprises in Kisii County. The results agree with the study by Kihimbo (2012) that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa. There is a close link between financial training and performance of micro and small enterprises.

Table 4.36 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of MSEs performance in Kisii county. This was supported by an F statistic of 33.164 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Calice (2012), asserted that a crucial element in the development of MSEs sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in the MSEs growth. Further, the results conger with Yahya, Othman and Shamsuri, (2012)

that financial training has a positive impact on MSEs performance. Regression of coefficient results is presented in Table 4.36.

Regression of coefficients showed that accounting for profits and losses as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.013$, $p=0.685$). The results also revealed that dealing with financial issues as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.025$, $p=0.389$). The results also revealed that budgeting is possible as result of the training received and MSE performance had a positive and insignificant relationship ($\beta=0.014$, $p=0.615$). The results also revealed that detecting fraud as a result of the training received and MSE performance had a positive and significant relationship ($\beta=0.69$, $p=0.024$). The results also showed that managing loans as a result of training and MSE performance had a positive and significant relationship ($\beta=0.071$, $p=0.018$).

The results further showed that saving as a result of training attended and MSE performance had a positive and significant relationship ($\beta=0.051$, $p=0.109$). The results are in agreement with Njoroge and Gathungu (2013) that financial training enabled entrepreneurs to do simple daily book keeping of business transactions but were not able to do complex financial statements. The results also revealed that paying taxes as a result of the training received and MSE performance had a positive and significant relationship ($\beta=0.111$, $p=0.000$). The results also showed that insuring business as a result of training attended and MSE performance had a positive and significant relationship ($\beta=0.06$, $p=0.046$). The results are in agreement with Njoroge and Gathungu (2013) that financial training enabled entrepreneurs to do simple daily book keeping of business transactions but were not able to do complex financial statements.

The results further showed inflation hurts business and MSE performance had a positive and significant relationship ($\beta=0.061$, $p=0.050$). The results also showed that managing debts as a result of training attended and MSE performance had a positive and significant relationship ($\beta=0.021$, $p=0.496$). Finally, that financial training undertaken and MSE performance had a positive and significant relationship ($\beta=0.098$, $p=0.139$).

The results are in agreement with Njoroge and Gathungu (2013) that financial training enabled entrepreneurs to do simple daily book keeping of business transactions but were not able to do complex financial statements. Yahya, Othman and Shamsuri, (2012) also asserted that financial training has a positive impact on MSEs performance.

Table 4.30: Regression model results for Financial training on performance

Model Summary					
Model	R	R²	Adj. R²	Std. Error	
1	.720a	0.519	0.503	0.35632	
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	46.316	11	4.211	33.164	.000 ^b
Residual	42.913	338	0.127		
Total	89.229	349			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.014	0.113		70.695	0.000
As a result of attending a training, I nowadays can account for my profits and losses	0.013	0.031	0.023	0.405	0.685
I can account for all my financial issues because I have accounting knowledge as a result of the training I underwent	0.025	0.029	0.049	0.863	0.389
I have a budget that guide my business operations courtesy of the training I attended	0.014	0.028	0.027	0.503	0.615
The training I attended has enable me detect fraud in my business	0.069	0.031	0.14	2.267	0.024
I now know how to manage loans as a result of attending a training programme	0.071	0.03	0.136	2.376	0.018
The training I attended has enabled me to save from the profits I make from the business	0.051	0.031	0.091	1.608	0.109
I now pay taxes to Kenya Revenue Authority due to the knowledge I got from a training programme	0.111	0.031	0.224	3.613	0.000
I have insured my business as a result of the training I underwent	0.06	0.03	0.108	1.995	0.047
I can now understand that inflation hurts business due to the training I did	0.061	0.031	0.11	1.966	0.050
I can now manage debts due to the financial Managerial training I took	0.021	0.031	0.041	0.681	0.496
The financial Managerial training I have undertaken has improved the performance of my business	0.039	0.03	0.07	1.291	0.198

Regression of coefficients showed that financial training and MSE performance had a positive and significant relationship ($\beta=4.921$, $p=0.000$). This was supported by a calculated t-statistic of 13.048 which is larger than the critical t-statistic of 1.96. The results agree with Ghimire and Abo (2013) Ivorian MSEs access to bank finance were undermined with factors like size, age, location, ownership structure of the enterprise, gender, level of education and length of relationship between the firm and the bank, length of loan period, collateral and availability of financial information. Kira (2013) and Rajesh, Suresh and Deshmuch (2008) observed that disorganization of MSEs have far reaching consequences in accessing credits.

Table 4.31: Model Summary for Financial training

	B	Std. Error	Beta	t	Sig.
(Constant)	4.921	0.092		53.199	0.000
financial training	0.264	0.02	0.573	13.048	0.000

$$Y = 4.921 + 0.264 X_1$$

Where Y = MSE performance

X_1 is financial training

Hypothesis testing for financial training

The first Hypothesis to be tested was:

H₀₁: There is a significant relationship between financial training and the performance of MSEs in Kisii County.

The hypothesis was tested by using simple linear regression and determined using t-value (Table 4.31). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the H_{01} but if it's less than 0.05, the H_{01} is rejected. Therefore the null hypothesis is that there is no significant relationship between financial training and the performance of MSEs in Kisii County.

The null hypothesis was that there is no significant relationship between financial training and the performance of MSEs in Kisii County. Results in Table 4.37 show that the p-value was 0.000. This was supported by a calculated t-statistic of 13.048 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that there is a significant relationship between financial training and the performance of MSEs in Kisii County. The findings agree with those of Latha and Murthy (2009) who conducted an exploratory study of MSEs in India and found that the government and its agencies played a vital role in helping entrepreneurs enhance their entrepreneurial skills by providing continuous entrepreneurship development training programs on financial Managerial knowledge including budgeting, costing and maintaining a cash flow for their business.,

4.18 Regression Analysis for networking training

The results presented in Table 4.32 present the fitness of model used of the regression model in explaining the study phenomena.

Network training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This is supported by coefficient of determination also known as the R square of 52.9%. This means that network training explain 52.9% of the variations in the dependent variable which is performance of micro and small enterprises in Kisii County. The result of the R square agrees to that of Klijin (2010) that there is normally an effect of a network structure, network Managerial dimensions and firms performance. Klijin argued that some networks may have a more organized structure compared to other networks and may achieve superior performance. However they have not told us much on the benefits of these networks.

Regressions of coefficient results were presented in Table 4.38 provide the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of MSEs performance in Kisii county. This was supported by an F statistic of 38.066 and the reported p value (0.000) which was less than the conventional probability

of 0.05 significance level. The results conger with Silic, and Bradac (2009), who established that market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. These changes include: effective networks and inter-company corporations which allows for competition and innovation in a dynamic business environment. According to Lin and Lin (2016) networking reduces transaction costs hence improved business performance.

Regression of coefficients showed that sharing business information as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.042$, $p=0.176$). The results also revealed that attending business meetings as a result of training and MSE performance had a positive and significant relationship ($\beta=0.062$, $p=0.029$). The results also revealed that positive attitude towards business as result of the training received and MSE performance had a positive and significant relationship ($\beta=0.086$, $p=0.002$). The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions. The results also revealed that good business relation as a result of the training received and MSE performance had a positive and insignificant relationship ($\beta=0.021$, $p=0.449$). The results also showed that innovativeness as a result of training and MSE performance had a positive and insignificant relationship ($\beta=0.007$, $p=0.808$). The results further showed that improved customer base as a result of training attended and MSE performance had a positive and significant relationship ($\beta=0.09$, $p=0.001$). The results also revealed that continual education improves business as a result of the training received and MSE performance had a positive and significant relationship ($\beta=0.047$, $p=0.118$). The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions.

The results also showed that valuing customers as a result of training attended and MSE performance had a positive and significant relationship ($\beta =0.01$, $p=0.000$). The results

further showed improved channels of communication and MSE performance had a positive and insignificant relationship ($\beta=0.013$, $p=0.6676$). Finally, that networking training undertaken and MSE performance had a positive and significant relationship ($\beta=0.08$, $p=0.007$). The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions. Silic, and Bradac (2009) noted that market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. These changes include: effective networks and inter-company corporations which allows for competition and innovation in a dynamic business environment.

able 4.32: Regression model results for Network training on performance

Model Summary					
Model	R	R Square	Adj.R²	Std. Error	
1	.727a	0.529	0.515	0.35212	

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	47.197	10	4.72	38.066	0.000
Residual	42.032	339	0.124		
Total	89.229	349			

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.229	0.119		69.051	0.000
I regularly share information with other business associates due to the training I attended	0.042	0.031	0.078	1.355	0.176
The training I attended has enabled me have several meetings with other business owners thus increasing my networks linked to my business	0.062	0.028	0.107	2.193	0.029
I have a positive attitudes towards my business partners courtesy of the training programme I attended	0.086	0.028	0.167	3.08	0.002
The training I attended has enabled me relate well with my business men with similar business	0.021	0.028	0.039	0.758	0.449
The networking training I did has improved my innovativeness.	0.007	0.03	0.012	0.243	0.808
I have increased my customer base due to the networking training	0.09	0.027	0.171	3.276	0.001
I now understand that continual education improves ones knowledge due to the networking training I did	0.047	0.03	0.082	1.569	0.118
I now value my customers more due to the networking training	0.1	0.027	0.186	3.66	0.000
I have improved on my communication channels due to the networking training	0.013	0.031	0.023	0.43	0.667
The networking training I have undertaken has improved the performance of my business	0.08	0.029	0.15	2.724	0.007

Regression of coefficients showed that network training and MSE performance had a positive and significant relationship ($\beta = 0.279$, $p = 0.000$). This was supported by a

calculated t-statistic of 13.612 which is larger than the critical t-statistic of 1.96. The results agree with Tendai (2013), in his study of networks and performance of MSEs realized that there is a positive relationship between quality of a social network in both the start-up and the growth phase and the performance of MSEs. Provan and Kenis (2008) and Klijin (2010) in their studies found out that there is normally an effect of a network structure to associated firms. Outcomes vary significantly among networks the effect of some network Managerial dimensions on firms performance may not be similar to those of all networks. The results also concur with Cisi, Devicienti, Manello and Vannoni (2016) who highlighted that the advantages of networking are stronger in the case of: smaller MSEs, firms operating in traditional and in more turbulent markets, firms located in less developed areas and firms not already exploiting the weaker ties offered by industrial districts. Network characteristics, such as size, geographical dispersion and diversity, are also found to influence performance.

Table 4.33: Model Summary for network training

	B	Std. Error	Beta	t	Sig.
(Constant)	4.853	0.094		51.82	0.000
networking training	0.279	0.02	0.589	13.612	0.000

$$Y = 4.853 + 0.279 X_1$$

Where Y = MSE performance

X₁ is Network training

Hypothesis testing for networking training

The first Hypothesis to be tested was:

H₀₁: There is no significant relationship between networking training and the performance of MSEs in Kisii County

The hypothesis was tested by using simple linear regression and determined using t-value (Table 4.33). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the H_{01} but if it's less than 0.05, the H_{01} is rejected. Therefore the null hypothesis is that there is no significant relationship between network training and the performance of MSEs in Kisii County.

The null hypothesis was that there is no significant relationship between network training and the performance of MSEs in Kisii County. Results in Table 4.39 show that the p-value was 0.000. This was supported by a calculated t-statistic of 13.612 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that there is a significant relationship between networking training and the performance of MSEs in Kisii County. The findings agree with those of Vanhaverbeke *et al.*, (2009) that networking in business facilitates knowledge flows and technological improvements. The results also agree with Ababa (2014) that networking relationship with different types of supporting institutions and business associations significantly improves the business performance of medium sized enterprises.

4.19 Regression Analysis for Governance Training

The results presented in Table 4.34 present the fitness of model used of the regression model in explaining the study phenomena. Governance training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This is supported by coefficient of determination also known as the R square of 50.1%. This means that governance training explain 50.1% of the variations in the dependent variable which is performance of micro and small enterprises in Kisii County. The results agree with Nakhaima (2016) that governance is a key determinant of financial performance of small and medium enterprises.

Table 4.34 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of MSEs performance in Kisii county. This

was supported by an F statistic of 33.523 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. The results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures. MSEs do not adopt good governance practices because of high cost associated in their implementation. For MSEs to thrive there is need for them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow.

Regression of coefficient results is presented in Table 4.40. Regression of coefficients showed that observance improved as a result of training and MSE performance had a positive and significant relationship ($\beta=0.006$, $p=0.042$). The results also revealed that attending observing fair business competition as a result of training and MSE performance had a positive and significant relationship ($\beta=0.087$, $p=0.004$). The results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures. The results also revealed that understanding bylaws guiding business as result of the training received and MSE performance had a positive and insignificant relationship ($\beta=0.632$, $p=0.056$). The results also revealed that improved service delivery as a result of the training received and MSE performance had a positive and insignificant relationship ($\beta=0.059$, $p=0.051$). The results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures.

The results also showed that improved relationship with suppliers as a result of training and MSE performance had a positive and significant relationship ($\beta=0.07$, $p=0.018$). The results further showed that participating in community activities as a result of training attended and MSE performance had a positive and significant relationship ($\beta=0.052$, $p=0.092$). The results also revealed that better leadership skills as a result of the training received and MSE performance had a positive and insignificant relationship ($\beta=0.037$, $p=0.236$). The results also showed that transparency and accountability as a result of training attended and MSE performance had a positive and insignificant relationship ($\beta=0.036$, $p=0.282$). Finally, results showed that improved effective business Managerial and MSE performance had a positive and significant relationship ($\beta=0.06$, $p=0.05$). The

results agree with Mahmood (2007) that the main constraints to MSEs growth is lack of governance structures. Ijeoma and Ezejiofor (2013) examined that corporate governance has contributed significantly in ensuring accountability and transparency in order to improve performance of MSEs and facilitating achievement of their social responsibilities in its environment.

Table 4.34: Regression model results for Governance training on performance

Model Summary					
Model	R	R Square	Adj.R²	Std. Error	
1	.708a	0.501	0.486	0.36399	

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.414	10	4.441	33.523	.000 ^b
Residual	44.252	339	0.132		
Total	88.666	349			

Coefficients					
Model	B	Std.Error	Beta	t	Sig.
(Constant)	8.299	0.13		63.653	0.000
The training I attended has made me improve in my observance of the law	0.06	0.029	0.111	2.045	0.042
I now observe best business practices like fair competition courtesy of the training I undertook	0.087	0.03	0.166	2.892	0.004
I now understand the bylaws guiding business courtesy of the training I underwent	0.632	0.032	0	1.98	0.052
The training I undertook has made me improve in services delivery to my customers	0.059	0.03	0.117	1.955	0.051
I relate well with my suppliers because of the training I underwent	0.07	0.03	0.12	2.367	0.018
I participate in community activities such as fundraising for needy cases as a result of training I undertook	0.052	0.031	0.086	1.691	0.092
I am now a better leader due to governance training I did	0.037	0.031	0.067	1.187	0.236
I am now more transparent and accountable due to the governance training I did	0.061	0.031	0.1	2.01	0.045
I am now more effective and efficient in managing my business due to governance training I did	0.036	0.033	0.062	1.077	0.282

Regression of coefficients showed that governance training and MSE performance had a positive and significant relationship ($\beta=0.284$, $p=0.000$). This was supported by a calculated t-statistic of 18.339 which is larger than the critical t-statistic of 1.96. The results agree with Mahmood (2007) that the main constraints to MSEs performance is lack of governance structures.

Table 4.35: Model Summary for governance training

	B	Std. Error	Beta	t	Sig.
(Constant)	4.834	0.092		52.349	0.000
government training	0.284	0.02	0.601	14.019	0.000

$$Y = 4.834 + 0.284 X_1$$

Where Y = MSE performance

X_1 is Governance training

Hypothesis testing for governance training

The first Hypothesis to be tested was:

H₀₁: There is no a significant relationship between governance training and the performance of MSEs in Kisii County.

The hypothesis was tested by using simple linear regression and determined using t-value (Table 4.35). The acceptance/rejection criteria was that, if the p value is greater than 0.05, we fail to reject the H_{01} but if it's less than 0.05, the H_{01} is rejected. Therefore the null hypothesis is that there is no significant relationship between governance training and the performance of MSEs in Kisii County.

The null hypothesis was that there is no significant relationship between governance training and the performance of MSEs in Kisii County. Results in Table 4.51 show that the p-value was 0.000. This was supported by a calculated t-statistic of 14.019 which is

larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that there is a significant relationship between governance training and the performance of MSEs in Kisii County. The findings agree with that of Miladi (2014) that good governance in MSEs requires a fairly sophisticated Managerial system and an adaptive culture. Abor and Adjasi (2007) assert that corporate governance brings new strategic outlook through external directors and enhances firms' corporate entrepreneurship and competitiveness.

4.20 Overall Regression Model

The results presented in Table 4.36 present the overall fitness model used of the regression model in explaining the study phenomena. Independent variables were found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. This is supported by coefficient of determination also known as the R square of 51.2%. This means that independent variables explain 51.2% of the variations in the dependent variable which is performance of micro and small enterprises in Kisii County. The results agree with Thys, van and Bauwhede (2014) that the extent to which firms perform better or worse than expected can partially be explained by training provided to the workers. Mwangi (2014) concluded that relevant training or education is positively related to business success of small and medium enterprises.

Table 4.36 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that Managerial training; technical training, financial training, network training and governance training are good predictors of performance of micro and small enterprises in Kisii County. This was supported by an F statistic of 72.068 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. Regression of coefficient results is presented in Table 4.54. Yahya, Othman and Shamsuri (2012) found that that manager's, enterprises and external characteristics affect the demand for training, and training has a positive impact on MSEs performance.

Further, Matofari, (2015) established that there is a positive cascading effect between training practice variables and performance of SME hotels.

Regression of coefficients showed that Managerial training and performance of micro and small enterprises in Kisii County had a positive and significant relationship ($\beta=0.06$ $p=0.000$). The results agree with that of Arafat and Ahmed (2012) that a well trained workforce is critical in the growth of MSEs. Jayawarna and Macpherson (2006), noted that poor Managerial skills are still highlighted as one of the significant contributory factors in the failure of the MSEs. The results also revealed that technical training and performance of micro and small enterprises had a positive and significant relationship ($\beta=0.072$, $p=0.000$). The results agree with that of Ndegwa (2012) that technical skill play pivotal role in MSEs survival.

Abdulahi, Awang, Abubakar, Bala, Umar, Khalid and Shamsu (2015), in their study found that there is significant influence of training on business success in Nigeria. The study signified the benefit of training on business success, and at the same time it helps the MSEs to cope with the latest Managerial technical requirements in order to run a success business. The results also revealed that financial training and performance of micro and small enterprises had a positive and significant relationship ($\beta=0.551$, $p=0.043$). The results agree with the study by Kihimbo (2012) that inadequate access to financing continues to be one of the major significant impediments to creation, survival and growth of MSEs in Africa. Further, the results conger with Yahya, Othman and Shamsuri (2012) that financial training has a positive impact on MSEs performance. The results also showed that networking training and performance of micro and small enterprises had a positive and significant relationship ($\beta=0.043$, $p=0.052$). The results concur with that of Obura, Majanja, Cloete and Odongo (2009), in their examination of the role of informal personal networks in determining network in Kenya established that MSEs in Kenya grapple with market failures and lack of formal institutions

Table 4.36: Overall Regression

Model Summary					
Model	R	R Square	Adj. R²	Std. Error of the Estimate	
1	.715a	0.512	0.505	0.35593	
ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.65	5	9.13	72.068	.000 ^b
Residual	43.58	344	0.127		
Total	89.229	349			
Coefficients					
	B	Std. Error	t	Sig.	
Constant	4.043	0.114	35.488	0.000	
Managerial training	0.06	0.015	4.085	0.000	
Technical training	0.072	0.018	3.972	0.000	
Financial training	0.551	0.082	6.753	0.000	
Network training	0.043	0.014	3.144	0.002	
Governance training	0.005	0.012	0.474	0.636	

Optimal Model

$$Y = 4.043 + 0.551 X_3 + 0.072 X_2 + 0.06 X_1 + + 0.043 X_4 + \varepsilon$$

Where Y = Performance of micro and small enterprises in Kisii County

X₁ = Managerial training

X₂ = Technical training

X₃ = Financial training

X₄ = Networking training

ε = the error term

4.21 Moderating effect of training on legal and regulatory requirements on the performance of MSEs in Kisii County

The sixth objective of the study was to establish the moderating relationship between training on legal and regulatory requirements and the performance of MSEs in Kisii

County. All the independent variables were moderated by the variable training on legal and regulatory requirements to give a composite (interaction term). The results presented in Table 4.38 shows model the fitness for a regression model after moderation.

The R2 before moderation was 51.2% but after moderation the R2 increased to 51.7%. This implies that legal requirements moderate the relationship between training and performance of micro and small and enterprises in Kisii County.

Further the moderating term has significance with P value $0.000 < 0.05$. This implies that training on legal requirements moderates the overall effect of explanatory variable on the performance of micro and small and enterprises in Kisii County. Results agree with Williams and Cowling (2009) who found that ‘regulations’ were reported as the fourth biggest obstacle to business success by small enterprises. The results further agree with those of OECD (2000) that Governments need to improve SME access by providing regulatory, legal and financial frameworks that are conducive to entrepreneurship, small firm start-up and growth.

Table 4.37: Regression After Moderation

Model Summary						
Model	R	R Square	Adj.R²	Std. Error		
1	.719b	0.517	0.508	0.35456		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	46.11	6	7.685	61.131	.000 ^c
	Residual	43.12	343	0.126		
	Total	89.229	349			
Coefficients						
	B	Std. Error	t	Sig.		
(Constant)	3.708	0.209	17.753	0.000		
Managerial Training*M	0.161	0.033	4.878	0.001		
Technical Training*M	0.555	0.081	6.827	0.000		
Financial Training*M	0.215	0.066	3.2575	0.000		
Network training*M	0.157	0.078	2.007	0.046		
Governance training*M	0.202	0.08	2.525	0.001		

Optimal Model

$$Y = 3.708 + 0.555X_2 * M + 0.215X_3 * M + 0.202X_5 * M + 0.161 X_1 * M + 0.157X_4 * M + \varepsilon$$

Y = Performance of micro and small enterprises

X₁ = Managerial training

X₂ = Technical training

X₃ = Financial training

X₄ = Network training

X₅ = Governance training

M = Legal requirement

ε = Error term which is normally distributed with a mean and variance of zero

Hypothesis testing for moderator variable

The first Hypothesis to be tested was:

H₀₁: Training on legal requirements does not moderate the performance of MSEs in Kisii County.

The null hypothesis was that there is no significant moderating effect training on legal environment on the performance of MSEs in Kisii County. Results in Table 4.44 show that the p-value was 0.000, while F statistics was 61.131. This indicated that the null hypothesis was rejected hence there is a moderating effect of effect training on legal environment on the performance of MSEs in Kisii County

4.22 Summary of Hypotheses

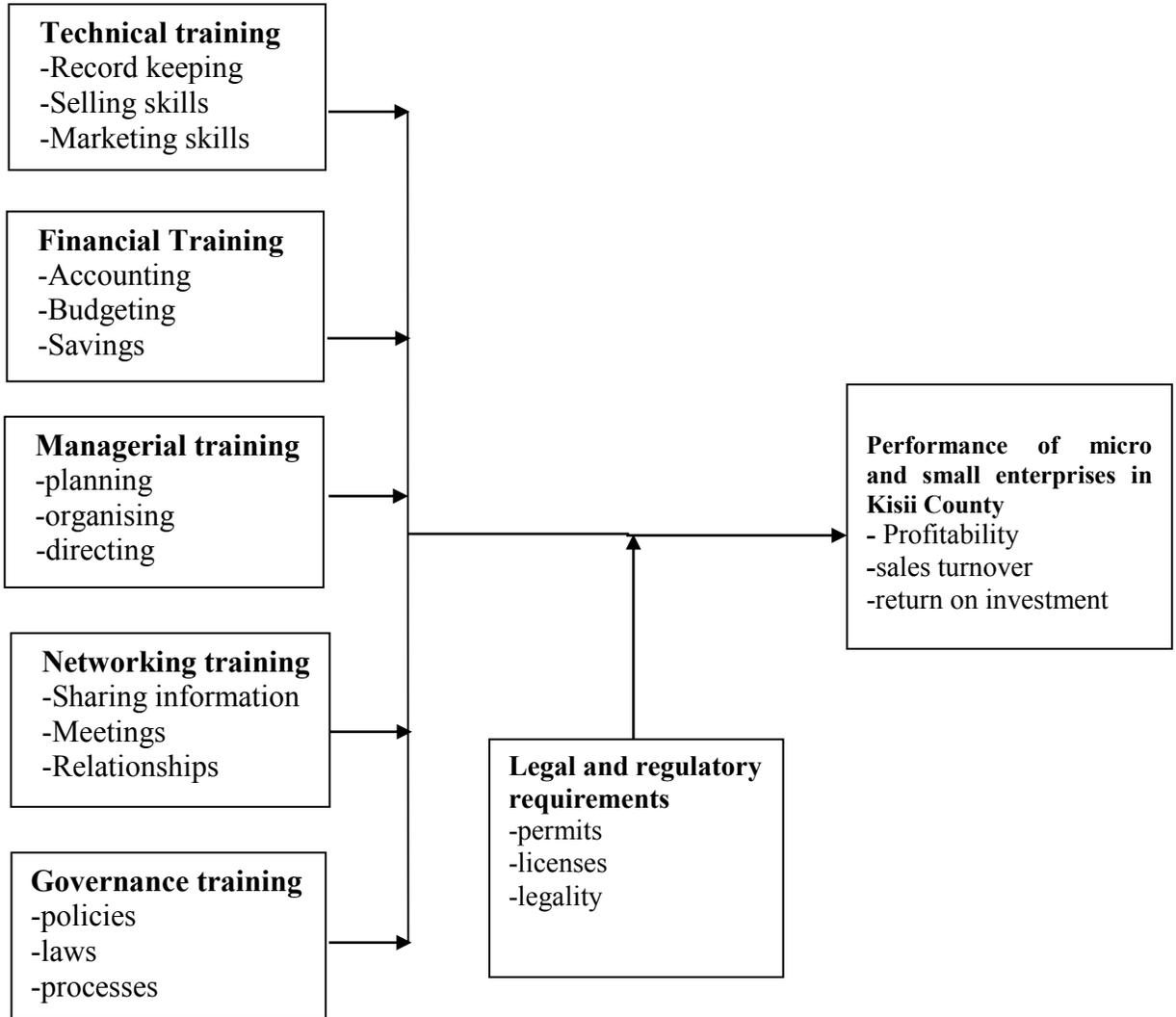
The summary results of the hypotheses are presented in table 4.38.

Table 4.38: Summary of Hypothesis

Objective	Hypothesis	Rule	p-value	Comment	
O bj ec tiv e 1	To establish the relationship between managerial training and the performance of MSEs in Kisii County.	Ho: There is no significant relationship between Managerial training and the performance of MSEs in Kisii County	Reject Ho if p value <0.05	p>0.05	The null hypothesis was not rejected; therefore there is no a significant relationship between Managerial training and the performance of MSEs in Kisii County.
O bj ec tiv e 2	To determine the relationship between technical training and the performance of MSEs in Kisii County.	Ho: There is no significant relationship between technical training and the performance of MSEs in Kisii County.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore there is a relationship between technical training and the performance of MSEs in Kisii County.
O bj ec tiv e 3	To identify the relationship between financial training and the performance of MSEs in Kisii County.	Ho: There is no significant relationship between financial training and the performance of MSEs in Kisii County.	Reject Ho if p value <0.05	p<0.05	The null hypothesis was rejected; therefore there is a significant relationship between financial training and the performance of MSEs in Kisii County
O bj ec tiv e 4	To establish the relationship between networking training and the performance of MSEs in Kisii County.	Ho: There is no significant relationship between networking training and the performance of MSEs in Kisii County.	Reject Ho if p value <0.05	p>0.05	The null hypothesis was not rejected; therefore there is significant relationship between networking training and the performance of MSEs in Kisii County.
O bj ec tiv e 5	To determine the relationship between Governance training and the performance of MSEs in Kisii County.	Ho: There is no significant relationship between Governance training and the performance of MSEs in Kisii County.	Reject Ho if p value <0.05	P>0.05	The null hypothesis was not rejected; therefore there is significant relationship between Governance training and the performance of MSEs in Kisii County.
O bj ec tiv e 6	To establish the moderating relationship between training on legal and regulatory requirements and the performance of MSEs in Kisii county.	Ho: There is no significant relationship between legal requirements and the performance of MSEs in Kisii County.	Reject Ho if p value <0.05	P<0.05	The null hypothesis was rejected; therefore legal requirements moderate the relationship between training and performance of MSEs in Kisii county.

4.23 Revised Conceptual Framework

The revised conceptual framework was found by dropping irrelevant variables and retaining those which were significant. The independent variables were also rearranged depending on their influence on the dependent variable. Results of the new conceptual framework are presented in Figure 4.14.



Independent variables

moderating variable

dependent variable

Figure 4.14: Revised Conceptual Framework

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings from the analysis, the conclusions and the recommendations. This was done in line with the objectives of the study which were; to establish the relationship between managerial training and the performance of MSEs in Kisii County, to determine the relationship between technical training and the performance of MSEs in Kisii County, to identify the relationship between financial training and the performance of MSEs in Kisii County, to establish the relationship between networking training and the performance of MSEs in Kisii County and to determine the relationship between Governance training and the performance of MSEs in Kisii County. The study also established the moderating effect of legal and regulatory requirements on the performance of MSEs in Kisii County.

5.2 Summary of Major Findings

This section contained the summary of the findings which was done per objective. The objectives were; to establish the relationship between managerial training and the performance of MSEs in Kisii County, to determine the relationship between technical training and the performance of MSEs in Kisii County, to identify the relationship between financial training and the performance of MSEs in Kisii County, to establish the relationship between networking training and the performance of MSEs in Kisii County and to determine the relationship between Governance training and the performance of MSEs in Kisii County. The study also established the moderating effect of legal and regulatory requirements on the performance of MSEs in Kisii County.

5.2.1 Managerial Training

The study sought to establish the relationship between managerial training and the performance of MSEs in Kisii County. Managerial training and the performance of

MSEs in Kisii County. Managerial training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. The ANOVA results indicated that the model was statistically significant. Further, results showed that Managerial training is a good predictor of MSEs performance in Kisii county.

Regression of coefficients showed that Managerial training and MSE performance had a positive and significant relationship. Regression of coefficients showed that planning as a result of training and MSE performance had a positive and significant relationship. The results also revealed that organization skills, directing employees, taking control of the business and ability to motivate staff as a result of training had a positive and significant relationship with MSE performance. The results further showed that time Managerial, recruiting competent staff, appraising employee and monitoring employee attendance had a positive and significant relationship with MSE performance.

5.2.2 Technical Training

The study sought to establish the relationship between technical training and the performance of MSEs in Kisii County. Technical training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. The ANOVA results indicated that the model was statistically significant. Further, results showed that technical training is a good predictor of MSEs performance in Kisii county.

Regression of coefficients showed that technical training and MSE performance had a positive and significant relationship. Regression of coefficients showed that keeping records as a result of training and MSE performance had a positive and significant. The results also revealed that gathering important information, multitasking, selling skills; improving marketing skills as a result of training had a positive and significant relationship with and MSE performance. The results also revealed that easing of operating business increased product variety adoption of technology in business operation had a positive and significant relationship with MSE performance.

5.2.3 Financial Training

The study sought to establish the relationship between financial training and the performance of MSEs in Kisii County. Financial training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. The ANOVA results indicated that the model was statistically significant. Financial training is a good predictor of MSEs performance in Kisii county.

Regression of coefficients showed that financial training and MSE performance had a positive and significant relationship. Regression of coefficients showed that accounting for profits and losses, budgeting, detecting financial fraud, managing loans and improvement in paying taxes as a result of the training received had a positive and significant relationship with MSEs performance. The results also showed that insuring, inflation Managerial and managing debts had a positive and significant relationship with MSEs performance.

5.2.4 Network Training

The study sought to establish the relationship between network training and the performance of MSEs in Kisii County. Network training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. The ANOVA results indicated that the model was statistically significant. Network training is a good predictor of MSEs performance in Kisii county.

Regression of coefficients showed that network training and MSE performance had a positive and significant relationship. Regression of coefficients showed that sharing business information, attending business meetings, having positive attitude towards business and good business relation as a result of the training received had a positive and significant relationship with MSEs performance. The results also showed that innovativeness, improved customer relation, continual learning, valuing customers and improving channels of communication had a positive and significant relationship with MSEs performance.

5.2.5 Governance Training

The study sought to establish the relationship between managerial training and the performance of MSEs in Kisii County. Governance training was found to be satisfactory in explaining performance of micro and small enterprises in Kisii County. The ANOVA results indicated that the model was statistically significant. Governance training is a good predictor of MSEs performance in Kisii county.

Regression of coefficients showed that governance training and MSE performance had a positive and significant relationship. Regression of coefficients showed that observance of law improved, observing fair business competition, understanding bylaws guiding business, improving service delivery and improving suppliers relationship had a positive and significant relationship with MSE performance. The results further showed that participating in community activities, improved leadership skills, transparency and accountability and improved efficiency of business Managerial had a positive and significant relationship with MSEs.

5.2.6 Legal and Regulatory Requirements

The study sought to establish the moderating effect of legal requirement on the relationship between training and the performance of MSEs in Kisii County. Legal framework moderated the relationship between managerial training, technical training, financial training, networking training, governance training and the performance of micro and small enterprises in Kisii County. However legal requirement did not moderate the relationship between governance training and the performance of MSEs in Kisii County

5.3 Conclusion

The study concluded that Managerial training and the performance of MSEs are positively and significantly related. For MSEs to succeed they need to train their employees the best practices in Managerial. Poor Managerial skills are highlighted as

one of the significant contributory factors in the failure of the MSEs. In conclusion, the aspects of managerial training that are important to performance include training on planning, organizing, directing, controlling, motivating, time Managerial, Recruitment, Appraising and monitoring. The study further concluded that technical training and the performance of MSEs are positively and significantly related. There is need for all stakeholders including government and other participants in the crusade for entrepreneurship programme to redirect and rethink with emphasis on technical entrepreneurship development. In conclusion, the aspects of technical training that are important to performance include training on record keeping, information gathering, multitasking, selling skills, marketing skills, ease of doing business, more products and importance of technology.

The study concluded that financial training and the performance of MSE are positively and significantly related. Financial training helps in empowering and educating investors so that they are knowledgeable about finance in a way that is relevant to their business and enables them to use this knowledge to evaluate products and make informed decisions. It is widely expected that greater financial knowledge would help overcome recent difficulties in advanced credit markets. Financial literacy prepares investors for tough financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance. In conclusion, the aspects of financial training that are important to performance include training on, loss and profit, accounting, budgeting, savings, fraud detection, managing loan, tax compliance, insuring business, inflation and debt Managerial. The study further concluded that network training and the performance of MSE are positively and significantly related. Networking training is the acquisition of knowledge, skills and attitudes with regards to direct and indirect relationships of MSEs and their customers and other stakeholders to improve in their business practices. Networks improve global businesses. In conclusion, the aspects of networking training that are important to performance include training on, sharing information, meetings, attitude, customer relationships, innovativeness,

increased customer base, continual education, valuing customers and communication channels

The study concluded that governance training and MSEs are positively and significantly related. Governance has relevance to the performance of MSEs, although implementing governance practices in MSEs may not be simple because of the varied situations that MSEs are facing (e.g. blurred line between ownership and control, comparative size among others). They realized that the owners are becoming more aware of the need for good governance; many are willing to set aside ego, for the betterment of the MSEs. In conclusion, the aspects of governance training that are important to performance include training on law, fair competition, bylaws, service delivery, supplier relationship, community activities, leadership skills, transparency and efficiency. Finally, the study concluded that training on legal requirements moderates the relationship between training and performance of MSEs in Kisii County. The R-Square reduced after moderation. This implies that legal requirements reduce the performance of micro and small and enterprises in Kisii County. Further the moderating term was significance. This implies that training on legal requirements moderates the overall effect of explanatory variable on the performance of micro and small and enterprises in Kisii County. In conclusion, the aspects of legal requirements training that are important to performance include training on acquisition of permit, licenses, operating legal business, good relationship with local authorities and setting a conducive environment for business

5.4 Recommendations for policy and practice

Every study findings has certain implications on policy and practice. Based on the results, findings and conclusions the following recommendations have been proposed.

It was found that Managerial training influences the performance of micro and small enterprises in Kisii County. It is recommended that business Managerial trainings are organized for micro and small enterprise owners. This will enable them to acquire Managerial skills regarding business planning, organizing, directing and quality control

of assets and human resources. For MSEs to succeed they need to train their employees the best practices in Managerial.

It was found that technical training influences the performance of micro and small enterprises in Kisii County. It is recommended that there is need for all stakeholders including government and other participants to crusade for entrepreneurship programme to redirect and rethink with emphasis on technical entrepreneurship development among small and medium enterprises.

Further, it was found that financial training influences the performance of micro and small enterprises. It is recommended that financial training are conducted for small and medium enterprise owners in order to understand financial products available and to boost their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and take other effective actions to improve their financial status. Financial training helps in empowering and educating investors so that they are knowledgeable about finance in a way that is relevant to their business and enables them to use this knowledge to evaluate products and make informed decisions.

It was also found that networking training influences the performance of micro and small enterprises in Kisii County. It is recommended that small and medium enterprises strengthen their networking ability with well-established corporations. Networking training will allow MSEs to acquire knowledge, skills and attitudes with regards to direct and indirect relationships of MSEs and their customers and other stakeholders to improve in their business practices. Networks improve global businesses.

Last but not the least; it was found that governance training influences the performance of micro and small enterprises in Kisii County. It is recommended that micro and medium enterprises adopts better systems of corporate governance. It should be noted that the main constraints to MSEs growth is lack of governance structures. MSEs do not adopt good governance practices because of high cost associate in their implementation.

For MSEs to thrive there is need for them to embrace good governance and ethical business practices. MSEs that adopt good governance practices are more likely to grow

Finally, it was found that legal requirements moderate the relationship between training and performance of MSEs. It is recommended that micro and small enterprises attend training on legal requirements before starting a business. In the absence of a conducive legal framework, businesses operate under the Local Government Act which is restrictive and non-responsive to the emerging contributions of MSEs. The provisions of the Act stand in conflict with the Government policy of encouraging the growth and development of MSEs and supporting informal workers.

5.5 Suggestions for Further Research

The study only focused on the influence of training on the performance of micro and small enterprises. Other key factors affecting performance of micro and small enterprises were excluded from the study. Further research should therefore focus on identifying other key determinants of micro and small enterprise performance. There are other modules like entrepreneurial skills and capital adequacy influencing MSE performance but are not included in the study. These are research gaps that future research will attempt to address. The study was limited to Kisii County. Further research should focus on the replication of the same study in other counties so as to compare and contrast the findings.

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APPENDICES

Appendix I: Introduction Letter

Samuel Ongoncho

Jomo Kenyatta University of Agriculture and Technology

P.O BOX 62000-00200

NAIROBI.

Dear respondents,

REF: LETTER OF INTRODUCTION:

Pursuant to the aforementioned topical issue, this is to let you know that I am a doctor of philosophy student in Jomo Kenyatta University Of Agriculture And Technology. For this study to succeed, your cooperation, commitment and endurance in providing the relevant information in the questionnaire provided will be critical . The information you will provide will be treated with utmost confidence in line with the ethical standards that govern scientific research.

I look forward for your undivided cooperation.

Yours Faithfully
SAMUEL ONGONCHO

Appendix II: Questionnaire for MSEs Owner Managers

This questionnaire is designed to provide information about your enterprise. Your response will be treated with utmost confidentiality. Kindly tick (√) or fill in the spaces provided appropriately.

PART A: DEMOGRAPHIC INFORMATION

1. Indicate your sex

Male

[]

Female

[]

What is your highest educational qualification or nearest equivalent

Primary..... []

Secondary..... []

Certificate.....[]

Diploma.....[]

Bachelor degree.....[]

Master degree.....[]

PhD[]

Others (specify).....

2 . Which of the following categories describes your age bracket?

Years..... []

< 18

18 - 29

Years..... []

30 - 39

Years..... []

40 - 49

Years..... []

50 and

above..... []

3. What is your position in the business?

Owner..... []

Manager..... []

4. Which business do you operate?

Bodaboda..... []

Matatu..... []

Retail..... []

Grocery..... []

Hardware..... []

Clinic..... []

Hotel..... []

Mitumba..... []

Chemist..... []

Cyber café..... []

Others specify.....

5. What best describes the form of ownership of your business?

Sole proprietorship..... []

Partnership..... []

Limited company..... []

6. How long has your business been in operation?

- Less than 2 years []
- 2 - 5 years []
- 6 - 10 years []
- More than 10 years []

SECTION B: MANAGERIAL TRAINING

Below are statements on Managerial Training. Please rate them using the scale of 1-5 as indicated.

	Strongly Disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I can now plan how to do my business well based on the training I have been given on how to run my business					
My business is more organized than it was before due to the training that I attended					
The training that I attended has enabled me give better directions to my employees					
The training that I attended has helped me in controlling my business operations					
The training that I attended has helped me know how to motivate my staff					
I have improved on time Managerial due to the Managerial training that I took					
I can now recruit competent staff due to the Managerial training I took.					
I can appraise employee performance due to the Managerial training I took					

I can monitor the attendance of employees due to the Managerial training I took					
The Managerial training I have undertaken has improved the performance of my business					

SECTION C: TECHNICAL TRAINING

Below are statements on Technical Training. Please rate them using the scale of 1-5 as indicated.

	Strongly Disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I have learnt how to keep the records of my business from the training I attended					
I am now able to gather important information concerning my competitors to enable me make informed decisions as a result of the training I received					
Due to the training I attended, I can multitask					
The training I attended has enabled me improve in my selling skills					
I have improved in my marketing skills as a result of attending a training forum					
I nowadays make less mistakes in running my business because of the training I underwent					
I now can operate my business with ease due to the technical training I did					
My products have increased due to the technical training I took					

I now understand that technology is important in business due to technical training I did					
The technical training I have undertaken has improved the performance of my business					

SECTION D: FINANCIAL TRAINING

Below are statements on Financial Training. Please rate them using the scale of 1-5 as indicated.

	Strongly Disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
As a result of attending a training, I nowadays can account for my profits and losses					
I can account for all my financial issues because I have accounting knowledge as a result of the training I underwent					
I have a budget that guide my business operations courtesy of the training I attended					
The training I attended has enable me detect fraud in my business					
I now know how to manage loans as a result of attending a training programme					
The training I attended has enabled me to save from the profits I make from the business					
I now pay taxes to Kenya Revenue Authority due to the knowledge I got from a training programme					

I have insured my business as a result of the training I underwent					
I can now understand that inflation hurts business due to the training I					
I can now manage debts due to the financial Managerial training I took					
The financial Managerial training I have undertaken has improved the performance of my business					

SECTION E: NETWORKING TRAINING

Below are statements on Networking Training. Please rate them using the scale of 1-5 as indicated.

	Strongly Disagree 1	Disagree 2	Not sure	Agree 4	Strongly agree 5
I regularly share information with other business associates due to the training I attended					
The training I attended has enabled me have several meetings with other business owners thus increasing my networks linked to my business					
I have a positive attitudes towards my business partners courtesy of the training programme I attended					
The training I attended has enabled me relate well with my business men with similar business					
The networking training I did has improved my innovativeness.					
I have increased my customer base due to the networking training					
I now understand that continual education improves ones knowledge due to the networking					

I now value my customers more due to the networking training					
I have improved on my communication channels due to the networking training					
The networking training I have undertaken has improved the performance of my business					

SECTION F: GOVERNANCE TRAINING

Below are statements on Governance and Ethics Training. Please rate them using the scale of 1-5 as indicated.

	Strongly Disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
The training I attended has made me improve in my observance of the law					
I now observe best business practices like fair competition courtesy of the training I undertook					
I now understand the bylaws guiding business courtesy of the training I underwent					
The training I undertook has made me improve in services delivery to my customers					
I relate well with my suppliers because of the training I underwent					
I participate in community activities such as fundraising for needy cases as a result of training I undertook					
I am now a better leader due to governance training I did					

I am now more transparent and accountable due to the governance training I did					
I am now more effective and efficient in managing my business due to governance training I did					
The governance training I have undertaken has increased greatly my business performance					

SECTION G: TRAINING ON LEGAL AND REGULATORY REQUIREMENTS

Below are statements of training on legal and regulatory requirements. Please rate them using the scale of 1-5 as indicated.

	Strongly Disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5
I now have a business permit due to the training I took					
I now have a business license due to the training I took					
I now operate a legal business due to the training that I took					
The local authorities do not harass me because the training that I took has made me compliant					
I know understand that it is important to have a business premise due to the training that I took					

The training that I took has made me understand the importance of providing a conducive environment					
I understand the law more due to the training that I took					
The performance of my business has improved due to the training that I took					

SECTION H: PERFORMANCE OF MICRO AND SMALL ENTERPRISES

Indicate the net profit, the sales volume, average market share and the number of branches of your business in the last five years in the table below.

Year	2012	2013	2014	2015	2016
Net profit (Kshs)					
Sales volume (Kshs)					
Return on investment					
Number of branches					

Appendix IV: KMO Tests of Sampling Adequacy

Table 1: Managerial training reliability

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I can now plan how to do my business well based on the training I have been given on how to run my business	38.09	13.661	0.53	0.814
My business is more organized than it was before due to the training that I attended	37.9	12.843	0.569	0.809
The training that I attended has enabled me give better directions to my employees	38.03	13.393	0.532	0.813
The training that I attended has helped me in controlling my business operations	37.87	13.383	0.504	0.815
The training that I attended has helped me know how to motivate my staff	37.96	13.139	0.523	0.813
I have improved on time Managerial due to the Managerial training that I took	37.91	12.936	0.545	0.811
I can now recruit competent staff due to the Managerial training I took.	37.95	13.205	0.484	0.818
I can appraise employee performance due to the Managerial training I took	37.86	12.778	0.549	0.811
I can monitor the attendance of employees due to the Managerial training I took	37.95	13.638	0.425	0.823
The Managerial training I have undertaken has improved the performance of my business	37.78	13.287	0.518	0.814

Table 2: Managerial training Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.976	39.763	39.763	3.976	39.763	39.763
2	1.249	12.486	52.25			
3	1.048	10.482	62.731			
4	0.715	7.148	69.88			
5	0.645	6.447	76.326			
6	0.539	5.386	81.712			
7	0.523	5.225	86.937			
8	0.505	5.052	91.989			
9	0.423	4.232	96.221			
10	0.378	3.779	100			

Extraction Method: Principal Component Analysis.

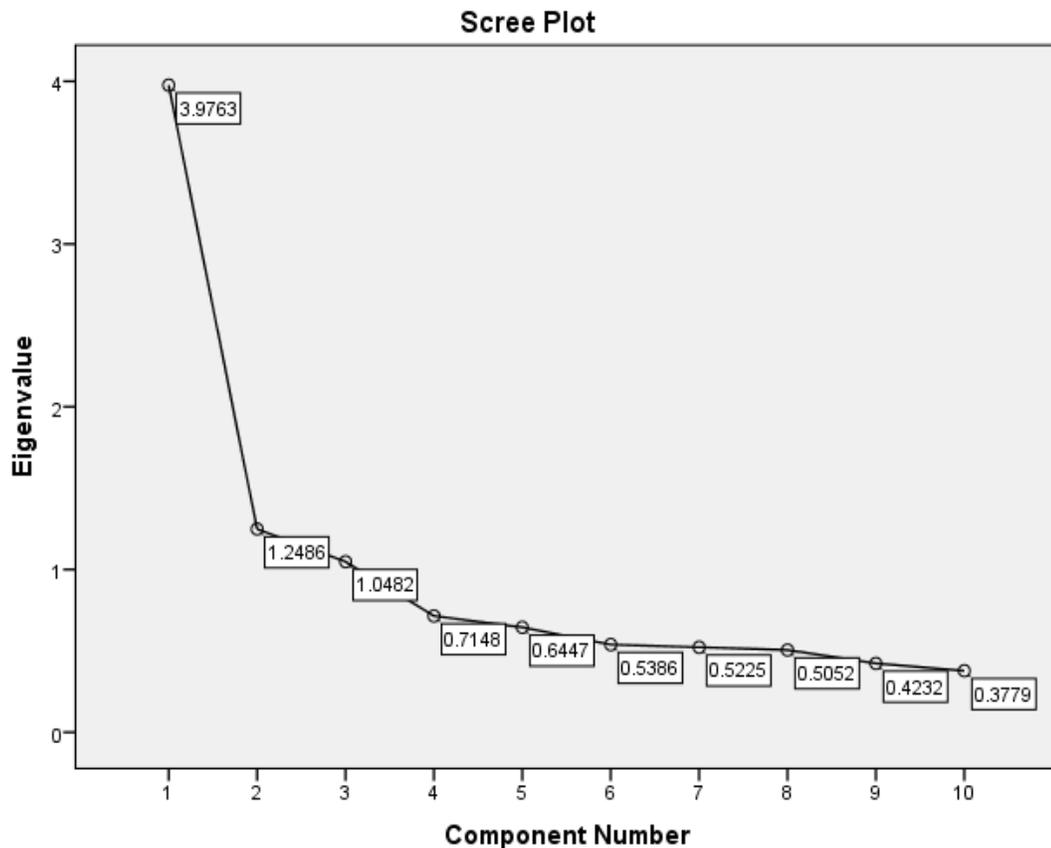


Figure 1: Scree Plot for Managerial training

Table 3: Technical training reliability

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I have learnt how to keep the records of my business from the training I attended	38.19	15.262	0.51	0.826
I am now able to gather important information concerning my competitors to enable me make informed decisions as a result of the training I received	38.02	14.384	0.544	0.823
Due to the training I attended, I can multitask	38.09	14.834	0.497	0.827
The training I attended has enabled me improve in my selling skills	37.99	14.122	0.623	0.815
I have improved in my marketing skills as a result of attending a training forum	38.04	14.608	0.534	0.824
I nowadays make less mistakes in running my business because of the training I underwent	38.03	14.422	0.559	0.821
I now can operate my business with ease due to the technical training I did	38.03	15.046	0.471	0.829
My products have increased due to the technical training I took	38.06	14.497	0.525	0.825
I now understand that technology is important in business due to technical training I did	37.95	14.715	0.521	0.825
The technical training I have undertaken has improved the performance of my business	37.9	14.682	0.533	0.824

Table 4: Technical training Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.093	40.933	40.933	4.093	40.933	40.933
2	1.192	11.924	52.857			
3	0.966	9.665	62.521			
4	0.793	7.933	70.454			
5	0.627	6.274	76.728			
6	0.572	5.722	82.45			
7	0.493	4.926	87.375			
8	0.487	4.867	92.243			
9	0.426	4.259	96.502			
10	0.35	3.498	100			

Extraction Method: Principal Component Analysis.

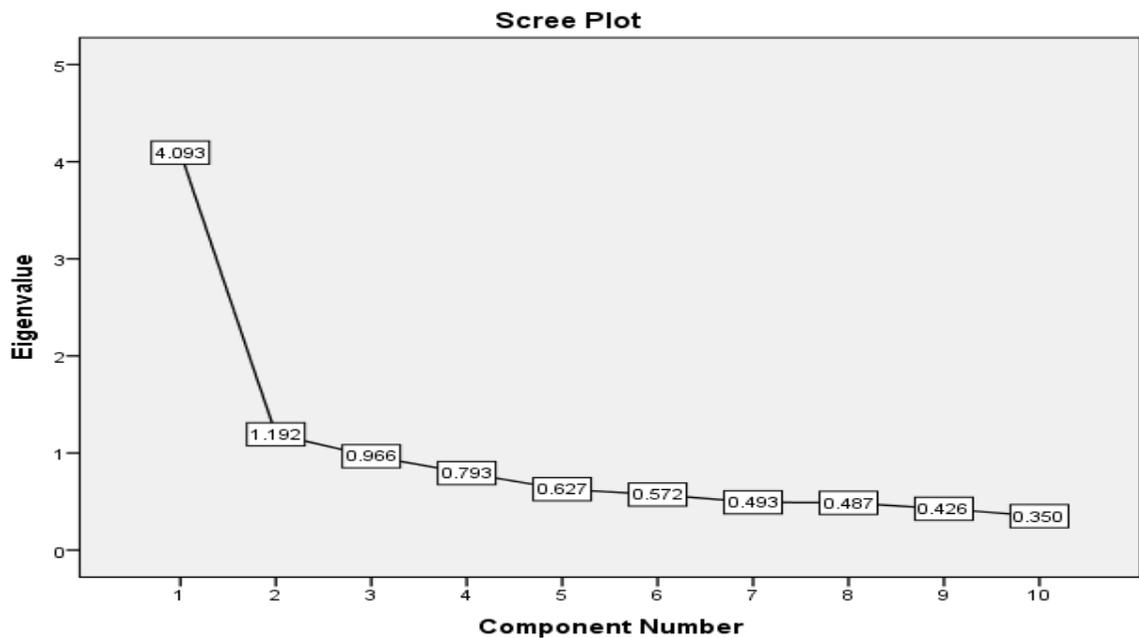


Figure 2: Scree Plot for Technical training

Table 5: Financial training reliability

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
As a result of attending a training, I nowadays can account for my profits and losses	43.22	14.206	0.537	0.791
I can account for all my financial issues because I have accounting knowledge as a result of the training I underwent	43.04	13.843	0.541	0.79
I have a budget that guide my business operations courtesy of the training I attended	43.08	14.555	0.45	0.799
The training I attended has enable me detect fraud in my business	43.03	13.973	0.497	0.795
I now know how to manage loans as a result of attending a training programme	43.06	14.423	0.447	0.799
The training I attended has enabled me to save from the profits I make from the business	43.01	14.216	0.48	0.796
I now pay taxes to Kenya Revenue Authority due to the knowledge I got from a training programme	43.03	14.303	0.44	0.8
I have insured my business as a result of the training I underwent	43	14.026	0.478	0.797
I can now understand that inflation hurts business due to the training I did	43.02	14.339	0.447	0.8
I can now manage debts due to the financial Managerial training I took	43	14.374	0.421	0.802
The financial Managerial training I have undertaken has improved the performance of my business	42.94	14.257	0.485	0.796

Table 6: Financial training Total Variance Explained

Total Variance Explained							
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	3.842	34.924	34.924	3.842	34.924	34.924	
2	1.24	11.271	46.196				
3	1.09	9.906	56.102				
4	0.958	8.713	64.815				
5	0.855	7.773	72.588				
6	0.766	6.964	79.552				
7	0.532	4.839	84.391				
8	0.498	4.53	88.921				
9	0.467	4.244	93.166				
10	0.424	3.854	97.02				
11	0.328	2.98	100				

Extraction Method: Principal Component Analysis.

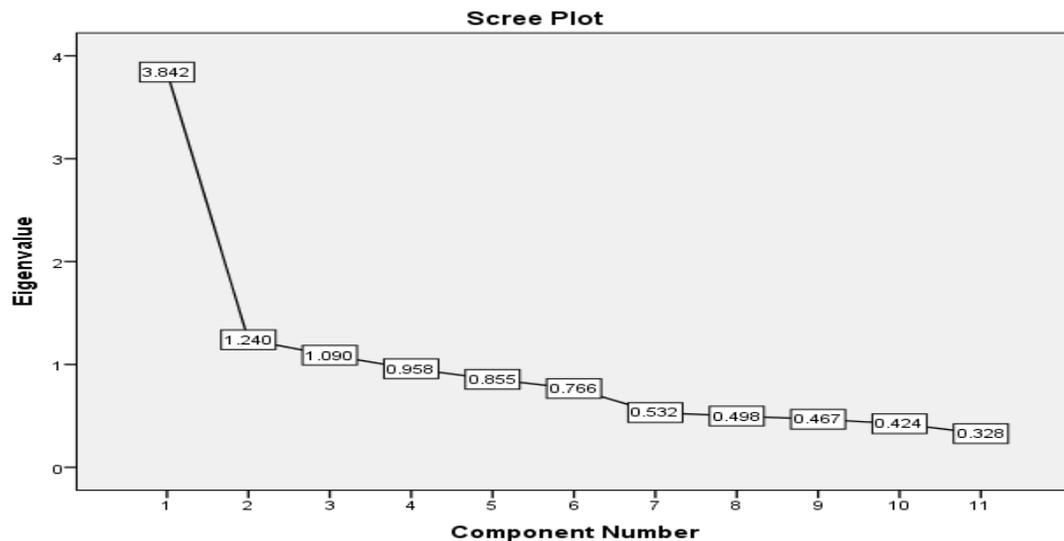


Figure 3: Scree Plot for Financial training

Table 7 Network training reliability

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlati on	Cronbach 's Alpha if Item Deleted
I regularly share information with other business associates due to the training I attended	38.53	14.39	0.623	0.818
The training I attended has enabled me have several meetings with other business owners thus increasing my networks linked to my business	38.39	14.134	0.621	0.819
I have a positive attitudes towards my business partners courtesy of the training programme I attended	38.33	15.844	0.507	0.83
The training I attended has enabled me relate well with my business men with similar business	38.29	15.45	0.599	0.821
The networking training I did has improved my innovativeness.	38.33	15.658	0.547	0.826
I have increased my customer base due to the networking training	38.25	15.673	0.531	0.827
I now understand that continual education improves ones knowledge due to the networking training I did	38.21	16.323	0.432	0.836
I now value my customers more due to the networking training	38.22	15.734	0.505	0.83
I have improved on my communication channels due to the networking training	38.19	16.107	0.438	0.836
The networking training I have undertaken has improved the performance of my business	38.15	15.576	0.566	0.824

Table 8: Network training Total Variance Explained

Total Variance Explained							
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Cumulative %
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	4.15	41.5	41.5	4.15	41.5	41.5	
2	1.156	11.56	53.06				
3	1.069	10.688	63.748				
4	0.782	7.822	71.569				
5	0.623	6.229	77.798				
6	0.569	5.694	83.492				
7	0.498	4.985	88.477				
8	0.453	4.532	93.009				
9	0.404	4.038	97.047				
10	0.295	2.953	100				

Extraction Method: Principal Component Analysis.

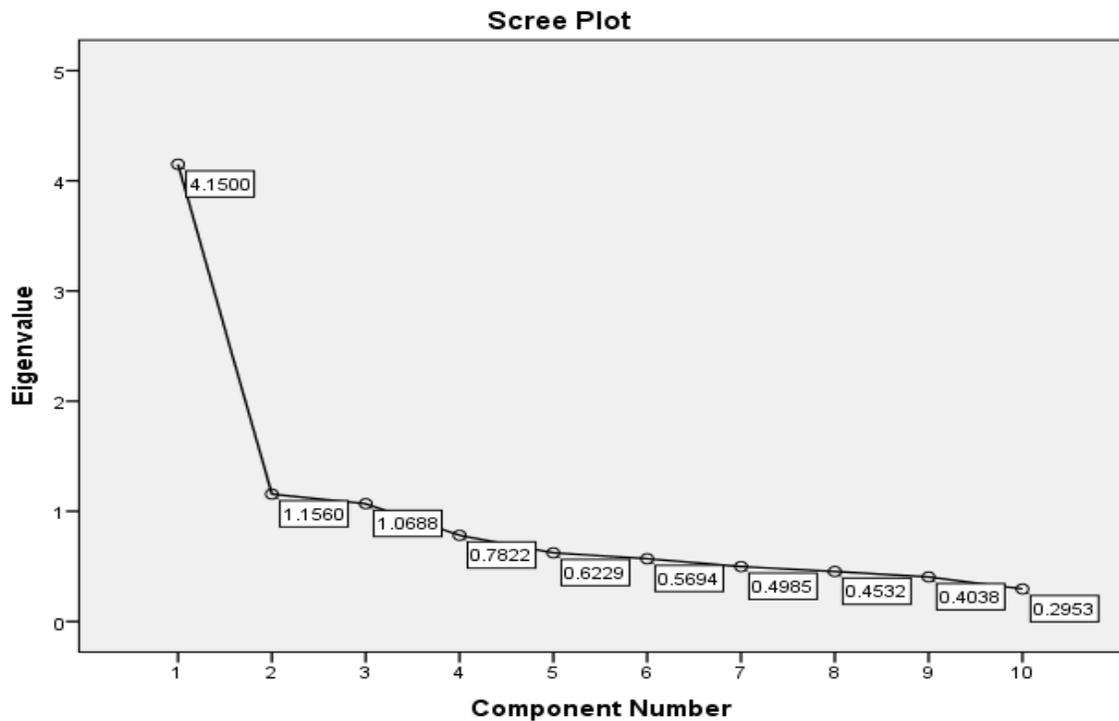


Figure 4: Scree Plot for Network training

Table 9: Governance training reliability tests

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The training I attended has made me improve in my observance of the law	38.3	12.17	0.454	0.773
I now observe best business practices like fair competition courtesy of the training I undertook	38.13	11.544	0.532	0.763
I now understand the bylaws guiding business courtesy of the training I underwent	38.25	11.68	0.475	0.77
The training I undertook has made me improve in services delivery to my customers	38.19	11.61	0.485	0.769
I relate well with my suppliers because of the training I underwent	38.17	12.036	0.424	0.776
I participate in community activities such as fundraising for needy cases as a result of training I undertook	38.18	11.809	0.457	0.773
I am now a better leader due to governance training I did	38.17	11.718	0.481	0.77
I am now more transparent and accountable due to the governance training I did	38.16	11.882	0.436	0.775
I am now more effective and efficient in managing my business due to governance training I did	38.11	12.125	0.408	0.778
The governance training I have undertaken has increased greatly my business performance	38.05	11.771	0.45	0.774

Table 10: Government training Total Variance Explained

Total Variance Explained							
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Cumulative %
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	3.475	34.753	34.753	3.475	34.753	34.753	
2	1.124	11.238	45.991				
3	1.037	10.372	56.363				
4	0.902	9.02	65.383				
5	0.732	7.319	72.702				
6	0.644	6.435	79.138				
7	0.63	6.301	85.439				
8	0.562	5.624	91.063				
9	0.497	4.974	96.037				
10	0.396	3.963	100				

Extraction Method: Principal Component Analysis.

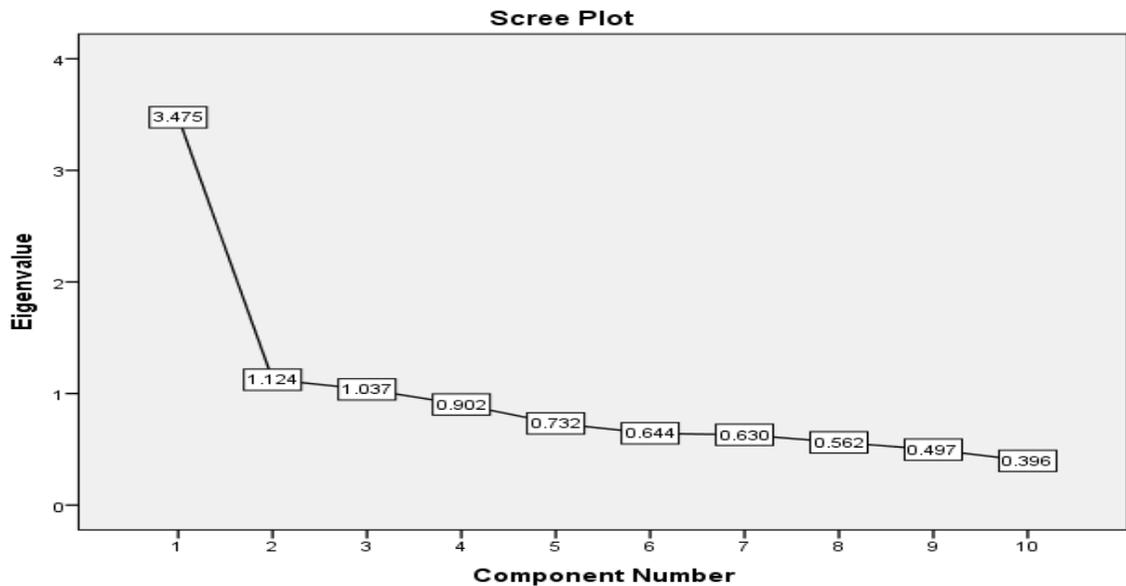


Figure 5: Scree Plot for Government training

Table 11: Training on legal requirements and regulatory reliability

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I now have a business permit due to the training I took	29.56	11.242	.440	.786
I now have a business license due to the training I took	29.38	10.294	.573	.766
I now operate a legal business due to the training that I took	29.50	10.917	.475	.781
The local authorities do not harass me because the training that I took has made me compliant	29.49	10.365	.419	.794
I know understand that it is important to have a business premise due to the training that I took	29.49	10.527	.505	.776
The training that I took has made me understand the importance of providing a conducive environment	29.45	10.300	.535	.772
I understand the law more due to the training that I took	29.46	10.370	.534	.772
The performance of my business has improved due to the training that I took	29.35	10.211	.608	.761

Table 12: Training on legal requirements and regulatory Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.370	42.131	42.131	3.370	42.131	42.131
2	1.097	13.713	55.844			
3	.858	10.722	66.565			
4	.767	9.583	76.149			
5	.618	7.720	83.869			
6	.518	6.480	90.348			
7	.391	4.893	95.242			
8	.381	4.758	100.000			

Extraction Method: Principal Component Analysis.

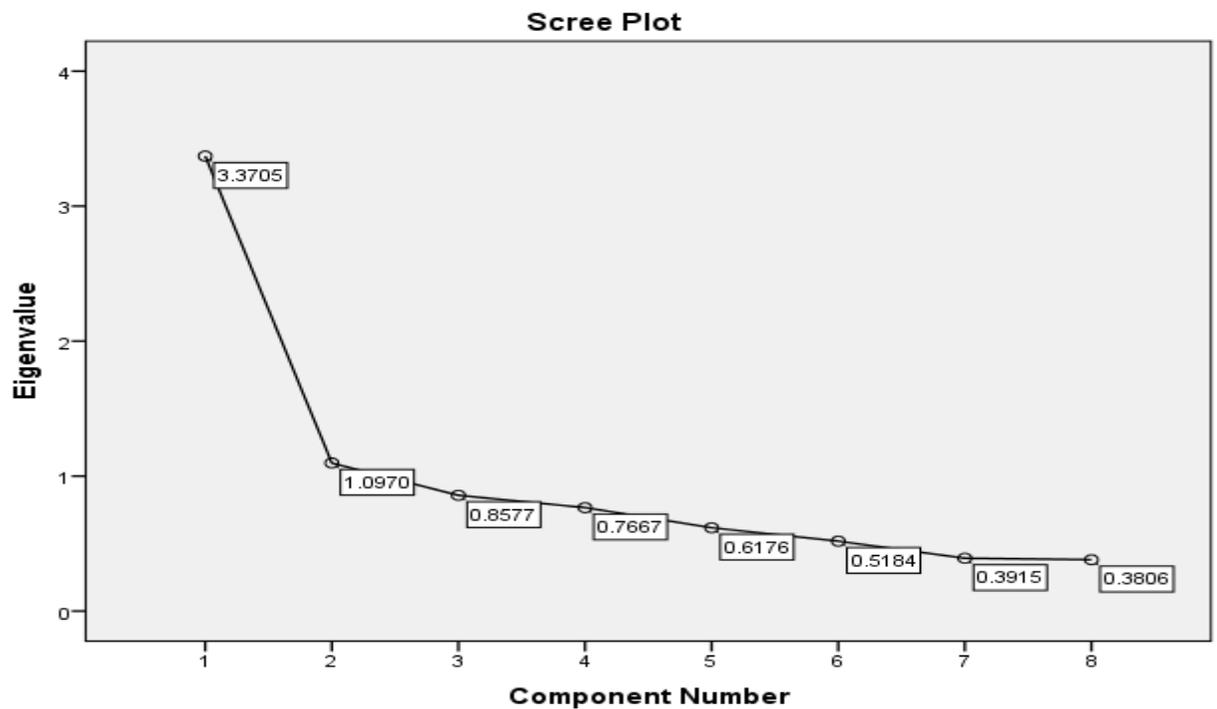


Figure 6: Scree Plot for Legal training and regulatory

Appendix V: One Way ANOVA Tests

Table 13: Descriptive

		N	Mean	SD	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Net profit	2012	35	2437054	6411571	338389.	1771572	3102535	15000	5.00E+07
		9	.32	.72	81	.67	.96		
	2013	35	2767165	7284783	389388.	2001323	3533008	11000	4.90E+07
		0	.71	.17	04	.33	.10		
	2014	34	2809312	7470394	399881.	2022824	3595799	15000	5.00E+07
		9	.03	.23	03	.33	.74		
	2015	34	3080849	8537517	457002.	2182014	3979684	11000	7.00E+07
		9	.46	.92	86	.31	.60		
2016	34	3158182	8890968	477292.	2219423	4096941	13000	8.00E+07	
	7	.73	.22	18	.52	.95			
Total	17	2847757	7757392	185225.	2484470	3211043	11000	8.00E+07	
Sales volume	2012	35	773136.	1196369	63141.9	648960.	897311.	10000	1.70E+07
		9	21	.29	6	45	97		
	2013	35	879182.	1481045	79165.2	723481.	1034883	18000	1.60E+07
		0	86	.34	0	96	.76		
	2014	34	863624.	1463333	78330.4	709563.	1017684	108000	1.80E+07
		9	07	.45	4	42	.72		
	2015	34	881163.	1476481	79034.2	725718.	1036608	100000	1.90E+07
		9	61	.80	6	70	.52		
2016	34	966087.	1712077	91777.0	785578.	1146596	18000	1.80E+07	
	8	64	.86	1	42	.86			
Total	17	872022.	1472970	35160.5	803061.	940983.	10000	1.90E+07	
ROI	2012	35	.33	.177	.009	.31	.35		1
		9							
	2013	35	.36	.189	.010	.34	.38		1
		0							
	2014	34	.38	.194	.010	.35	.40		1
		9							
	2015	34	.40	.195	.010	.38	.42		1
		9							
2016	34	.42	.205	.011	.40	.44		1	
	8								
Total	17	.38	.194	.005	.37	.39		1	
Branches	2012	35	1.3193	.70631	.03738	1.2458	1.3928	1.00	7.00
		7							

2013	34	1.3678	.74949	.04018	1.2888	1.4468	1.00	7.00
	8							
2014	34	1.5159	.81649	.04383	1.4296	1.6021	1.00	7.00
	7							
2015	34	1.6715	.95043	.05102	1.5711	1.7718	1.00	7.00
	7							
2016	34	1.7832	1.05052	.05648	1.6722	1.8943	1.00	7.00
	6							
Total	17	1.5301	.88004	.02107	1.4888	1.5714	1.00	7.00
	45							

Table 14: Post hoc tests

Multiple Comparisons

LSD

Dependent Variable			Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Net profit	2012	2013	-330111.40	583062.77	.571	-1473684.80	813462.01
		2014	-372257.72	583485.58	.524	-1516660.40	772144.96
		2015	-643795.14	583485.58	.270	-1788197.82	500607.54
		2016	-721128.41	584337.59	.217	-1867202.16	424945.33
	2013	2012	330111.40	583062.77	.571	-813462.01	1473684.80
		2014	-42146.32	587171.94	.943	-1193779.13	1109486.49
		2015	-313683.74	587171.94	.593	-1465316.55	837949.06
		2016	-391017.02	588018.61	.506	-1544310.41	762276.38
	2014	2012	372257.72	583485.58	.524	-772144.96	1516660.40
		2013	42146.32	587171.94	.943	-1109486.49	1193779.13
		2015	-271537.42	587591.79	.644	-1423993.70	880918.86
		2016	-348870.70	588437.86	.553	-1502986.39	805244.99
2015	2012	643795.14	583485.58	.270	-500607.54	1788197.82	
	2013	313683.74	587171.94	.593	-837949.06	1465316.55	
	2014	271537.42	587591.79	.644	-880918.86	1423993.70	
	2016	-77333.28	588437.86	.895	-1231448.96	1076782.41	
2016	2012	721128.41	584337.59	.217	-424945.33	1867202.16	
	2013	391017.02	588018.61	.506	-762276.38	1544310.41	
	2014	348870.70	588437.86	.553	-805244.99	1502986.39	
	2015	77333.28	588437.86	.895	-1076782.41	1231448.96	
Sales	2012	2013	-106046.65	110675.47	.338	-323116.70	111023.41

volume		2014	-90487.86	110755.72	.414	-307715.33	126739.61
		2015	-108027.40	110755.72	.330	-325254.87	109200.07
		2016	-192951.43	110836.38	.082	-410337.10	24434.24
	2013	2012	106046.65	110675.47	.338	-111023.41	323116.70
		2014	15558.79	111455.46	.889	-203041.08	234158.66
		2015	-1980.75	111455.46	.986	-220580.62	216619.12
		2016	-86904.79	111535.61	.436	-305661.87	131852.29
	2014	2012	90487.86	110755.72	.414	-126739.61	307715.33
		2013	-15558.79	111455.46	.889	-234158.66	203041.08
		2015	-17539.54	111535.15	.875	-236295.72	201216.64
		2016	-102463.57	111615.25	.359	-321376.85	116449.70
	2015	2012	108027.40	110755.72	.330	-109200.07	325254.87
		2013	1980.75	111455.46	.986	-216619.12	220580.62
		2014	17539.54	111535.15	.875	-201216.64	236295.72
		2016	-84924.03	111615.25	.447	-303837.31	133989.24
	2016	2012	192951.43	110836.38	.082	-24434.24	410337.10
		2013	86904.79	111535.61	.436	-131852.29	305661.87
		2014	102463.57	111615.25	.359	-116449.70	321376.85
		2015	84924.03	111615.25	.447	-133989.24	303837.31
	ROI	2012	2013	-.033*	.014	.023	-.06
		2014	-.046*	.014	.001	-.07	-.02
		2015	-.070*	.014	.000	-.10	-.04
		2016	-.090*	.014	.000	-.12	-.06
2013		2012	.033*	.014	.023	.00	.06
		2014	-.014	.015	.353	-.04	.02
		2015	-.037*	.015	.011	-.07	-.01
		2016	-.057*	.015	.000	-.09	-.03
2014		2012	.046*	.014	.001	.02	.07
		2013	.014	.015	.353	-.02	.04
		2015	-.023	.015	.108	-.05	.01
		2016	-.044*	.015	.003	-.07	-.02
2015		2012	.070*	.014	.000	.04	.10
		2013	.037*	.015	.011	.01	.07
		2014	.023	.015	.108	-.01	.05
		2016	-.020	.015	.161	-.05	.01
2016		2012	.090*	.014	.000	.06	.12
		2013	.057*	.015	.000	.03	.09
		2014	.044*	.015	.003	.02	.07
		2015	.020	.015	.161	-.01	.05
Branches	2012	2013	-.04849	.06502	.456	-.1760	.0790

	2014	-.19652*	.06507	.003	-.3241	-.0689
	2015	-.35214*	.06507	.000	-.4798	-.2245
	2016	-.46391*	.06512	.000	-.5916	-.3362
2013	2012	.04849	.06502	.456	-.0790	.1760
	2014	-.14803*	.06549	.024	-.2765	-.0196
	2015	-.30365*	.06549	.000	-.4321	-.1752
	2016	-.41542*	.06553	.000	-.5440	-.2869
2014	2012	.19652*	.06507	.003	.0689	.3241
	2013	.14803*	.06549	.024	.0196	.2765
	2015	-.15562*	.06553	.018	-.2842	-.0271
	2016	-.26739*	.06558	.000	-.3960	-.1388
2015	2012	.35214*	.06507	.000	.2245	.4798
	2013	.30365*	.06549	.000	.1752	.4321
	2014	.15562*	.06553	.018	.0271	.2842
	2016	-.11177	.06558	.089	-.2404	.0169
2016	2012	.46391*	.06512	.000	.3362	.5916
	2013	.41542*	.06553	.000	.2869	.5440
	2014	.26739*	.06558	.000	.1388	.3960
	2015	.11177	.06558	.089	-.0169	.2404

*. The mean difference is significant at the 0.05 level.