ROLE OF BUSINESS INCUBATORS ON GROWTH OF MICRO AND SMALL ENTERPRISES IN BOMET COUNTY, KENYA

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DECLARATION AND APPROVAL

Declaration

This thesis is my original work and has not been presented for the conferment of a degree or for the award of a diploma in this or any other University:

Signature: ………. **Date: ……..**

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MBA/A/027/18

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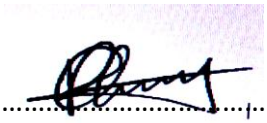
Signature:  ..... Date: ……

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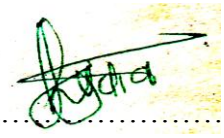
Signature:  …… Date: ……

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DEDICATION

I dedicate this thesis to my heavenly Father, my source of inspiration, wisdom, knowledge, and understanding for He has strengthened me throughout this program.

I also dedicate this work to my parents, brothers, sisters, other extended family members and friends. Your prayers, encouragements and support of all kinds have made me realize this big achievement despite the challenges here and there.

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ABSTRACT

Micro and small enterprises are considered to be the engine of growth to most economies. They are believed to account for about ninety five percent of the operating firms in the world which lead to industrial development, job creation, and provision of goods and services to the locals. They also contribute a lot to growth of gross domestic product. However, it is said that three out of five micro and small enterprises fail in less than a year after commencement of their operations and the statistics indicate that Bomet County is the most affected area with Micro and small enterprise growth at 2.1% only. Therefore, the study sought to investigate the role of business incubators on growth of Micro and Small Enterprises in Bomet County, Kenya**.** Specifically, the study concentrated on establishing the role of financial resource support on growth of micro and small enterprises, examining the role of Network skills on growth of micro and small enterprises, and assessing the role of management skills on growth of micro and small enterprises. The study was anchored on passive learning model, network theory, and business incubation model. This study used a correlation research design. The target population for this study was 615 micro and small enterprises, stratified sampling technique was used and Yamane's formula was adopted to achieve a sample size of 242 respondents. Structured questionnaires were used to collect primary data which was coded and analysed by use of SPSS version 23.The validity and reliability of the instrument was determined by conducting pilot testing which was carried in Kericho County where 10% of the sample size was used. Cronbach's Alpha coefficient was used to determine the reliability where 0.7 or above is considered to be the ideal situation. Collected data was analysed using inferential statistics; regression analysis was used to establish the relationship between the research variables and correlation analysis to establish the nature of the relationship between the independent variables and dependent variable. The results were presented in form of frequency distribution tables. The findings indicated that financial resource support assisted the MSEs in accessing affordable loans, friendly repayment periods, sponsorship and funding as well as financial training and coaching. While business training support assisted in networking the MSEs with customers and investors. Management skills assisted in nurturing marketing skills, human resource skills and business management skills. The study concluded that there existed positive significant role of financial resource support and growth of MSEs (Beta=0.425, $P<0.05$). Network skills had positive significant role on growth of MSEs (Beta=0.294, $P<0.05$).There was significant role of management skills on the growth of MSEs (Beta=0.268, $P<0.05$). Hence, business incubators had a positive significant role on the growth of MSEs in Bomet County. The study recommended that the County Government of Bomet develop financial support business incubators project, conduct business training programs, increase business networks as well as provide sufficient business skills to the MSEs. The findings will be of great importance to the policy and decision makers, scholars and academicians, it will provide information to donors and supporters of the Kenyan economy and will help in examining suitable and attractive fields which could be targeted by the business incubators

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
BI	Business Incubation
BCI	Banco de Crédito e Inversiones
BIM	Banco Internacional de Mocambique
GDP	Gross Domestic Product
GOK	Government of Kenya
MSEs	Micro and Small Enterprises
NACOSTI	National Commission of Science, Technology and Innovation
PLM	Passive Learning Model
SPSS	Statistical Package for Social Sciences
USA	United States of America

DEFINITIONS OF TERMS

Business Growth Is a process at which businesses reach a point of expansion and look for more other ways to generate and raise more profits (Arasti, 2014). In this context, micro and small enterprise increase its financial sustainability, improve business skills and increase in their performance and competitiveness.

Business incubation is a process of feeding entrepreneurs with entrepreneurial capacity for building relationships and networks (Tengeh & Choto, 2015). As per the study, it is an institution that assist new and startup entrepreneurs to acquire knowledge and skills proving management training or some office space

Financial resources support are resources provided to make some project possible (Osano & Languitone, 2016). To this study it is the resources in form of monetary that is accessible by business ventures to spend and it can be in terms of credit, liquid securities and cash..

Management support is the process where managers provide resources to workers and also allow them to acquire and use their personal skills while performing different functions in the organization **(**Ahmad, 2014**).** In this context, how the micro and medium enterprise

acquire marketing skills, human resource skills and accessing to supportive government policies.

Micro and Small Enterprise Sessional Paper Number 1 of 2005 on Small and Micro enterprises in Kenya, Micro Enterprises are those firms with employees between 1 and 9 while small Enterprises have 10 to 49 employees (GOK, 2015). This is a small business employing nine people or fewer, and having a balance sheet or turnover less than a ksh 500,000.

Network skills are structural formal knowledge acquired by entrepreneurs on competencies or some skill awareness that are used by a person when starting and developing a profit oriented enterprise (Aastad & Haugland 2010). According is how the micro and medium enterprise access business network, link to strategic partners and acquiring entrepreneurial training and mentorship

CHAPTER ONE

INTRODUCTION

1.1 Overview

This section of the study contains a discussion on the background of the study, statement of the problem, research objectives, research hypothesis, significance of the study, scope of the study and the study limitations.

1.1.1 Background of the Study

For any economy to be successful, much attention has to be given to industrialization. This involves creating institutions and systematic arrangements that can help improve the process of industrialization. Business incubator is one of those systems that are aimed at accelerating industrialization by developing and creating an enabling environment for the development of MSE sector (Iyortsuun, 2017).

Micro and small enterprises are deemed successful when they prosper in their operations and are self-sustaining and thus boost economic sustainability. In the modern world, business incubators play a pivotal role in shaping and nurturing businesses. Business incubators have become a trend globally for growth and development of micro and small enterprises. Business incubators have been seen as a key tool for economic development for countries such as Russia, Brazil, South Africa, and India (Lose, 2021).

New micro and small enterprises are established with an aim of being successful in the long run but failure is ever present due to the environment that these businesses operate in. Evolutionary theorists argue that the forces of selection that eliminate uncompetitive

firms are necessary phenomena that contribute to the maintenance of healthy populations of organizations (Baraldi and Havenvid, 2016). However, the forces of selection alone cannot be allowed to determine the number of organizations operating in an economy. This has therefore, given rise to attempts at reducing the likelihood of venture failures requiring not only the development of a favorable business environment and climate, but also establishing strong institutions that would assist businesses reduce the likelihood of failure. To help venture survival, governments have developed a unique institutional arrangement called business incubators designed to help business survive and grow in the contemporary competitive environment (European Commission, 2002).

In Asia, Pakistan's economy is growing very first and it is taken to be the second growing economy after China. This has been attributed to micro and small enterprises sector growth and development and it has proved to be the backbone of the economy. Majority of the businesses in Pakistan are made of micro and small enterprises comprising of 90 percent and they generate 40 percent of Gross Domestic product (GDP). Despite micro and small enterprise contributions to the economy, they also face a lot of challenges such as being neglected by financial institutions from granting them with financial support such as loans. This has been proved from the report which is generated from Pakistan bankers' body indicating financial ups and downs of micro and small enterprise constitute 55 percent over other challenges. Due to this financial challenge, it has impacted growth of micro and small enterprises thus relaying on internally generated funds (Ahmad, Tayachi, Haq, Wang'ombe & Ahmad, 2022).

In Uganda Micro and small enterprise are known to be the best strategy that inspires growth of GDP. The country is considered one of the most entrepreneurial countries.

Tibaingana (2020) asserts that there are different services which are offered by the Micro and small enterprise which are aimed at supporting the growth and development of businesses start-ups. The business Micro and small enterprise provide a platform to start ups businesses for networking with other businesses which provide services such as marketing, mentorship and coaching. Majority of the owners of the business start-ups view this services provided by business incubators in playing a key role in their survival and growth of the businesses.

Micro and small enterprise in Kenya cuts across all sectors and it has been a source of employment creation and also the starting point of medium and big organizations. According to economic survey of Kenya national bureau of statistics (2019), the GDP grew by 6.3 percent in the year 2018 form 4.9 percent in the year 2017. The increase of 1.4 percent is attributed to increase in manufacturing activities, improved agricultural production, sustainability of transportation growth and vibrant service sector. The statistics further indicated that eight hundred and forty thousand new jobs were created in 2018 where MSEs contributed about eight three percent of the new jobs created. But despite to this contribution to the economy, the sector faces a lot of challenges which include limited access to resources, limited access to markets, limited technical knowledge and skills, and limited access to information which has weakened their smooth operations (Arasti, Zandi and Bahmani, 2014).

1.1.2 Business incubation

Globally, business incubators have demonstrated capacity to spur growth of micro and small enterprises. UK has about 23 per cent of micro and small enterprises (MSEs) and

they appreciate the role of incubators in the contribution to the MSEs Performance. More than 60 percent admit that the incubators are critical, there are about 17 per cent or less who consider the incubator as insignificant to growth of their business (Dlamini, 2020).

America has estimated that incubators have supported more than 27,000 new MSEs with yearly income of about $17 billion (Knopp, 2014). According to Li, Ahmed, Qalati, Khan and Naz (2020) the incubation program is one of the most dynamic programs aimed at developing and supporting new commercial businesses. Incubators have the ability of nurturing new MSEs by helping them to survive during their startup stages and maintain a sustainable growth thereafter. Most importantly, helping new firms survive during their startup stages is the most crucial function of business incubators owing to the fact that, at this particular period, newest firms are vulnerable to failure and collapse. Additionally, business incubators are important in providing hands on management practices, provision of the necessary resources, and orchestrated exposure to business strategies on critical thinking, and provision of the most important technical support for business success. Furthermore, business incubators are useful in providing new MSEs with the facilities to share office services, easy access to business equipment, and expandable space.

According to Alonso-Conde, Rentas and Rojo-Suárez (2019) in their scholarly work, they confirmed that business incubators originated in the United States of America (USA) in the year 1960s as a means of uplifting the upcoming micro and small enterprises by equipping them with management skills, developing networks, and accessing the markets as well as being innovative. Various studies have established that business incubator concept play a key role in developing economy of a country and therefore, this has made developing nations to come up with business policies supporting micro and small

enterprises growth and development. Despites this policies, still the micro and small enterprise are faced with challenges such as unfavorable policies and regulatory environment, limited to market access, limited to access to resources and many more (Amayi, 2019).

The indicators in Germany suggest that it is the most state with complicated business incubation globally. This has supported the economy greatly and Germany has become one of the largest and best performing economies in the world. This has been a success because of integrated business support ecosystem that has involved learning centres, allocation of finance, national and local government full involvement and lastly, start-up centres devolved country wide (Fuerlinger, Fandl & Funke, 2015).

In Africa, studies on business incubation have been done in various countries for instance, South Africa. Incubation in South Africa started in 1990's which has given to the rise of industries. Munnik (2021) in their study in south Africa on business incubation, identified that MSEs requires finance and ready market for them to grow as well they require management skills for proper management of the enterprise. According to him, management skills involved having skills on developing a business plan, record keeping, network with viable markets, developing trainings and lastly, skills of acquiring capital.

According to Rajeev, Afua and Mohamed (2017), Tanzania has several business incubators which are giving support to business start-ups through established learning labs and supporting hubs. Despite the established learning labs and supporting hubs, majority of them are currently not functional. One of the most active business incubators is the Zanzibar technology and business incubator program which was initiated by

ministry of empowerment, social welfare, women and youth. The main purpose of establishing the incubator was to encourage youth and women to start-up their own business. The program aimed at providing business start-ups with knowledge and necessary tools for becoming successful entrepreneurs. The incubatees could learn basics on business planning and network with other businesses and thus develop and grow their businesses successfully.

Kenyan perspective, business incubation is a model of providing new MSEs with networks for building relationship and enhancing entrepreneurial capacity. Incubators offer MSEs with infrastructure and mentoring, technology support, business support and training. This factors are important for the growth and development of start-ups without much capital to develop into a full fledge enterprise. According to Gikabu (2020) there exist positive significant relationship between business incubators and growth of micro and small enterprises in Kenya. But further revealed disconnect between the actual service delivery and expectations of the tenants.

1.1.3 Micro and small enterprise in Kenya

According to Kenya Micro and Small Enterprises(MSE) Act, 2012 states that micro enterprise is a firm, service, trade, industry, or a business activity which employs less than ten people and with an annual turnover of less than Kshs 500,000. On the other hand, Sessional Paper Number 1 of 2005 on Small and Micro enterprises in Kenya, Micro Enterprises is those firms with employees between 1 and 9 while small Enterprises have 10 to 49 employees (GOK, 2015).

In Kenya, 75 percent of businesses are micro and small enterprises which have created around 4.6 million jobs which is 87 percent. MSE contribute 18.4 percent of the gross domestic product (GOK 2015). Government of Kenya consider MSE sector as a pillar to industrial development and the government has come up with policies and strategies on how increase their growth and self sustainability (Amayi, 2019).

Global statistics indicate that more than 50 percent of small businesses die within the first five years of commencement, and 20 percent fail within one year. In developing countries such as Kenya, it is estimated that MSEs fail between 70 percent and 80 percent this indicate clearly that many MSEs do not attain their potential and fail to grow of which it hinders the growth of the economy as well (Arasti, 2014). According to Gathoni, Gichunge and Mutegi (2021) mortality rate of MSEs in Kenya remains high within the first few months after establishment.

1.3 Statement of the Problem

Micro and small enterprise in Kenya play a key role in economic development through creating job opportunities which alleviates poverty and MSEs also act as intermediaries in trade. In developing countries Kenya included, between 70 percent and 80 percent Micro and small enterprises fail before they reach at their potential. However, three out of five micro and small enterprise in Kenya fail in less than a year after they commence their operations. While it is estimated that Micro and small enterprise growth rate in Bomet county is 2.1%. Several challenges have been associated with this high rate of start-up failure and slow growth rate in the country among them lack adequate finance, lack of adequate business skills, lack of adequate technological skills, poor business

networking and poor market access. This has contributed to the challenges that impede their growth. The number of research studies conducted in Kenya on the roles of business incubators on the growth of micro and small enterprise have been relatively small and have indicated some contradicting results. Therefore, if much is not done to Micro and small enterprises through business incubators, then there are high chances that the percentage of business failure would continue to increase tremendously. Therefore, the study sought to investigate the role played by business incubators on the growth of MSEs in Bomet County. This provided useful information that could assist in making them more profitable and sustainable.

1.4 General Objective

The main objective of this study was to investigate the role of business incubators on growth of Micro and Small Enterprises in Bomet County, Kenya.

1.5 Specific Objectives

This research study was guided by the following specific objectives:

i. To establish the role of financial resource support on growth of micro and small enterprises

ii. To examine the role of network skills on growth of micro and small enterprises

iii. To assess the role of management skill on growth of micro and small enterprises

1.6 Research Hypothesess

The following hypotheses were tested with 0.05 Alpha level:

H_{01} Financial resource support has no significant role on growth of micro and small enterprises in Bomet County

H_{02} Network skills has no significant role on growth of micro and small enterprises in Bomet County

H_{03} Management skills has no significant role on growth of micro and small enterprises in Bomet County

1.7 Justification of the Study

Micro and small enterprise in developing countries such as Kenya tend to fail reaching maturity stage because of various challenges they encounter. This challenges range from financial constraints, financial knowledge and skills, lack of management support and stiff competition in the market. MSEs which have been successful, they contribute greatly to the economy in terms of eradicating poverty, creating employment opportunities, encourage innovations, boosts social integration and resources utilization. The study was carried in Bomet County because the MSEs growth rate in the region is higher than other neighboring counties like Kericho County where the growth rate is estimated to be 4.7% (Kericho County, 2018). World Bank, (2014) as cited by Leboi (2019) indicated that Micro and small enterprise in Narok County had indicated some improvement of 3.9% growth. According to ministry of trade and industrialization report (2017) the growth rate of MSEs in Bomet County is 2.1%. Hence, the need to determine the role played by financial

resource support, Network skills and business management skills on observed growth and this may provide a model for other regions.

1. 8 Significance of the Study

This research is valuable to different parties and actors inside and outside Kenya. To the Kenyan Economy, the research can help in examining suitable and attractive fields which could be targeted by the business incubators. This can be done through finding out how good management skills, financial support and provision of links to strategic partners can promote MSEs growth. To policy and decision makers, the study will be of value in formal institutions to adopt the best model of business incubators based on other successful models and frameworks implemented and adopt them in Kenyan entrepreneurs. The study also will provide information to donors and supporters of the Kenyan economy to utilize and direct their funds towards sustainable economic development through encouraging new business and job creation, Finally the study will be form the basis for scholars and academicians to do further research.

1.9 Scope of the Study

The study was conducted in Bomet County which is bordering Kericho, Nyamira, Narok and Nakuru counties. The study evaluated the role of business incubators on growth of Micro and Small Enterprises in Bomet County, Kenya. The factors which were evaluated include financial resource support, Network skills, and management skills. These variables influence growth and performance of micro and small enterprises. This involved collecting data from a sample size of 242 respondents. The research was carried out between July 2020 to April 2021.

1.10 Limitations of the Study

The current study was mainly based on financial resource support, Network skills and management support as the dimensions of business incubators. The study therefore, recommends that further studies to be carried out and adopt different dimensions associated with business incubator apart from the ones used in this study. Hence a conclusive comparison will be made between the findings of the two studies.

Some of the respondents were not willing to share information because they felt like some of the information would be shared to the competitors or any other government authority. However, the researcher assured the respondents the anonymity and confidentiality of the information provided. Further this was supported by issuing the respondents with a clearance letter from the university indicating that, the research was purely academic.

1.11 Assumptions of the Study

The assumption of this study is that all relevant respondents genuinely gave the correct information as indicated in the questionnaire objectively and honestly. The samples of respondents selected were representation of the target population and the data collection instrument was valid and reliable in measuring the desired outcomes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the available literature on the relationship between business incubators and growth of micro and small enterprises. It discusses the theoretical framework, empirical literature, the conceptual framework and research gap.

2.2 Theoretical Framework

There are several theories that explain the concept of business incubation. These theories have various merits and demerits. This study specifically anchored on passive learning model, network theory and business incubation model

2.2.1 Passive learning model

In the Passive Learning Model (PLM) a firm enters a market without knowing its own potential growth. Only after entry does the firm start to learn about the distribution of its own profitability based on information from realized profits. By continually updating such learning, the firm decides to expand, contract, or to exit. This learning model states that firms and managers of firms learn about their efficiency once they are established in the industry.

Firms expand their activities when managers observe that their estimation of managerial efficiency has understated actual levels of efficiency. As firm ages, the owner's estimation of efficiency becomes more accurate, decreasing the probability that the

output would widely differ from one year to another. The implication of this theoretical model is that smaller and younger firms should have higher and more viable growth rates (Stranova 2001, Cunningham and Maloney 2001, and Goedhuys 2002). This theory was used to form the basis of analyzing the role of Network skills study variable.

2.2.2 Network theory

This hypothesis on business hatching is tied down on the capacity of systems administration and social cooperation in hatcheries, by utilization of the expressions "social capital hypothesis" or "interpersonal organization hypothesis" by Bollingtoft and Ulhoi (2005) arguing that both of these terms can be used interchangeably. The two propagators of this theory illustrated that performance of business incubation is a combination of the joint social networks, ties and structures that make it possible entrepreneurs access information as well as prerequisite skills for managing and growing their business. They argue further that social ties can be classified as either weak or strong. Weak ties have been typically linked with generation of ideas, while strong ties have been linked with solving problems. The core of their argument is that through the lens of this theory the success of an incubation centre can be measured based on the level of social capital surrounding it. They go further to claim that this can be used as a good pointer to the success or failure of an incubate or enterprise (Bollingtoft and Ulhoi, 2005). Social network theory takes into account the value of social dimensions in economic relationships.

This hypothesis is tied down on the feelings of Aldrich and Zimmer (1986) who apply four parts of the interpersonal organization hypothesis to clarify business. They

recommend that having a gathering character without any restrictions among them greatly encourages entrepreneurialism. On the next level the close associations that the entrepreneurs develop with their mentors and strategic partners make it easier for entrepreneurs to access information and resources. Apart from that they argue that increased networking also grows opportunities for entrepreneurs. Finally, they argue that enhancing associations with fellow entrepreneurs who have vital social resources increases entrepreneurial opportunities (Aldrich, Zimmer & Jones, 1986). This theory of network offers wide range of connections with other business entrepreneurs and learning hubs. The learning hubs would offer the entrepreneurs with Network skills which would lower the rate of entrepreneur's failure. The theory fits well in explaining how acquired Network skills can be adopted in promoting growth of entrepreneurs in the market. This theory is vital to the study because it links the role of Network skills and business management support variables.

2.2.3 Business incubation model

This model was first proposed by Costa-David, Malan and Lalkaka (2002). According to them, business incubators operations are illustrated by looking at the inputs and outputs. Inputs is scenario where business ideas, management resources and stakeholders' ideas are delivered by the entrepreneur, while the output is where the incubate graduates from training where he or she acquires entrepreneurial knowledge on how to create wealth that can be felt locally and nationally in form of economic development. The success of business incubators depends on the support accorded in order to provide a successful incubate. The model suggests that for entrepreneur to be picked should have met some set

requirements. First they are required to have passed through pre-incubation process which entails a mixture of business planning and training before being admitted to the incubator.

In general business incubation focuses on three perspectives and that is financial and technology support, business training, and business mentorship. Other perspectives are external and internal networking (Costa-David *et al*, 2002). According to Rouwmaat Reid and Kurik (2003) described the services of pre-incubation by technology, business training, business mentorship and financial support as the core services equipped to entrepreneurs before commencing an enterprise. After pre-incubation where the incubate have attained business skills and other adequate knowledge, they would require to start-up and manage business of their own. The incubates reduced the closing down of enterprise because of the knowledge and skills gained during the pre-incubation and thus they develop self confidence which makes them experts.

The model is of much help because it elaborates how business incubators operate by making risky investments with the expectation of a particular output from the enterprise. This model provides the best basis for the study whose main objective is to analyze the role of business incubators on growth of micro and small enterprises. Therefore, the dependent variable was based on this model.

2.3 Review of Related Literature

Olaopa (2010) identified business skills as one of the major service provided by the incubation centers. He argues that links to strategic partners and management skills are important services provided to young entrepreneurs. This section reviews what other

studies have done on the roles incubators play in providing these business skills in their centers.

2.3.1 Financial resource support and growth of micro and small enterprises

A research was conducted by Bagh, Arif, Liaqat and Razzaq (2017) on the effect of financial constraints and development of small and medium enterprise in Sialkot Pakistan. The study was anchored on networking theory. The study adopted descriptive research design and the study targeted 150 MSEs who were used to provide data for the study. Data collected was analyzed by use of SPSS with the support of descriptive analysis and correlation test. The reliability was checked by use of Chronbach's Alpha test. The study adopted primary data and secondary data collection method. Primary data was collected by administering semi structured questionnaire while secondary data was collected from internet, books and journals. Data collected was analyzed using quantitative analysis method which determined the relationship which existed between the variables. The study adopted descriptive research design while the current study adopted correlational research design

Peter, Adegbuyi, Olokundun, Peter, Amaihian and Ibidunni (2018), conducted a research study to determine the effect of financial support on MSE performance in Nigeria. The study adopted mixed methods where semi-structured interview and survey approaches were used. The respondents were selected through simple random and stratified sampling techniques. Semi-structured interviewed were administered to 20 respondents and on the other hand 400 questionnaires were also administered to respondents who were owners and managers of MSEs. Multiple regression and descriptive statistics were used to

analyze quantitative data while qualitative data was analyzed by use of thematic analysis. From the study it was revealed financial support had positive significant effect on MSEs growth. The study only focused on financial support and ignored other factors. Therefore, there is need to do further research on factors hindering the growth of MSEs in Nigeria.

Osano and Languitone (2016) did a study in Mozambique on factors determining the access of finance by MSEs. The study targeted 2725 comprising of 20175 staffs of Standard Bank, BCI Bank and BIM bank and also it included 650 MSEs who were picked from Maputo Central Business District. The study adopted inferential and descriptive research design. The study adopted simple random sampling techniques where 324 sample sizes of employees were selected from the banks and 242 MSEs were also selected. Primary data was collected by use of structured questionnaires. It was clear from the study that there existed a relationship between funding awareness and access of funds by MSEs, and there was significant role existing on support of small business and MSEs access to finances. The study failed to include other financial institutions which could lend money to MSEs and therefore there is a need to do the same study but focus on Micro finance institutions who also lend money to MSEs.

In Kenya, Mwangemi, Wilson and Mung'atu (2017) investigated influences of finances access and government policies on small and micro-enterprises growth in Kenya. Descriptive cross sectional research design was employed. Stratified sampling technique was employed to arrive at 395 MSEs. Questionnaires were used to collect primary data and they were administered to managers of MSEs and owners. Statistical Package for Social Sciences (SPSS) was used to summarize data after it being coded. The significant relationship between the variables was tested by Chi-square test at a level of 5%. It was

established that growth and development of MSEs relied on the access of finance. The study also revealed government policies were insignificant to the growth of MSEs. Therefore, more studies can be done by adopting correlation research design and primary sources can be used to collect data. Comparison of the findings between the two studies can be done.

2.3.2 Network skills and growth of micro and small enterprises

Entrepreneurial training skills are structural formal knowledge acquired by entrepreneurs on competencies or some skill awareness that are used by a person when starting and developing a profit oriented enterprise (Aastad and Haugland 2010). A successful entrepreneur requires various skills that sustain the growth of the business.

A study by Eikebrokk and Olsen (2011) in Spain, Finland, and Norway found out there was a positive relationship between training, competence and performance in promoting youth entrepreneurship. From their empirical analysis, they concluded that training explains the differences in e-business competencies and highlights performance in terms of efficiency in running enterprises and profitability.

A study in Malaysia by Yahya, Othman and Shamsuri (2012) wanted to find out on the effect of training on performance of small and medium enterprise. The study focused on three main perspectives which included; external, managers, and enterprise's characteristics. Data for this study relied on primary data whereby questionnaires were mailed to 500 selected MSEs in Malaysia. Data was analyzed by use of Pearson correlation and descriptive analysis. The findings indicated business skills were obtained through trainings and therefore the study concluded that trainings had positive

significance to the growth of MSEs in Malaysia. Further study can be done by collecting primary data through interview schedules and self-administered questionnaires.

Research study by Rabie, Cant and Wiid (2016) examined on the importance of training and development programmes on MSEs in South Africa. The study was anchored on passive learning model where non-probability sampling technique was adopted and this utilized convenience sampling method for easy and quick data collection. Primary data was collected by use of questionnaires which were self-administered. Data collected was analyzed by use of SPSS version 22. The findings were described by descriptive statistics. Two-Step Cluster analysis was conducted to determine respondents of similar groups' attitude on maximizing the benefits accrued from training of the MSEs. The study indicated that lack of resources were stronger unlike external assistance and business management influence. A study needs to be conducted on the same MSEs to determine to what extent the resources availability affected their growth.

Study carried out by Abdul (2018), who did a comparative study between entrepreneurs in Nigeria and United Kingdom entrepreneurs, specifically looking at the influence of entrepreneurial skills and growth of MSEs. Primary data was collected through questionnaires which were administered online. The study targeted 38 owners of MSEs in United Kingdom and Nigeria. This research study used judgmental sampling technique to obtain sample size of 18 respondents; 9 respondents from United Kingdom and 9 respondents from Nigeria. Content analysis method was used to analyze data obtained through online survey. The comparative analysis findings indicated in both countries, entrepreneurial skills had positive significant relationship with growth of MSEs. Further the findings indicated that innovative thinking, communication skills and problem

solving boosts competitive advantage and sales increase. In contrast finding, in Nigeria the respondents agreed strongly that innovative thinking, communication skills and problem solving contribute to the growth of MSEs while in United Kingdom MSEs growth depended on innovative thinking with a bit of communication skills and problem solving.

According to Gathoni, Gichunge and Mutegi (2021) in a study done in Nairobi, Kenya, demonstrated that that 49.5% of entrepreneurs who had acquired a form of training in business reported an improvement in their business. The study results also showed that 60.8% of those without business training indicated that their businesses were doing badly in comparison to 39.2% whose enterprises were performing well without business training. This study was based on 198 respondents comprising of business owners and managers. Falkang and Alberti (2012) point out a need to further investigate the methodologies used in measuring how effective entrepreneurial training is. Indeed, it is not relatively easy to measure the impact of training on performance of enterprises, but it is possible to establish nature and level of training skills that accrue to entrepreneurs. Therefore, how discrepancies in promoting youth entrepreneurship can be resolved for them to have a positive impact on enterprises' operations remains a viable area of study.

In Kenya, Caroline and Patricia (2021) sought to determine on how business group factors influences informal micro retail enterprise financial performance in Nairobi, Kenya. The study adopted experimental and exploratory research design. Random sampling technique was used to obtain 116 groups retail enterprises and 116 non group retail enterprises were also obtained. Quantitative data was obtained through the use of primary data collection method and secondary data collection methods. The study

findings indicated that financial factors showed negative insignificant relationship with financial performance of the retail enterprise. In conclusion it was revealed that financial book keeping, group based loans and group financial training were the major challenges for micro retail enterprises. Therefore, there was a need for the county government to come up with training programmes that will educate and sensitize the retail enterprises on financial book keeping, group based loans and group financial training

Also, Nduta (2016) investigated on the influence of training an entrepreneur on MSEs growth among youths in County of Nairobi. Descriptive research design was adopted and 7494 MSEs formed a target population. 364 respondents were sampled from the target population by using multi stage sampling technique. Primary data was collected by use of questionnaires. Data collected was analyzed by use of SPSS software and Excel and presented in form of tables, figures, charts and frequency. From the study finding, it was revealed that creativity is an important factor that influences growth of MSEs. Further the study showed there was a direct relationship between training and MSEs Growth. There is need to do more studies on the same but focusing on a different county to find out whether the findings duplicate with this finding.

2.3.3 Management skills and Growth of micro and small enterprises

Management support is the procedure which is concerned with getting the appropriate information to managers as and when they need it and which aids in making decisions. The business incubators organize trainings to micro and small enterprises which support the management and running of the enterprise. The trainings range from human resource skills, marketing skills, technological support, and government policies among others.

Incubators help entrepreneurs to acquire skills which are important for business start-up. Therefore, entrepreneurial capacities foster MSEs growth and enable them to compete favorably in the business environment (Tengeh & Choto, 2015).

According to Redondo-Carretero and Camarero-Izquierdo (2017) business incubators are oriented in providing entrepreneurs management support in their businesses in form of administrative skills, formulating supportive policies and enhancing entrepreneurs marketing skills. The management skills enhances entrepreneurs' survival, business expansion, increase in sales volume and creating more employment opportunities. On the other hand majority of business incubators assist the new start-up entrepreneurs with some business basics, marketing and commercialization techniques, setting up friendly government policies and management skills (Carvalho, & Galina, 2015).

Management support has been underrated in most cases within business incubators. This has been highlighted by Ratinho, Harms, and Groen (2013), who carried a study on the problems faced by human resource and how they assisted the management skills. the study was anchored on network theory where 354 incubates were used for the study and it was found out that business incubators did not provide them with human resource skills. These findings were supported by the study findings of Arasti, Zandi and Bahmani (2014) who found out from their study that incubators only help incubates on how to increase their marketing skills, provided supportive government policies and on how to write and develop a business plan.

Developing countries have challenges of unemployment, diversified economies, unutilized resources and many more. All this can be sorted out by supporting business incubators who may play a key role in these challenges. A study in Jordan by Elmansori,

and Arthur (2015), on the impact of management skills on performance of MSEs in Arab world. The study adopted descriptive research design. Snowball sampling technique was used to pick the respondents. Primary data collection method was used to gather information from the respondents. Specifically, the data was collected through open ended interviews for experts in Jordan and self administered questionnaires which targeted business incubators. The findings indicated that incubators management support imparted some knowledge on marketing skills to the MSEs' in both short and long term. The study further revealed that the micro and small entrepreneurs acquired the ability of talking to customers in a more persuasive way and provided them with knowledge on how to display products which appealed customers. The entrepreneurs were able to conduct marketing analysis through incubator's management support. Further studies can be conducted by using correlation research design at the same time adopt different sampling technique apart from snowball sampling technique.

The study was conducted in South Africa in the province of Western Cape. Lose, Maziriri and Madinga(2016), sought to determine on the impact of business incubation government supportive policies on growth of micro and small enterprises in Western Cape Province. Quantitative approach was adopted whereby semi structured questionnaires were employed in collecting primary data. Data was analysed by the help of Statistical Package for the Social Sciences (SPSS) software. The study findings indicated a strong relationship existed between supportive government policies and growth of MSEs. Further the findings revealed that MSEs joined incubation programmes with the purpose of equipping themselves with marketing skills and human resource skills.

In Tanzania, Kapinga, Montero, Mwandosya, and Mbise (2018) explored on the role of marketing and human resource skills provided by business incubators on growth of women MSEs in Dares Salaam. The study used convergent parallel mixed methods approach which obtained quantitative and qualitative data. The study targeted women who were micro and small enterprises with food processing enterprises. Sample sizes of 52 respondents were selected purposively. Data was collected through in-depth interviews, exploratory focus group discussions and questionnaires which were structured. Quantitative data collected was analyzed by descriptive statistics while qualitative data was analyzed by content analysis. The outcome from the analyzed data revealed that micro and small enterprise women who acquired marketing skills and human resource skills greatly improved on business performance and at the same time marketing skills helped them in increasing sale volume. The study recommended that training centers for micro and small enterprise need to be put up. The study was done on women, and therefore same study can be done on men or youths in order to compare the findings of the two studies whether they yield the same results.

A study conducted by Ruhiu, Ngugi and Waititu (2015) sought to find out the on the impact of marketing skills and incubated micro & small enterprises growth in Kenya. Descriptive research design was used. A target population of 189 was used and a sample size of 128 respondents was picked to represent the general findings of the entire target population. The sample size was determined through the use of systematic random sampling technique. Descriptive statistics and multiple regression analysis were used to analyze and tabulate the relationship that existed between independent variables and

dependent variable. From the study, it was revealed managers or owners of MSEs needed managerial skills and this contributed to MSE's growth.

Wanyoko (2013) did a study on the impact of business incubation services on micro and small enterprises growth in Kenya. Specifically, the study sought to determine the impact of incubators management support on human resource skills, government policies and marketing skills. The study adopted descriptive research design and 60 Micro and small enterprise were picked through stratified random sampling technique from a target population of 199. The study used semi structured questionnaires where primary data collected was analyzed using SPSS version 17 and the relationship between the variables were determined by the use of Microsoft excel. Data was presented in form of percentages, tabulations, tables and pie-charts. The data collected and analyzed indicated positive significant relationship between marketing skills and government policies and growth of micro and small enterprises. On the other hand, human resource skills obtained had insignificant relationship on growth of micro and small enterprises. Due to small number of target population, further research can be done by involving the entire population in the study without having a sample size. This could give more accurate results.

Further, Omweri (2016) sought to determine the contribution of business incubation centers on youth entrepreneurship growth in Kenya and specifically focused on Nailab center found in Nairobi. The study adopted descriptive research design and the study targeted 19 startups. All the 19 startups were used, and therefore census survey was adopted. Data was collected by both primary and secondary sources, where primary data was collected through electronic questionnaires which were structured and secondary

information was obtained through survey reports, books, academic journals and centre reports. Field data was analyzed by the use of quantitative and qualitative data analysis and data presented in form of cross tabulation, frequencies and percentages. The study concluded that marketing skills, human resource skills and supportive government policies played an important role in promoting the growth of youth entrepreneurship. Further studies can be done on other centers offering business incubation management support in order to ascertain whether the findings of this study holds.

2.3.4 Growth of micro and small enterprise

In the years 1980s and 1990s, identification of organization objectives was more complicated than some years back. Business managers and owners started to understand that when a business achieves its goals by using minimum resource was a sign of success. At this point, profits were used as success indicator to measure performance. Later these evolved and business success indicators included financial and non-financial indicators (Lebans and Euske, 2006).

Sonobe and Otsuka (2014) argued that growth of an institution is when the number of workers keeps on increasing steadily. In MSEs research, increase in the number of employees is frequently adopted to measure growth because it is presumed to generate the most comparable and accurate data. Zainol, Al Mamun, Hassan, Rajennd and Muniady (2017) business growth is determined by factors such as technological advancement, addition of employees, improvement of employees, profit level and increase of capital.

According to Dobrovic, Lambovska, Gallo and Timkova (2018) measurements of financial indicators included; return on investment, profitability, cash flows and revenues, whereas, non-financial indicators include; business expansion, product and service quality, increase in the number of employees, and customer satisfaction. This study is analyzing how business incubators has influenced growth of micro and small enterprise (MSE) by specifically considering profits, increased number of employees, increase of net income, and lastly business expansion.

As per Maduekwe and Kamala (2016), Micro and small enterprise evaluate growth by looking at both financial and non-financial measurements. In Malaysia, a study by Ahmad (2014), sought to determine the micro and small enterprise growth and development and the study established that both non-financial and financial indicators were used. Non-financial indicators used were deliveries on time, customer's satisfaction, employee turnover and business expansion, while financial measurements adopted include; MSE profitability, return on investment, operating income, sales growth and lastly cash flows.

A study conducted in Turkey by Guceri and Koch (2013) on the effect of business incubators practices and success of software start-up. The study was concerned with assessing the effects of business incubation practices and efficiency of enhancing sustainability and growth of start-up software ventures in Turkey through adopting longitudinal qualitative study. This study selected 5 business incubators. Where, one was a business innovation centre, two corporate private incubators and lastly two university business incubators. The study revealed that conducive business environment created by incubators enhances efficiency of tenants in increasing employee motivation and

contributes to product development, experience and age of incubator affect the tenants in several ways for instance cash flow, human capital and networking with potential partners and clients.

The government of Saudi Arabia has come up with various techniques that are aimed at supporting the medium and small enterprises. To boost growth and improvement on performance of MSEs, the government has come up with strategies and techniques on how they can impart entrepreneurial skills and nature talent as well as providing training programs for entrepreneurs. Alfantookh and Bakry (2013) suggested that university incubation improved on MSEs growth and this was due to transferring of technology and promotion of innovation which is facilitated through various learning institutions in Saudi Arabia. From their observation, there was increase in job opportunities, improvement in business skills, economic growth and financial performance improved tremendously.

In South Africa, Naude (2007) did a study which indicated that micro and small enterprise relied on financial indicators like gross profits, revenue generated, and cash flows and non-financial indicators included rate of customer satisfaction, deliveries on time, expansion of business and number of new orders. In the recommendations, the study suggested MSE need to measure growth and performance by use of both financial and non-financial performance in order to enable the entrepreneur to make wise decisions.

A study in Nigeria by Obaji, Senin and Richards (2014) sought to determine the impact of business incubation on growth of MSEs in Abuja, Nigeria. The study indicated that, the country has not achieved much through the implementation of incubation programs to the growth of MSEs. This is due to the inability of the Nigerian government to come up

with holistic policies meant to promote business incubations, biasness in selecting MSEs, lack of support to graduate firms and lack of funding. The factors have affected MSE's competitiveness and performance, low financial sustainability and poor business skills. It was revealed that for the growth of MSE's in Nigeria, there was need to fund incubation programs, facilitate networking capacity of MSE's with other strategic partners and organizing for more Network skills which improved MSE's business skills.

In Kenya, Kinoti (2011) in his study, it is indicated that business incubators first was started in Kenya in the year 1967. Industrial and Commercial Development Corporation mandated Kenya Industrial Estate to foster for the growth of MSEs in Kenya. This was done by providing credit and business development services, establish industrial parks among other ways. Further it was revealed from their study findings that they provided business advice, training, technology knowhow, mentoring and marketing assistance. All this was aimed at assisting medium and small enterprise to grow and thus improve on their performance.

A study by Chimwani, Nyamwange and Robert (2013) who sought to determine the application of Balanced Scorecard in measuring growth and performance of micro and small enterprise. From the study, it was revealed that majority of micro and small enterprise depended on financial indicators to measure their growth and performance. Considering that use of both financial and non-financial measures give a holistic and sustainable view of the organization, therefore this study measured growth of micro and small enterprise from financial and non financial perspectives

A study by Ogutu and Kinonge (2015) which was carried out in Nairobi, Kenya indicated that 50 percent of medium and small enterprises who had business training from business

incubators helped them to improve on their businesses. Further it was revealed 61 percentages of the medium and small enterprise who did not acquire business training indicated their business did poorly as compare to 39 percent of MSEs who received business trainings from the business incubators. Therefore, it was concluded that business trainings from business incubators had strong influence on MSE's growth. This is because business training enhanced increase in the MSE's performance, high financial performances and it helped in improving business skills.

2.4 Conceptual Framework

According to Creswell and Creswell (2017), a conceptual framework is a diagrammatic presentation of the relation existing between the independent and dependent variables. This study sought to determine the relationship that exist between financial resource support, business training skills and management skill as independent variables while Micro and small enterprise growth was adopted as dependent variable. The study also used policies and regulations, unemployment, and natural calamities as an intervening variable

Independent Variable

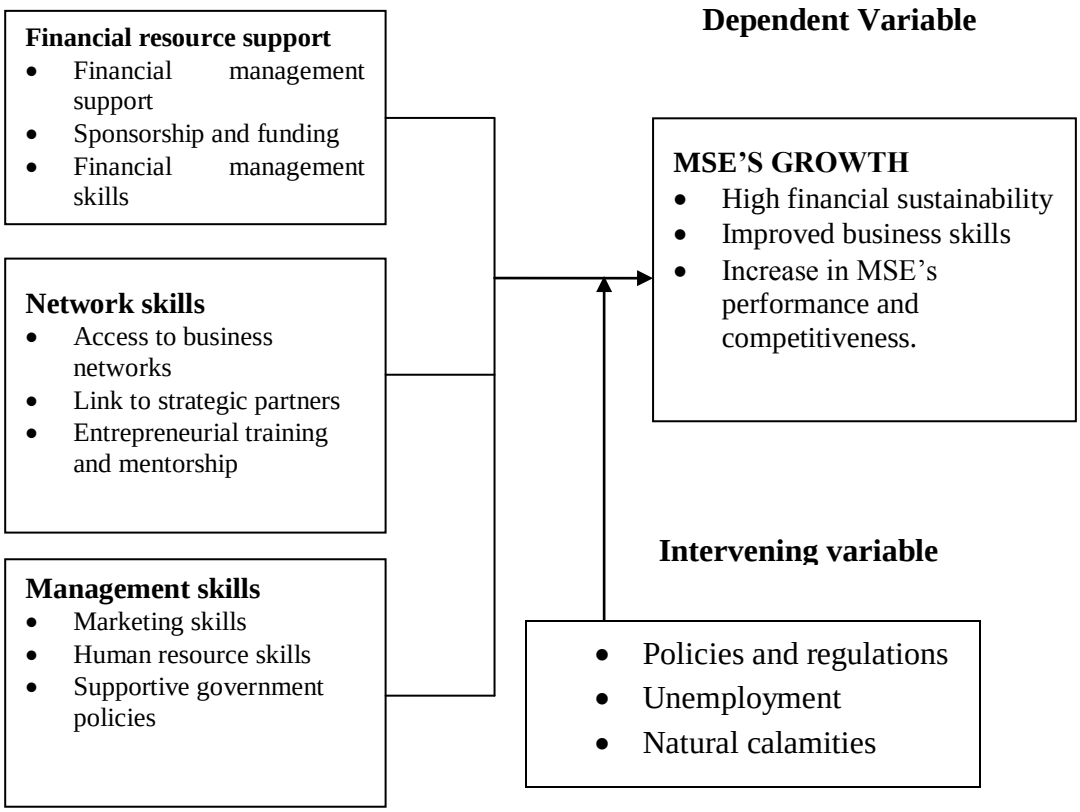

Figure 2.1: Conceptual Framework of the Role of Business Incubators

Source: Researcher Conceptualization (2022)

2.5 Identification of Knowledge Gap

Studies reviewed on financial Resource Support and growth of micro and small enterprises indicated the studies were carried in different context while the current study was carried in Bomet county government. Most studies adopted descriptive research design, primary data collection and sample size of the most studies was determined by use of simple random sampling technique. Therefore, this study relied on correlation research design and stratified sampling technique. There were a few studies conducted in county government but however they adopted different Network skills dimensions where it was revealed management skills and technological skills had positive impact on growth of micro and small enterprise. The current study adopted access to business network, link to strategic partners, and entrepreneurial training and mentorship and the dimensions of Network skills. The studies also adopted descriptive research design, online questionnaires and non-probability sampling techniques. The non probability sampling techniques are more subjected to biasness unlike probability sampling techniques. Therefore, the gap can be bridged by carrying out more research by adopting Correlational research design and adopting stratified sampling technique which is a probability sampling technique. Data was also obtained by use of questionnaires which was self-administered and they were less costly for the respondents.

Lastly, studies on management support and growth of micro and small enterprises indicated that MSEs who have attended incubator trainings are deemed to be successful in short and long term. Further the studies revealed that financial support, management training, and network opportunities played an important role in promoting the growth of micro and small enterprise. Most studies relied on the use of questionnaires to collect

data and few studies have been carried out in developing countries. Therefore, due to this the current study was conducted in Kenya and more specifically in Bomet County.

Therefore, it is on this basis that the proposed research seeks to determine whether this is the case in Bomet County, where similar studies have not been carried out before.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was used in this research study. Specifically, the chapter dealt with the research design used, location of the study, the target population, sample size and sampling technique, data collection instruments and data collection procedures, data analysis and presentation and lastly ethical issues that guided the research.

3.2 Research Design

According to Descombe (2010), research design is the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes what the investigator did from writing hypothesis and their operational implications to the final analysis of data. The study used Correlational research design Equally, Cooper (2014) argues that Correlational research design is important in studies that use both qualitative and quantitative data; thus, this study was placed well to adopt the design since it uses both qualitative and quantitative data and sought to establish relationship between the study variables

3.3 Location of Study

Bomet County is one of the 47 Counties in Kenya created on 4th march 2013. It was created from the former Kericho district through Kenya gazette supplement no. 53 of

1992. It has a population of 875,689 in 2019 and covers an area of 1,630.0 km^2. The county has five sub-counties namely; Sotik sub-county, Chepalungu Sub-County, Bomet East Sub-County, Bomet central Sub-County, and lastly Konoin Sub-County. This is county number 036. Bomet County borders Kericho County to the North and North East, Nyamira County to the North West, Nakuru County to the East, and Narok County to the South East, South, and South West. The counties majorly rely on tea farming which is practiced in large scale. The residents also practice dairy farming which generates revenues. The county residents also cultivate maize, pineapples, onions beans and Irish potatoes among other foods (Bomet county ministry of agriculture, livestock and co-operatives 2019). Due to this economic endowment, it has led to emergence of other businesses in the county and new Micro and Small Enterprises. According to the report from the ministry of trade and industrialization (2017), the growth rate of MSEs in the County increased by 2.1 percent than the neighboring counties. Therefore, this attracted the current study to take County of Bomet as a study area.

3.4 Target Population

Target population as described by Borg and Crall (2009) is a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator generalizes the result. The target population for this study is 615 registered MSEs. This is according to ministry of trade index 2019 Bomet County. The study targeted some selected Micro and small enterprises in Bomet County based on the number of employees and the expected turnover. This ranges from retail shops, hospitality and manufacturing of Micro and small Enterprises. Stratified random sampling method was used in the study

because the accessible population was selected from each of the category as shown in Table 3.1.

Table 3.1

Sample size

Category	Target population	Sample size
Retail shops	280	110
Hospitality	250	98
Manufacturing	85	34
Total	615	242

Source: Bomet County Records (2021)

3.5 Sample Size and Sampling Procedures

Stratified sampling as well purposive technique was employed in this research. This is because the population of the MSEs has different groups, which are related to the topic of the study. Stratified sampling was, therefore, the most suitable for this study. Sample size was determined by Yamane's (1967) formula

$$n = \frac{N}{1 + N(e)^2}$$

Where n=the sample size

N=the size of population

e=the error of 5percent points

$$\frac{615}{1+615\ (0.05)^2}$$

$$\frac{615}{1+615\ (0.0025)}$$

$$\frac{615}{2.5375}$$

$$= 242$$

The study used a sample size of 242 respondents for the purpose of achieving the results of objectives under study.

3.6 Data Collection Instruments

The study adopted primary data collection method. Primary data was collected using structured questionnaires with both open and closed ended questions. The use of questionnaires was important because it is free from interviewer's biases and can be administered to many respondents (Kothari, 2009). The researcher used the drop and picks method to give the respondents adequate time to fully work on the questionnaires. On completion, the researcher collected the questionnaires from the participants.

3.6.1 Validity of the Instruments

Validity refers to the accuracy of an assessment or study. Content validity was used to check if the items in the questionnaire indicate the construct which is being measured in

addition to the scoring, formatting and wording of the instrument. Validity test was conducted to investigate how lengthy and appropriate after making the necessary corrections before being administered to the respondents. The researcher discussed the content of the questionnaire with the supervisors, lecturers and colleagues before going to the field. The supervisors assisted in aligning conceptual framework with the questions in the questionnaires and the research question were developed basing on the literature reviewed. This improved the construct validity. Face validity was achieved with help of a panel of experts and supervisors. The questionnaires were piloted to the sampled respondents by applying the threshold of 10% proposed by Mugenda and Mugenda (2003) to check how well the questionnaire collects the required data. The results from the pre-test study notified the researcher of any discrepancies found and was corrected before the main data collection.

3.6.2 Reliability of instruments

Reliability refers to the degree to which a test consistently measures whatever it is intended to measure. The more reliable an instrument is, the more confidence we can have meaning that the same results would be obtained in case the research is to be re-administered to the same respondents Sekaran (2009). For research instrument reliability, this study employed a pre-test of the research instruments which were carried in Kericho County because of the similarity in social and economical environment the two counties share. In relation to Mugenda and Mugenda (2003), pilot study can be applied on 10 percent of the sample size. Therefore, 24 respondents were picked for pilot testing to ensure instrument reliability. The pre-test allowed for the application of the instrument in

the main data collection exercise. Cronbach's Alpha coefficient were used to determine the reliability. This is a coefficient that is applied to measure internal consistency of an instrument. An instrument is deemed reliable if its coefficient is 0.7 and above. The results revealed an overall Cronbach Alpha of 0.842 which was above the threshold of 0.7, hence reliable. The study employed test-retest reliability technique to measure the consistency where reliability coefficient of 0.84 representing 84% was used.

Table 3.2

Reliability Analysis

Variable	Items	Cronbach's Alpha coefficient
Financial Resource Support	5	.884
Network skills	4	.802
Management skills	5	.824
Growth of MSEs	4	.858
Average	4.5	0.842

Source: Research Data (2022)

3.7 Data Collection Procedures

Data collection begun after research project has been approved by Board of Graduate Studies and obtain a research permit from National Commission for Science Technology and Innovation [NACOSTI].Permits from Ministry of Education, County Government and County Commissioner. The organization management where the data was collected was informed prior to data collection. Self-administered questionnaires were then given to the respondents after seeking their consent. The questionnaires were picked after three

days but a follow-up was done for those who were missing or not filled. The collected questionnaires were then sorted and screened for errors before coding for analysis purpose.

3.8 Data Analysis and Presentation

Data was sorted, screen for errors, coded and analyzed. The data was analyzed using descriptive and inferential statistics. Descriptive statistics were analyzed using mean and standard deviation which provided explanation of business incubators and growth of MSEs. Inferential statistics were analyzed using correlation analysis and regression analysis. Regression analysis assisted in establishing the relationship between the research variables while correlation analysis established the nature of the relationship between the independent variables and dependent variable. Regression statistics describe the relationships between a set of independent variables and the dependent variable (Cooper and Schindler, 2014). Regression statistics make it possible to discern patterns that are not clearly apparent in the raw data through use of percentages, graphs, pie charts, and tables for ease of visual explanation (Hill, 2009). The completed questionnaires were reviewed and edited for accuracy, consistency and completeness. The responses were then coded, and entries made into Statistical Package for Social Science (SPSS version 23). Data analysis was finalized by adopting regression models in order to determine the role of business incubators on growth of micro and small enterprises. The regression model is presented as below:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$$

Where Y = Growth of Micro and Small Enterprises

a = Constant

βX1 = Financial Resource Support,

βX2 = Network skills,

βX3 = Management skills

ε = Standard error

Diagnostic test was conducted before using regression analysis. These tests were done for the following assumptions normality, linearity, autocorrelation, multi-collinearity and homoscedasticity test given in table below.

Table 3.3

Diagnostic Test for Multiple Regression Model

Assumption	Test	Threshold	Comment
Normality	Kolmogorov-Smirnov	P>0.05	Normal Distribution
Linearity	ANOVA test	P<0.05	Linear relationship
Autocorrelation	Durbin-Watson test	1.5< d=2.243<2.5	No Autocorrelation
Multi-Collinearity	Variance Inflation Factor (VIF)	VIF<10	No Multi-collinearity
Homoscedasticity	Levene's Test	P>0.05	Homoscedastic

Source: Researcher (2021)

3.9 Ethical Issues

The researcher sought permission from University of Kabianga to allow the collection of data. The researcher is therefore ethically responsible for protecting the rights and welfare of the respondents who participated in the study (McMillan & Schumacher, 2011). In this study, the researcher sought permission from all relevant authorities

including ministry of trade of Bomet County and officials of MSEs' where the study was conducted. Ethical guidelines, for informed consent, confidentiality and anonymity was adhered to while issuing the questionnaires. No respondent was required to write his or her name or institution to avoid victimization. The researcher sought an approval from NACOSTI which protects the respondents who was required to give information that was used in this research study.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introductions

Data analysis is presented in this section which includes response rate, descriptive and inferential analysis. The analysis obtained are presented using tables then discussed and interpreted.

4.2 Response Rate

The study response rate was 88% where 213 questionnaires were returned out of a total of 242 respondents. This was above the recommended threshold proposed by Mugenda and Mugenda (2003) of 80%. Therefore, the response rate was satisfactorily appropriate for further analysis.

4.3 Demographic Information

Demographic information used were gender, age, level of education, duration of working and position held in the enterprise. The results were analysed and presented in frequency table based on the nature of the data collected.

Table 4.1

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	122	57.3	57.3	57.3
	Female	91	42.7	42.7	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.2 indicated that there were more male enterprises owned and manage with 122 (57.3%) than female operated enterprises with 91(42.7%). This reveals that the gap between male and female operated enterprises should be bridged through empowering female entrepreneurs.

Table 4.2

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-23	11	5.2	5.2	5.2
	24-29	46	21.6	21.6	26.8
	30-35	60	28.2	28.2	54.9
	36-41	54	25.4	25.4	80.3
	42-47	28	13.1	13.1	93.4
	Above 48	14	6.6	6.6	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

According to table 4.2 age distribution are normally distributed across the enterprises with an average age between 30-35 years where 60(28.2%) represented majority age bracket. However younger entrepreneurs from 18-23 years were the least 11 (5.2%) owing to inability to access finance and lack of sufficient knowledge and skills to run MSEs. It was followed by those who are over 48 years with 14(6.6%) which represented

much older generations. Then followed by 42-47 years, 24-29 years and 36-41 years with 28(13.1%), 46(21.6%) and 54(25.4%) respectively.

Table 4.3

Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	K.C.P.E	5	2.3	2.3	2.3
	K.C.S.E	17	8.0	8.0	10.3
	Diploma	59	27.7	27.7	38.0
	Undergraduate level	119	55.9	55.9	93.9
	Masters level	13	6.1	6.1	100.0
	PhD level	0	0.0	0.0	100
	Total	213	100.0	100.0	100

Source: Research Data (2022)

According to table 4.3 which reveals level of education the results indicated that undergraduate level was leading by 119(55.9%). This was followed by diploma with 59(27.7%), K.C.S.E with 17(8.0%), master 13(6.1%) and K.C.P.E. 5(2.3%). This reveals a high level of literacy among the MSEs owners and managers. Since majority have either undergraduate or diploma level.

Table 4.4

Duration of working in the enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 month	4	1.9	1.9	1.9
	2-5 months	6	3.0	3.0	3.0
	6-8 months	8	3.8	3.8	8.7
	9-11 months	44	20.7	20.7	29.4
	1-2 years	61	28.6	28.6	58.0
	Above 2 years	90	42	42.0	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.4 reveals that most of the entrepreneurs have worked more than 2 years in the enterprise with 90(42%). This was followed by 1-2 years 61(28.6%), 9-11 months 44(20.7%), 6-8 months with 8(3.8%), 2-5 months 6(3.0%), and less than 1 month 4(1.9%).

Table 4.5

Position in the enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	80	37.6	37.6	37.6
	Employee	133	62.4	62.4	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.5 indicated the position in the enterprise where 133(62.4%) were owners and 80(37.6%) were employees. Which implies that majority of the enterprises was operated by owners rather than the employees of the business.

4.4 Descriptive Results of Role of Incubators

Descriptive results entailed frequency table, mean and standard deviation which were used to interpret the statistics. This allowed analysis and discussion of the result based on financial resource support, Network skills and management skills as well as growth of MSEs.

4.4.1 Descriptive results of financial resource support

Financial resource support was investigated using frequency tables, mean and standard deviation. These were represented in table 4.6 which revealed the area where funds were invested in the MSEs while Table 4.7 are descriptive statistics.

Table 4.6

Area that financial funds support the enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Expansion	49	23.0	23.0	23.0
	Human resource	5	2.3	2.3	25.4
	Marketing	52	24.4	24.4	49.8
	Capita l investment	98	46.0	46.0	95.8
	Production	9	4.2	4.2	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.6 indicated financial resource support where the results revealed that majority of funding support were used in capital investment 98(46.0%). This was followed by investment in marketing and expansion with 52(24.4%) respectively. However, production and human resource was the lowest financial funds support with 9(4.2%) and 5(2.3%) respectively.

Table 4.7

Descriptive statistics for financial resource support

	N	Minimum	Maximum	Mean	Std. Deviation
Am able to acquire loans at a lower interest rate and friendly repayment period through business incubators and other financial partners.	213	1.00	5.00	4.6761	.82602
Business incubator s financial management support has contributed to the growth of my business enterprise	213	1.00	5.00	4.1315	.70148
The business incubator gives me sponsorship and funding and thus boost the growth of my business	213	1.00	5.00	4.5728	.84150
A business incubator provides me with financial management training and Coaching which is helpful to the growth of my business enterprise.	213	1.00	5.00	4.5211	.79252
Business incubators financial trainings have helped me to acquire combination of many skills such as budgeting, ability to plan, organize and proper management of financial resources available.	213	1.00	5.00	4.5446	.82080

Source: Research Data (2022)

Table 4.7 indicated that the entrepreneurs were sufficiently able to acquire loans at a lower interest rate and friendly repayment period through business incubators and other financial partners (mean of 4.6761). Variation in accessing loans was low, hence majority

of the business benefited from low interest rate and friendly repayment periods (standard deviation of 0.82602).

Business incubators financial management support had sufficiently contributed to the growth of my business enterprise (mean of 4.1315). Variation in business incubators financial management support was low in opinion (standard deviation of 0.70148).

The business incubator gave adequate sponsorship and funding and thus boost the growth of the business (mean of 4.5728). The spread of opinion in boosting growth was low implying most funds boosted growth (standard deviation of 0.84150).

A business incubator provides me with financial management training and coaching which is helpful to the growth of my business enterprise (mean of 4.5211). The variation was found to be low training and coaching opinion (standard deviation of 0.79252).

Business incubators financial trainings greatly assisted the entrepreneur to acquire combination of many skills such as budgeting, ability to plan, organize and proper management of financial resources available (mean of 4.5446). Its variation was low which showed that there was similar opinion that business incubators financial trainings increased entrepreneurs' skills (standard deviation of 0.82080).

Similar, findings were obtained by Peter, Adegbuyi, Olokundun, Peter, Amaihian and Ibidunni (2018) where financial support assisted growth of MSEs. However, the study was done in Nigeria. Osano and Languitone (2016) also concurred with current study that financial support must include funding awareness which assist in accessing by MSEs.

4.4.2 Descriptive results of network skills

Descriptive results were obtained for Network skills. It entailed frequency in involvement in business trainings and the effect of training on business incubators. It also entails results of mean and standard deviation of business trainings.

Table 4.8

Involved in business trainings

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	207	97.2	97.2	97.2
	No	6	2.8	2.8	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.8 results indicated that 207(97.2%) of the entrepreneurs were involved in business trainings. However, 6(2.8%) have not been involved in trainings. This indicates a larger percentage involvement in training which assisted in information and knowledge sharing.

Table 4.9

Effect of Network skills in MSEs from business incubators

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It has led to double growth	30	14.1	14.1	14.1
	It has stagnated	0.0	0.0	0.0	14.1
	It has expanded	183	85.9	85.9	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.9 revealed that 183(85.9%) of the Network skills in MSEs acquired from business incubators has led to expansion of enterprises. While 30(14.1%) of the respondents indicated that the Network skills from incubators led to double growth of their enterprises. While there was no indication of stagnation due to network skills 0.0(0.0%)

Table 4.10

Descriptive Statistics for Network skills

	N	Minimum	Maximum	Mean	Std. Deviation
Business incubators helped me to have a business network with other businesses	213	2.00	5.00	4.7324	.58174
Incubator s business trainings helped me to have a link with customers and investors who enhance the growth of my enterprise.	213	2.00	5.00	4.1455	.54291
Business incubators linked enterprises to other strategic partners who fosters the growth of the business.	213	2.00	5.00	4.6432	.60999
Business incubator entrepreneurship training skills have become essential to the growth of my enterprise	213	2.00	5.00	4.4225	.64418

Source: Research Data (2022)

Table 4.10 indicated that business incubators greatly assisted MSEs to acquire a business network with other businesses (mean of 4.7324). Its variation in business incubators was low , hence it assisted most enterprises in networking (standard deviation of 0.58174).

Incubators business trainings adequately assisted in linking with customers and investors who enhance the growth of the enterprise (mean of 4.1455). It had low variation in opinion indicating that it assisted to link customers and investors with enterprise (standard deviation of 0.54291).

It was found that business incubators satisfactorily linked enterprises to other strategic partners who foster the growth of the business (mean of 4.6432). It revealed low standard deviation of 0.60999 which indicated that most of the enterprises used strategic partners.

The study findings reviewed in business incubator entrepreneurship training skills have become greatly essential for the growth of my enterprise (mean of 4.4225, standard deviation of 0.64418).

Literature concurred with the current study findings. For instance, a study by Yahya, Othman and Shamsuri (2012) findings indicated that business skills which were obtained through trainings contributed greatly to the growth of MSEs despite the study being carried in Malaysia. In another study which was conducted in Nigeria by Abdul (2018) indicated that entrepreneurial skills acquired contributed to the growth of MSEs and the current study post similar findings even though the study was conducted in Kenya.

4.4.3 Descriptive results of management skills

Management skills were assessed based on participation as well as descriptive statistics results in Table 4.11 and Table 4.12 respectively. The results were presented using frequency table, mean and standard deviation.

Table 4.11

Participation in management skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	209	98.1	98.1	98.1
	No	4	1.9	1.9	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

Table 4.11 indicated that 209(98.1%) participated in management skills. While 4(1.9%) did not participate in any management skills. This show a high percentage of participation in business incubators programs. Descriptive statistics was used to examine the nature and effect of participation in management skills.

Table 4.12

Descriptive Statistics results of management skills

	N	Minimum	Maximum	Mean	Std. Deviation
Marketing skills i have acquired from business incubators management support have contributed to the increase of customers.	213	1.00	5.00	4.8310	.58243
Training on marketing skills i have acquired from management skills has led to increase of my sales volume.	213	1.00	5.00	4.1972	.60547
Human resource skills i have acquired from management skills have contributed to efficient management of enterprise resources.	213	1.00	5.00	4.6714	.63318
Government supportive policies on MSEs have enabled me to compete favourably with other business enterprises	213	1.00	5.00	4.4178	.80039
Supportive government policies have helped my enterprise to grow.	213	1.00	5.00	4.6056	.79762

Source: Research Data (2022)

Table 4.12 reveals that marketing skills acquired from management skills sufficiently contributed to the increase of customers (mean of 4.8310). The results indicated low variation implying most entrepreneurs benefited from business incubators in increasing customers (standard deviation of 0.60547).

According to the results of training on marketing skills which was acquired from management skills led to sufficient increase of sales volume (mean of 4.1972). Low variation in training skills indicated that most entrepreneurs benefited from increase in sale volumes (standard deviation of 0.60547).

Human resource skills acquired from management skills through business incubators had sufficiently contributed to efficient management of enterprise resources (mean of 4.6714). Variation results indicated low standard deviation of 0.63318 which meant that most entrepreneurs were of the opinion that business incubator management support assisted in human resource skills.

Analysis of government supportive policies on MSEs adequately enabled MSEs to compete favorably with other business enterprises (mean of 4.4178). A standard deviation of 0.80039 reveals low variation in opinion.

Supportive government policies significantly helped the enterprise to grow (mean of 4.6056). Its variation was low in the opinion that government policies assisted enterprise to grow (standard deviation of 0.79762).

A study finding by Elmansori, and Arthur (2015) indicated that management skills had positive effect on MSEs marketing skills which boosted their business growth. This supports the findings of the current study which indicates that marketing skills acquired contributed to the increase of customers.

Madinga (2016) conducted a study in South Africa and the findings revealed that supportive government policies had strong relationship with the growth of MSEs which is

similar to the findings of the current study which found out those government supportive policies supports greatly on growth of MSEs in Kenya.

According to Kapinga, Montero, Mwandosya and Mbise (2018) in Tanzania, the study findings on marketing skills and human resource skills greatly improved business performance at the same time marketing skills assisted in increasing sales volume. The current study concurs with these findings where the study reveals that marketing skills contribute to increase in customers and thus increase in sales volume and on the other hand human resource skills contributed to efficient management of enterprise resources hence improves the MSEs performance.

4.4.4 Descriptive results of growth of the enterprise

Frequency table and descriptive statistics was used to establish the growth of enterprises. The results were represented in Table 4.13 and Table 4.14 respectively.

Table 4.13:

Contribution of business incubators to growth of the enterprise

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	199	93.4	93.4	93.4
	No	14	6.6	6.6	100.0
	Total	213	100.0	100.0	

Source: Research Data (2022)

According to Table 4.13 their results indicated that business incubators contributed to 199(93.4%) of growth of enterprise while 14(6.6%) did not. This revealed a high contribution of growth in enterprises.

Table 4.14

Descriptive statistics of growth of enterprises

	N	Minimum	Maximum	Mean	Std. Deviation
Enterprise had consistent increase in our monthly profits.	213	1.00	5.00	4.7653	.65251
There was an increase in the number of employees.	213	1.00	5.00	4.0892	.73749
Micro and small enterprise has contributed to the increase of the net income.	213	1.00	5.00	4.5540	.69577
Business has expanded in terms of increase in market share and increase in number of customer served.	213	1.00	5.00	4.3944	.70334

Source: Research Data (2022)

Table 4.14 results further revealed that there was adequate and consistent increase in our monthly profits (mean of 4.7653). The results indicated low variation in opinion in profit increment (standard deviation of 0.65251).

The result revealed that there was sufficient increase in the number of employees (mean of 4.0892). Variation was low which meant that majority of employees increased as result of business incubators (standard deviation of 0.73749).

Findings further revealed that micro and small enterprise sufficiently contributed to the increase of the net income (mean of 4.5540). Its variation was low which implies most of MSEs had an increase in net income (standard deviation of 0.69577).

The findings further revealed that business had significantly expanded in terms of increase in market share and increase in number of customers served (mean of 4.3944). Low variations also revealed that majority of the enterprises have expanded (standard deviation of 0.70334).

The study in general revealed there was increase in monthly profits, increase in the number of employees, the increase of the net income, increase in market share and increase in number of customers to MSEs through business incubators. These findings concur with the findings of Dobrovic, Lambovska, Gallo and Timkova (2018) which indicated that business incubators influenced growth of MSEs in terms of increase in profits, increase in number of employees, increase of net income, and lastly business expansion.

4.5 Inferential Statistics

Inferential statistics comprised of correlation analysis and multiple regression analysis. Consequently, before using multiple regression models, diagnostic test was conducted for favourability of using the model. All the result was tested using 5% significant level.

4.5.1 Correlation analysis

Correlation analysis was conducted between financial resource support, network skills, management skills and growth of MSEs. Pearson correlation and significant test were used to test the relationship between the variables.

Table 4.15

Correlational analysis

		Financial Resource Support	Network skills	Management skills	Growth of MSEs
Financial Resource Support	Pearson Correlation	1	.843**	.811**	.879**
	Sig. (2-tailed)		.000	.000	.000
	N	213	213	213	213
Network skills	Pearson Correlation	.843**	1	.746**	.825**
	Sig. (2-tailed)	.000		.000	.000
	N	213	213	213	213
Management skills	Pearson Correlation	.811**	.746**	1	.811**
	Sig. (2-tailed)	.000	.000		.000
	N	213	213	213	213
Growth of MSEs	Pearson Correlation	.879**	.825**	.811**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	213	213	213	213

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

Source: Research Data (2022)

Table 4.15 revealed that there existed strong positive significant relationship between financial resource support with network skills and management skills (R=0.843, R=0.811 respectively, P<0.05). Similarly, network skills had strong positive relationship with management skills (R=0.746, P<0.05). Finally, the growth of MSEs revealed as strong positive relationship with financial resource support, business training and management skills (R=0.879, R=0.825 and R=0.811 respectively, P<0.05).

4.5.2 Diagnostic test for multiple linear regression

Diagnostic test examined linearity, normality, multi-collinearity, autocorrelation and homoscedasticity. Table 4.15 represent linearity which was investigated based on significance.

Table 4.16

Linearity

Variables	F	P	R	R^2
Growth of MSEs*Financial Resource Support	887.750	0.000	0.879	0.772
Growth of MSEs*Network skills	888.362	0.000	0.825	0.680
Growth of MSEs*Management skills	600.467	0.000	0.811	0.657

Source: Research Data (2022)

Table 4.16 reveals that financial resource support had a strong positive linear significant relationship with growth of MSEs (R=0.879, P<0.05). Network skills had a strong positive linear significant relationship with growth of MSEs (R=0.825, P<0.05). Finally, management skills had a strong positive linear significant relationship with growth of MSEs *(*R=0.811, P<0.05). Hence, financial resource support, Network skills and management skills had significant linear relationship with growth of MSEs.

Table 4.17
Test of Normality, Multi-Collinearity, Autocorrelation and Homoscedasticity

	Kolmogorov-Smirnov[a]			Shapiro-Wilk			Collinearity Statistics		Levene's Test	
	Statistic	Df	Sig.	Statistic	Df	Sig.	Tolerance	VIF	Statistics	Sig.
Growth of MSEs	.327	213	.200*	.551	213	.112				
Financial	.323	213	.200*	.494	213	.089	.214	4.670	4.430	0.092
Resource Support										
Network skills	.316	213	.200*	.656	213	.219	.278	3.596	5.914	0.108
Management	.327	213	.200*	.515	213	.109	.329	3.043	5.108	0.104
Skills										
a. Lilliefors Significance Correction										
Durbin-Watson										1.895

Source: Research Data (2022)

Shapiro-Wilk was used to examine the normality where growth of MSEs, financial resource support, Network skills and management skills were found to be normally distributed (P>0.05). The results also revealed that there was no multi-collinearity of financial resource support, Network skills and management skills (VIF<10). Levene's test revealed that financial resource support, Network skills and management skills were homoscedastic along the regression on growth of MSEs (P>0.05). However, there existed no autocorrelation among the variables based on Durbin-Watson (1.5<d=1.895<2.5). Hence, the diagnostic results showed that multiple regression model should be adopted.

4.5.3 Multiple linear regression analysis

Multiple linear regression analysis was examined based on multiple regression model summaries. The results were based on R and R-square as presented in table 4.18.

Table 4.18

Multiple Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.903[a]	.816	.813	.25187	1.895

a. Predictors: (Constant), Business Incubators Management Support, Network skills, Financial Resource Support

b. Dependent Variable: Growth of MSEs

Source: Research Data (2022)

Table 4.18 revealed a strong positive relationship between management skills, Network skills and financial resources support with growth of MSEs (R=0.903). Management skills, Network skills and financial resources support contributed 81.6% of the variation in growth of MSEs while other factors were 18.4% (R-Square = 0.816). The standard error of the estimates was low with variation of 0.252 (e=0.25187).

Table 4.19

ANOVA from SPSS Version 23.0 for MRM

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.848	3	19.616	309.204	.000[b]
	Residual	13.259	209	.063		
	Total	72.107	212			

a. Dependent Variable: Growth of MSEs

b. Predictors: (Constant),Management Skills, Network skills, Financial Resource Support

Source: Research Data (2022)

Table 4.19 revealed that there existed significant relationship between management skills, Network skills and financial resources support with growth of MSEs ($F_{3,209}$=309.204, P<0.05).

Table 4.20

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	.002	.183		.012	.991		
	Financial Resource Support	.425	.057	.481	7.507	.000	.214	4.670
	Network skills	.294	.070	.238	4.231	.000	.278	3.596
	Management skills	.268	.057	.243	4.694	.000	.329	3.043

a. Dependent Variable: Growth of MSEs

Source: Research Data (2022)

Table 4.20 reveals that financial resource support had positive significant relationship with growth of MSEs (Beta=0.425, P<0.05). This implies that a unit increase of financial resource support had 0.425-unit increase on growth of MSEs. The results also indicated that Network skills had positive significant relationship with growth of MSEs (Beta=0.294, P<0.05). Network skills unit increase had 0.294-unit increase on growth of MSEs. Finally, business incubation management practices had positive significant relationship with growth of MSEs (Beta=0.268, P<0.05). A unit increase in management skills had 0.268-unit increase in growth of MSEs.

4.6 Test of Hypothesis

$H_0$1 There is no significant role of financial resource support on growth of micro and small enterprises in Bomet County

The result from the study revealed that there existed positive significant relationship between financial resource support and growth of micro and small enterprises in Bomet

County (Beta=0.425, P<0.05). The null hypothesis was rejected and alternative hypothesis accepted. Financial support was the highest contributing factor in business incubation that assisted MSEs to grow. These results concur with Peter, Adegbuyi, Olokundun, Peter, Amaihian and Ibidunni (2018) that financial support has significant relationship with the growth of MSEs despite the study being conducted in Nigeria.

$H_0$2 There is no significant role of Network skills on growth of micro and small enterprises in Bomet County

There was a positive significant role of Network skills on growth of micro and small enterprises in Bomet County (Beta=0.294, P<0.05). Hence the null hypothesis was rejected and alternative hypothesis adopted. Business training was the second highest contributor to MSEs growth. According to Yahya, Othman and Shamsuri (2012) who conducted the study in Malaysia concur with the current findings where the study found out that training had positive significance to the growth of MSEs.

$H_0$3 There is no significant role of management skills on growth of micro and small enterprises in Bomet County

There existed a positive significant relationship role of management skills on growth of micro and small enterprises in Bomet County (Beta=0.268, P<0.05). Thus the null hypothesis was rejected and alternative hypothesis accepted. Therefore, management skills had significant role in the growth of MSEs. The study findings concur with the study findings of Wanyoko (2013) where the study revealed positive significant relationship between marketing skills and government policies on growth of micro and small enterprises.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The section provides the summary of the findings which were used to make conclusion and recommendation of the study. The section is crucial in providing the analysed evidence and recommends appropriating entities how the problem could be handled and providing viable suggestions. It also suggests area of improvement and recommendations for further research to be done.

5.2 Summary

5.2.1 Financial resource support and growth of MSEs summary

The findings indicated that majority of financial funds supported the enterprises in capital investment which was followed by marketing and expansion. Also revealed that the loan acquired were affordable in terms of friendly repayment periods and low interest rate. Business incubators financial management contributed to growth of business enterprises through sponsorship and funding. The study also found that there were sufficient financial management training and coaching that assisted in growth of business enterprises. These trainings assisted in planning, budgeting, organization and proper management of financial resources. Therefore, there existed positive significant role of financial resource support on growth of MSEs (Beta=0.425, $P<0.05$).

5.2.2 Network skills and growth of MSEs summary

The study found that most of MSEs have participated in training. According to the results business incubators have assisted in business network both business to business and business to customer. The business incubators linked enterprises to also foster growth through strategic partnership. The training done in business incubators assisted entrepreneurs to gain business skills that are essential for their growth. Hence, there was positive significant role of Network skills on growth of MSEs (Beta=0.294, $P<0.05$).

5.2.3 Management skills and growth of MSEs summary

The study found that marketing skills were sufficiently provided by management skills which enabled the MSEs to gain more customers. The trainings in marketing assisted in growth of sales volumes. It also enabled MSEs to gain human resource skills which resulted to efficient management of enterprise resources. It also provided government supportive policies that enable the enterprises compete in the market place. Therefore, there was significant role of management skills on the growth of MSEs (Beta=0.268, $P<0.05$).

5.3 Conclusions

The study concluded that there existed positive significant role of financial resource support on growth of MSEs. The funds obtained from business incubators assisted mainly in capital investment, marketing and expansion of MSEs. This was possible through affordable loans, friendly repayment periods, sponsorship and funding as well as financial training and coaching provided to MSEs assisted in the growth. This has

boosted growth of business as well as assisted the MSEs to budget, plan, organize and manage financial resources given to them. The business incubators have played an important role in improving the MSEs by providing financial solutions.

The study concluded Network skills had significant influence on the growth of MSEs. The training offered to MSEs assisted in expansion as well as growth. Through business training support the MSEs were able to network with customers and investors. These enabled strategic partnerships besides gaining business skills which foster more growth.

The study further concluded that management skills significantly influenced the growth of MSEs. This assisted in nurturing marketing skills, human resource skills and business management skills. This also assisted the MSEs to manage the customers, increase sales and increase efficiency in managing enterprise resources. Government supportive policies assisted the MSEs to grow their business.

5.4 Recommendations

The study recommends the County government to develop financial support business incubators project. The County government can channel their funds allocation to business incubators as well as extent the human resource attached to the department to ensure that there is sustainable growth in the entire MSEs sector. The study also recommends that National government through existing funds strategies to adopt financial support business incubators project that can allow for affordable loans, friendly repayment period, sponsorship and funding to MSEs.

The study recommend that business training programs should be done often to enable increase in business networking as well as provide sufficient business skills to the MSEs.

This will enable the MSEs to gain more customers, investors as well as strategic partnership. This initiative can be also done in national level, county level, wards level and in cooperate non-governmental organization as well as private sector.

Finally, the study recommended the government to widen their support through similar business incubators initiative. These can be attained through boosting management skills, marketing skills and human resource skills. The policy makers from top government legislation should develop laws and regulation that safeguard the MSEs from scrupulous middle traders, cartels and exploiters while marketing their product as well as in service delivery.

5.5 Suggestions for Further Research

The study found that there was no sufficient legislation and policies that support these business incubators. The study suggests research to be done in moderating effect of government supportive policies on business incubators and growth of MSEs.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Dennis Kipkorir Langat,

P.O. BOX 319,

Sotik.

Dear Sir/Madam,

RE: **Request to carry out research in your factory.**

I am a student at the University of Kabianga pursuing a Master's degree in the Business Administration (MBA) Entrepreneurship option.

As part of the program, am required to undertake a research project on "The role of business incubators on growth of Micro and Small Enterprises in Bomet County, Kenya."

Kindly assist by enabling access data. I assure you that the information provided will be treated with the utmost confidentiality

Your co-operation and assistance will be highly appreciated. Thank you.

Yours faithfully,

Dennis Kipkoir Langat

APPENDIX II: QUESTIONNAIRE

Instructions

This questionnaire is specifically designed to gather data on "The role of business incubators on growth of Micro and Small Enterprises in Bomet County, Kenya". The information will be only used for academic purposes and shall be treated in utmost confidence. You are requested to complete this questionnaire as honestly and objectively as possible. Please tick in the appropriate box and also fill in the blank spaces provided for those questions where elaborate answers may be needed.

SECTION I: BACKGROUND INFORMATION

This part intends to collect general data and kindly you are required to fill it with open mind.

1. Kindly tick your gender

Male ☐ Female ☐

2. How many employees do you have in your enterprise?

1 -9 Employees	
10-49 Employees	

3. what is the expected turnover of your enterprise?

Below 500,000	
500,000-5M	

4. Under what age bracket do you belong?

YEARS	
18-23	
24-29	
30-35	
36-41	
42-47	
48 Above	

5. Level of Education Attained

K.C.P.E certificate	
K.C.S.E certificate	
Diploma level	
Undergraduate level	
Masters level	
PhD level	

6. How long have you been operating the enterprise?

Less than 1 month	
2-5 months	
6-8 months	
9-11 months	
1-2 years	
2 years and a above	

7. Kindly indicate your position in the enterprise

Owner ☐ Employee ☐

SECTION II: THE EXTENT TO WHICH BUSINESS INCUBATORS FINANCIAL RESOURCE SUPPORT IMPROVE GROWTH OF MICRO AND SMALL ENTERPRISES

8. Do you access financial funding from business incubators or other co-partners?

Yes ☐ No ☐

9. If yes, which area does the financial funding support your enterprise?

Expansion Human resource Marketing

Capital investment ☐ production ☐ ☐

Indicate how much you agree with the following statements relating to the financial resource support growth of micro and small enterprises by using a scale of 1-5, where 1- Strongly disagree, 2- Disagree,3- Neither disagree nor Agree, 4 Agree, 5- Strongly agree.

	Statement	**5**	**4**	**3**	**2**	**1**
10.	Am able to acquire loans at a lower interest rate and friendly repayment period through business incubators and other financial partners.					
11.	Business incubator financial management support has contributed to the growth of my business enterprise					
12.	The business incubator gives me sponsorship and funding and thus boost the growth of my business					
13.	A business incubator provides me with financial management training and Coaching which is helpful to the growth of my business enterprise.					

14.	Business incubators financial trainings have helped me to acquire combination of many skills such as budgeting, ability to plan, organize and proper management of financial resources available.					

15. If any other specify

……

……

SECTION III: THE EXTENT TO WHICH INCUBATORS NETWORK SKILLS CONTRIBUTE TO GROWTH OF MICRO AND SMALL ENTERPRISES

16. Have you been involved in training on business skills?

    Yes ☐ No ☐

17. What is the effect of Network skills obtained from business incubators on the growth of micro and small enterprise?

    It has led to double-growth ☐ It has expanded ☐

    It has stagnated ☐ It has declined ☐

Indicate how much you agree with the following statements relating to the Network skills contribute to growth of micro and small enterprises by using a scale of 1-5, where 1- Strongly disagree, 2- Disagree,3- Neither disagree nor Agree, 4 Agree, 5- Strongly agree.

	Statement	**5**	**4**	**3**	**2**	**1**
18.	Business incubators help me to have a business network with other businesses.					
19.	Incubators business trainings help me to have a link with customers and investors who enhance the growth of my enterprise.					
20.	Business incubators link enterprises to other strategic partners who fosters to the growth of the business.					

21.	Business incubator entrepreneurship training skills have become essential for the growth of my enterprise					

SECTION IV: THE EXTENT TO WHICH MANAGEMENT SKILLS CONTRIBUTE TO THE GROWTH OF MICRO AND SMALL ENTERPRISES

22. Have you ever received management skills?

Yes ☐ No ☐

Indicate how much you agree with the following statements relating to the Management support in incubation and growth of micro and small enterprises by using a scale of 1-5, where 1- Strongly disagree, 2- Disagree,3- Neither disagree nor Agree, 4 Agree, 5- Strongly agree.

	Statement	**5**	**4**	**3**	**2**	**1**
23.	Marketing skills i have acquired from management skills through business incubators have contributed to the increase of customers.					
24.	Training on marketing skills i have acquired from management skills has led to increase of my sales volume.					
25.	Human resource skills i have acquired from Business incubator management support have contributed to efficient management of enterprise resources.					
26.	Government supportive policies on MSEs have enabled me to compete favorably with other business enterprises					
27.	Supportive government policies have helped my enterprise to grow.					

28. If any, specify other way(s) in which management skills contributes to the growth of micro and small enterprises

……
……

SECTION V: GROWTH OF MICRO AND SMALL ENTERPRISES

29. Has grown of your enterprise?

Yes ☐ No ☐

Indicate how much you agree with the following statements relating to the contributions of business incubators to the growth of micro and small enterprises by using a scale of 1-5, where 1- Strongly disagree, 2- Disagree,3- Neither disagree nor Agree, 4 Agree, 5- Strongly agree.

	Statement	**5**	**4**	**3**	**2**	**1**
30.	Enterprise has consistent increase in our monthly profits.					
31.	There is an increase in the number of employees.					
32.	Micro and small enterprise has contributed to the increase of the net income.					
33.	Business has expanded in terms of increase in market share and increase in number of customer served..					

34. Specify any other ways business incubators have contributed to the growth of micro and small enterprises

……
……

APPENDIX IV: CLEARANCE LETTER FOR DATA COLLECTION

UNIVERSITY OF KABIANGA
ISO 9001:2015 CERTIFIED
OFFICE OF THE DIRECTOR, BOARD OF GRADUATE STUDIES

REF: MBA/A/027/18 **Date: 8th February, 2021**

Dennis Kipkorir Langat,
Marketing, Mgt Sci. Hospitality & Tourism Department,
University of Kabianga,
P.O Box 2030- 20200,
KERICHO.

Dear Mr. Langat,

RE: CLEARANCE TO COMMENCE FIELD WORK

I am glad to inform you that the Board of Graduate Studies during its meeting on 11th December, 2020 approved your research proposal entitled **"The role of Business Incubators on Growth of Micro and Small Enterprises in Bomet County, Kenya."**

I am also acknowledging receipt of your corrected soft and spiral bound copy of your proposal. You are now free to commence your field work on condition that you obtain a research permit from NACOSTI.

Please note that, you are expected to publish at least one (1) paper in a peer reviewed journal before final examination (oral defense) of your Masters thesis.

Thank you.

Yours Sincerely,

UNIVERSITY OF KABIANGA
08 FEB 2021
BOARD OF GRADUATE STUDIES

Prof. J. K. Kibett
DIRECTOR, BOARD OF GRADUATE STUDIES.

cc 1. Dean, SBE
2. HOD, Marketing, Mgt Sci, Hospitality & Tourism
3. Supervisors

APPENDIX V: RESEARCH PERMIT FROM NACOSTI

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 857255

Date of Issue: 12/February/2021

RESEARCH LICENSE

This is to Certify that Mr., DENNIS KIPKORIR LANGAT of University of Kabianga, has been licensed to conduct research in Bomet on the topic: THE ROLE OF BUSINESS INCUBATORS ON GROWTH OF MICRO AND SMALL ENTERPRISES IN BOMET COUNTY, KENYA for the period ending : 12/February/2022.

License No: NACOSTI/P/21/9846

857255

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

APPENDIX VI: CLEARANCE TO COMMENCE FIELD WORK FROM MINISTRY OF EDUCATION

REPUBLIC OF KENYA
MINISTRY OF EDUCATION
STATE DEPARTMENT OF EARLY LEARNING AND BASIC EDUCATION

Telegrams: "ELIMU",
Telephone: 052-22265
When replying please quote
email:cdebometcounty@gmail.com
Ref/CDE/BMT/ED/AUTH/74/VOL.II/29

COUNTY EDUCATION OFFICE,
BOMET COUNTY,
P.O. BOX 3-20400,
BOMET.

19th FEBRUARY, 2021

Dennis Kipkorir Langat
University of Kabianga
P.o Box 2030-20200
KERICHO.

TO WHOM IT MAY CONCERN

RE: AUTHORITY TO CONDUCT RESEARCH

Reference is made to letter Ref: No NACOSTI/P/21/9046 dated 12th February, 2021 from NACOSTI, requiring the above mentioned person to conduct a research on "***The Role of Business incubators on Growth of Micro and Small Enterprises in Bomet County)***" which is scheduled to be conducted for the period ending 12th February 2022.

The purpose of this letter is to inform you that authority has been granted for him to carry out the study in Bomet County, including learning Institutions among others.

Kindly accord him the assistance he requires.

COUNTY DIRECTOR OF EDUCATION
BOMET
P.O. Box 3-20400, BOMET
19-2-2021

P.P

INDIATSI MABALE
COUNTY DIRECTOR OF EDUCATION
BOMET COUNTY.

CC

Director General
NACOSTI
P.O BOX 30623-00100

APPENDIX VII: AUTHORIZATION TO COMMENCE FIELD WORK AT THE COUNTY GOVERNMENT OF BOMET

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

DEPARTMENT OF ADMINISTRATION, ICT AND PUBLIC SERVICE

To Whom It May Concern
Bomet County

RE: DENNIS KIPKORIR LANGAT REG NO MBA/A/027/18

The above subject matter refers;

The above mentioned person is a student of Kabianga University currently under taking Research on The Roles of Business Incubators.

He has been authorized to carry out the research in all the Five Sub Counties within Bomet (East,Central,Konoin,Sotik and Chepalungu)

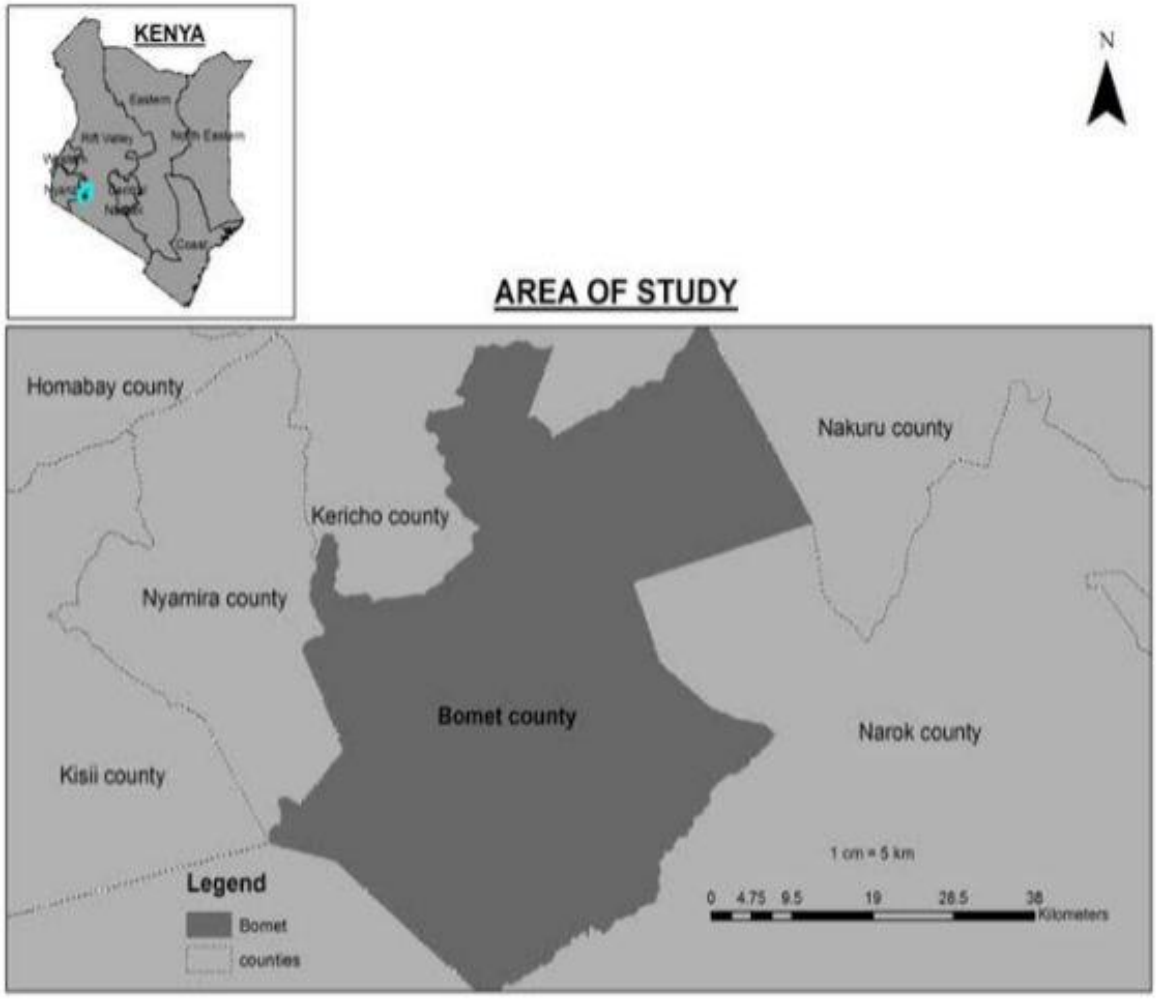
Please accord him the necessary assistance.

Thank you.

COUNTY GOVERNMENT OF BOMET DIRECTOR ADMINISTRATION 19 FEB 2021 P. O. Box 19 - 20400, BOMET-KENYA

Samwel Cheruiyot
DIRECTOR ADMINISTRATION

APPENDIX VI1I: MAP OF BOMET COUNTY



APPENDIX IX: PUBLICATION