



An Evaluation of the Effectiveness of Business-Development Service Providers and Their Services for Micro- and Small-Enterprise Sustainability in Bungoma County, Kenya

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ABSTRACT

This paper evaluated effectiveness of the business development services (BDS) providers and their services for Micro and Small Enterprises' (MSEs) sustainability in Bungoma County, Kenya. Author argues that in spite of the hyped perception that entrepreneurial process can be actualized by all and sundry as long as they have the push and pull traits to take risks, business development services offering remains critical in the continuity of MSEs. Whereas several studies have been carried out to address MSEs' failure rates and boost their sustainability attributed to among others, limited access to finance, markets and a hostile legal and regulatory framework, failure rate has remained over 70 % before the threshold of three and half years. Moreover, focus of such interventions has been on provision mechanisms with minimal initiatives being targeted on anticipation and coping with adversity mechanisms. The study identified various business development services (BDS) providers and evaluated effectiveness of their services for MSEs' sustainability as rated by MSEs owner-managers. The discussion is based primarily on a systematic literature review of packaging of business development services, owner-managers' self-evaluation on common hazards threatening enterprise sustainability with a view to appraise their preparedness to address them for survival based on BDS offering. The models reviewed to reflect past studies and form part of the study's conceptual underpinning were integrative model of entrepreneurial inputs and outcomes, flexible specialization model of enterprise development and disaster crunch model. The study was conducted in Bungoma County, Kenya and that a multi-phase sample size of 384 MSEs was used for the study. The target population was 78,691 MSEs' owner-managers. Cross-sectional survey design was employed. The sampling strategy involved multi-phase, stratified and purposive sampling. The principal instrument employed in the primary data collection was questionnaires. However, document analyses and direct observations were also done to enrich author's perspective. Descriptive statistics were employed to analyze data with main focus being usage of cross tabulation. The study concludes that consistent with previous studies, BDS services are still far from being packaged to fill the needs of micro and small micro and small entrepreneurs hence not effective in their current offering. Similarly, BDS providers' focus is on their product sustainability rather than on their significant impact on MSEs' sustainability. The study noted a higher rate of female micro and small entrepreneurs who have accessed BDS generally compared to male micro and small entrepreneurs. This is agreeable with ongoing global trends that target female micro and small entrepreneurs. Holistic sustainability anchored on the three dimensions should therefore be encouraged among MSEs and be enforced through BDS offering given varied susceptibility of MSEs to hazards and disaster impacts.

Key words: Business, Development, Effectiveness, Owner-Managers, Services, Sustainability

I. INTRODUCTION

In many developing countries and transition economies, Micro and Small Enterprises (MSEs) have been praised for contributing between 35% and 50% of the Gross Domestic Product. Further, they cater for the basic needs of the poor majority among the urban and rural population in addition to contributing to a more equitable distribution of income and wealth creation throughout the various countries (Emine, 2012; Kithae et al, 2012; Ayyagari, *et al.*, 2005; Liedholm, 2001; Bowen, 2001). In terms of employment and livelihood opportunities for millions of individuals, MSEs host a workforce of between 70% to 89% of total employment supported by transition economies and developing economies especially in Sub-Saharan Africa where the study area falls (Lieshout, *et al.*, 2012; Orwa, 2007; Mbithi & Mainga, 2006). The above scenario of economic prowess of MSEs raises concern over their failure rates and whether correct and effective packaging of business development services (BDS) could ameliorate the situation. Studies have demonstrated that MSEs' failure rate has been cumulatively estimated at 75% globally within three and half years of start-up partly as a result of failure to curb threats to



enterprise sustainability, their level of exposure anchored on the BDS offering notwithstanding (Olawale & Garwe, 2010; Stokes & Wilson, 2006; Minniti et al, 2006). Gaomab (2004) puts MSEs' failure rate in Africa at 85%.

Global statistics indicate images of severe devastation and stories of misery during and after recurrent disasters (IFRC, 2012c). Floods, conflict, violence, crimes, epidemic, financial crisis, drought, fire tragedies, HIV/AIDs, road carnage and collapse of buildings, are among recurrent disasters that dominate international and national media postage (Bronkhorst, 2012; ROK, 2009). Among casualties of these disaster events that are on a spiral increase are Micro and Small Enterprises (MSEs), whose disrupted activities impact negatively on the economy and livelihood of the citizenry globally (IFRC, 2012a; 2012b; 2013a; Ernst & Young, 2009;).

The packaging of Business Development Services (BDS) has evolved over time with varying degree of success with regard to implementation targeting the micro and small entrepreneurs as end-users (Bonger & Chileshe, 2013; Edgecombe & Gerardo, 2012). As asserted by Gagel (2006) and Eiligmann (2005), between late 1980s and early 2000s, emphasis was on capacity building of BDS providers for their sustainability with little care about the needs of micro and small entrepreneurs. However, since 2006, there has been slight change to incorporate needs of micro and small entrepreneurs as end users of BDS though in terms of desired impact on MSEs' sustainability, there has been insignificant level of success (Chileshe, 2013). As averred by IFRC (2013b), other than demonstrating skills both in exploiting opportunities and mitigating threats, any business success depends on its management's alertness to all matters likely to have material impact on its viability. Majority of MSEs are however, characterized by lack of awareness about environmental and social – economic impact of their products along the supply chain yet this could manifest a risk against business sustainability (ILO, 2012a; ROK, 2012; Bhattacharjee & Iftikhar, 2011; Buckley et al, 2011). In this vein, the study sought to evaluate effectiveness of available BDS in terms offering tangible policies and services targeting these enterprises as a way of raising awareness particularly on the link between sustainability of enterprises and management of risks within business environment.

1.1 Statement of the Problem

Business development services (BDS) have traditionally aimed at assisting MSEs to overcome internal and external constraints to their start-up, development and performance by mainly focusing on the development of management potential, networking and capability of Micro and Small Enterprises (MSEs) through training, counseling and advice. However, risk analysis, assessment and preparedness for internal and external constraints have received limited attention among management competencies for MSEs to achieve sustainability in their business activities (ILO, 2012a; Organization for Security and Cooperation in Europe [OSCE], 2006; Eiligmann, 2005). This study evaluated the effectiveness of Business Development Service Providers and their Services for MSEs' Sustainability in Bungoma County. Using some of the parameters of measuring performance of MSEs like level of education, gender, and scale of business, the researcher sought owner- managers' rating of their access to BDS through lead providers clustered as Non- Governmental Organizations (NGOs), Government departments, Micro-Finance Institutions (MFIs) and training institutions (private and public).

1.2 Research Objectives

The objective of this study was to evaluate the effectiveness of Business Development Service Providers and their Services for MSEs' Sustainability in Bungoma County, Kenya

II. LITERATURE REVIEW

2.1 Conceptual Framework

The researcher focused on models that describe the entrepreneurial process as a consolidation of diverse factors to inform choice, in this case of BDS from various providers. These were integrative model of entrepreneurial inputs and outcomes by Morris, *et al.* (1994) cited by Kuratko and Hodgetts (2004) together with flexible specialization model of enterprise development by Pedersen (2001). The integrative model of entrepreneurial inputs and outcomes together with the flexible specialization model of enterprise development (Pedersen, 2001) informed the entrepreneurial process. The combination of various models as suggested in this study is an acceptable technique in research (Saunders, et al., 2007; Cohen, et al., 2005). Ultimately, the researcher used these models as conceptual underpinnings to investigate existence of a relationship between BDS and entrepreneurial process in regard to MSEs' sustainability which remains unexplored. Effectiveness of business development services is projected as one of the factors that influence an entrepreneurial process which has not received adequate attention in past studies (Xavier et al., 2012; International Labour Organization [ILO], 2012a; 2007; Kuratko & Hodgetts, 2004). The Integrative Model of Entrepreneurial Inputs and Outcomes is relevant to this study in the sense that it brings out the



logic that drives enterprise start-ups and what makes them to succeed or fail. However, though the model recognizes the possibility of enterprise failure just as it does for success, it fails to address effectiveness of individual BDS as necessary competencies and crucial ingredients in both input and output components.

Flexible specialization model of enterprise development conceives MSEs as surviving in unstable and risk environments by being flexible (Pedersen, 1996; 2001; Bowen, 2001). The author opines that such flexibility and networking boosts social capital of MSEs owner-managers and acts as insurance in the business value chain known to be unstable and uncertain. In developing countries, the instability is caused by ever present possibility of economic and/or political failure, personal misfortune, unstable and seasonal income resulting from unstable commodity supplies and legal impediments like licensing and a hostile tax system (Richardson, *et al.*, 2004; Bowen, 2001; Ondiege & Aleke, 1995). Limited security and safety measures in the business environment do have an impact on the instability and uncertainty in the markets (Ernst & Young, 2009; OSCE, 2006). According to the model, MSEs' flexibility could be in terms of an intensive information seeking behaviour in order to remain above competitors in an unstable and risky environment. Flexibility could also be achieved through choice of competitive BDS (Kuratko & Hodgetts, 2004; Rwigema & Venter, 2004; Pedersen, 2001). This conceptual approach is relevant to this study in the sense that MSEs' survival is analyzed in terms of how effective business development services are in informing their survival tactics.

2.2 Empirical Review

Business development services (BDS) are non-financial services provided to MSEs at various stages in their development to assist them operate efficiently and grow (Eiligmann, 2005; UNDP, 2004). The providers conceive a link that provides sustainable solutions to common challenges in the promotion of entrepreneurship for poverty alleviation and wealth creation through networking among the business community (ILO, 2007; Kapila & Mead, 2002). Focus has also been directed at addressing market failures which are particularly prevalent in transition economies (Dalberg, 2012; Gudda, 2006; UNDP, 2004). Within the broad concept of BDS are activities aimed at assisting MSEs to overcome internal and external constraints to their start-up, development and performance. Such activities have commonly included the development of management potential and capability of MSEs through training, counseling and advice (ILO, 2012b; OSCE, 2006; Eiligmann, 2005). Others include sharing current market driven interventions towards creation of employment opportunities and tapping entrepreneurial potentials, business links, and policy advocacy (UNDP, 2004).

Sustainability of targeted MSEs through risk management competencies has however received little or no attention as revealed from reviewed literature, perhaps due to a weak monitoring and evaluation system (Eiligmann, 2005; Teuten, 2005). Moreover, studies on uptake of BDS indicate that their high cost and perceived failure to offer value for money due to lack of quality and targeted support discourages business owners from using them (Dalberg, 2012). This could perhaps be a contributory factor to the failure rates among MSEs globally in spite of on-going BDS products (Khalid & Airey, 2013; OSCE, 2006). This study evaluated the effectiveness of Business Development Service Providers and their Services for MSEs' Sustainability in Bungoma County, Kenya. The links between disasters and aggregate shocks to society that often lead to dramatic increases in poverty incidence (one of the lead causes to vulnerability progression) positions disaster risk management as an effective form of business development services to ensure MSEs' sustainability (IFRC, 2012a; 2012b; 2010; UNDP, 2012). This is on the strength that disaster risk management as an intervention aims at both long-term and immediate survival of communities and livelihoods compared to on-going interventions.

With regard to MSEs' operations, disaster risk management aims at survival, recovery, and rehabilitation. This can be packaged in three ways: structural measures, nonstructural measures and establishing failsafe communication networks (IFRC, 2013a; 2013b; 2012a; ISO, 2009). Structural measures reduce the impact of disasters on MSEs while non-structural measures enhance their management skills and improve capacities of the community to prepare, prevent and respond effectively to disasters. Communication networks yields better response from owner-managers and entire community at risk from disasters besides improving enterprises' level of resilience (IFRC, 2012a; 2004; UNDP, 2012). In evaluating effectiveness of BDS, the author sought to establish the likelihood that disaster risk management as a component of business development services could be among the BDS providers' offerings in their effort to minimize percentage failure rate of MSEs and boost their sustainability.

III. METHODOLOGY

The study was conducted using cross-sectional survey design to address the study objective. This design allowed the researcher freedom to use all methods possible to address the research problem under investigation. The study area was Bungoma County, Kenya. Study areas' uniqueness as reflected in a hybrid of rural and urban



entrepreneurship and a number of hazards and disasters afflicting MSEs influenced its choice for study. The study was conducted among MSEs’ owner-managers in Bungoma County where a multi-phase sampling was used for the towns/locality stratum namely: Kimilili, Bungoma, Malakisi, and Kapsokwony. Sampling strategy employed was a blend of purposive, stratified and multiphase. Purposive was used to pick the County, urban centres, list of hazards/disasters prevalent in the study area and common BDS packaging. This was deliberately done to capture vital information while multiphase sampling increased research precision by ensuring that key populations of subjects are represented in the sample. Usage of stratified sampling at the stage of picking MSEs further enhanced precision. The criteria used to inform this selection was scale of entrepreneurial activities and urbanization as classified by Kenya National Bureau of Statistics and Society for International Development (KNBS & SID, 2013). Enterprises in the four urban centres were stratified based on firm size, hence micro and small enterprises were targeted. An approximated ratio of 7:3 was used to randomly select MSEs given that majority of entrepreneurs operate on micro scale. The principal instrument employed in the primary data collection was questionnaires. However, document analyses and direct observations were also done to enrich author’s perspective. Owner-Managers of MSEs were targeted as principal respondents from whom the following primary data was sought: socio-economic and demographic characteristics, types of hazard/disaster risks in the study area, information needs and BDS sought their perception and assessment of risks. The study population was 78,691 MSEs’ owner-managers and that the sample frame was reached after a preliminary exploratory survey that provided an overall picture of MSEs in the study area and reference to secondary data on family business within the County (KNBS &SID, 2013). The sample of 384 used in this study was informed by inference to sample determination table used in social sciences (Cohen, *et al.*, 2005). It was deemed large enough to yield adequate statistical power in addition to avoiding the crisis of representation. Further, based on researchers’ judgement and expert surmise of other senior researchers, the sample was seen to be fair to minimize on sampling error. Validity and reliability were safeguarded through adequacy of sample, input of other senior researchers, usage of triangulation technique, corroboration of findings and Cronbach reliability analysis. Descriptive statistics were employed to analyze data with main focus being usage of cross tabulation.

Table 1
Study Unit of Analysis and Sampling Methods

Study Unit of Analysis		Sampling Method	Sample Size
County		Purposive	1
Urban Centre/Town		Purposive	4
MSEs as economic units		Multi-phase	384
Owner- Managers of MSEs		Multi-phase	384
Types of Hazards and Disasters		Purposive	23
MSEs Sector	MSE	Multi-phase & stratified	268
	SSE	Multi-phase& stratified	116

Legend: MSE= Micro- Enterprise (employs: 0>5); SSE= Small- Enterprise (employs: 5 < 50).
Note: MSEs’ Sector activities are classified into Commerce, Manufacturing and Services

IV.FINDINGS & DISCUSSION

4.1 Selected Demographic Factors, Scale of Business and Initial Access to Business Development Services

Using level of education, gender and scale of business parameters, the author sought to establish how MSEs initially accessed BDS. Their responses are as captured in Tables 2, 3, 4 and 5. As indicated in Table2, of the micro and small entrepreneurs who accessed BDS offered by NGOs and MFIs, 13% were of primary level education, 39% were of secondary level education, 20% were of tertiary level education, and 39% were of university and above level education. With regard to access to BDS provided by government departments by micro and small entrepreneurs, 15% had primary level education, 52% had secondary level education, 20% had tertiary level education, and 13% had university and above level education. However, for BDS provided by training institutions, only micro and small entrepreneurs with tertiary and university level education said yes at 55% and 45% respectively. It points out to the fact that micro and small entrepreneurs with primary and secondary level education are not attracted to formal training institutions as BDS providers.



Table 2

Education Level of Owner-Manager and Initial Access to Business Development Services

Access to Business Development Service (BDS)	Response	primary	Secondary	Tertiary	University & above	Total
By Non-Governmental Organizations	Yes	11 (13)	33 (39)	17 (20)	24 (28)	85 (100)
	No	71 (24)	126 (42)	61 (20)	41 (14)	299 (100)
By Government Departments	Yes	11 (15)	39 (52)	15 (20)	10 (13)	75 (100)
	No	71 (23)	120 (39)	63 (20)	55 (18)	309 (100)
By None of the above/Never accessed any BDS.	Yes	67 (36)	118 (64)	0 (0)	0 (0)	185 (100)
	No	15 (8)	41 (21)	78 (39)	65 (33)	199 (100)
By Training Institutions	Yes	0 (0)	0 (0)	78	65	143 (100)
	No	82 (34)	159 (66)	0 (0)	0 (0)	241 (100)
By Micro Finance Institutions	Yes	11 (13)	33 (39)	17 (20)	24 (28)	85 (100)
	No	71 (24)	126 (42)	61 (20)	41 (14)	299 (100)

Note: The figures in parentheses are percentage frequencies; n=384.

On the basis of level of education, those micro and small entrepreneurs who had never accessed BDS were entirely from primary and secondary at 36% and 64% respectively. As an aggregate of all micro and small entrepreneurs, those who had never accessed BDS were 48%. A study on effectiveness of BDS providers in South Africa by Fatoki and Mazanai (2011) found that 68% of SMEs had not accessed BDS within their locality. Access rate to BDS by MSMEs is therefore still low. Within the segment of primary and secondary levels of education, 82% of micro and small entrepreneurs with primary level education had never accessed BDS while those with secondary level education were 74%. According to (ILO, 2013), over 92% of youths in the informal sector have no vocational or professional skills to enable them run their enterprises sustainably. From the perspective of BDS providers, NGOs and MFIs had each accessed 22% of all micro and small entrepreneurs while the government departments accessed 20% and training institutions had the highest numbers at 37%. At 22% for NGOs and MFIs and 20% for government departments, there is evidently inadequate coverage in terms of still reaching out on MSEs with their BDS products. This study finding is in agreement with a 2013 annual report by Association of Micro-finance Institutions- Kenya (AMFI) that rates the western region of Kenya very lowly in terms of uptake of MFIs’ services (AMFI, 2013). Irrespective of the packaging, the results show that the uptake levels of BDS are still low to have a significant impact on MSEs’ sustainability. This finding is in agreement with that of Chileshe (2013) and Mbura and Bambaganya (2015).

Table 3

Gender of Owner-Manager and Initial Access to Business Development Services

Access to Business Development Service (BDS)	Response	Male	Female	Total
By Non-Governmental Organizations	Yes	20 (24)	65 (76)	85 (100)
	No	170 (57)	129 (43)	299 (100)
By Government Departments	Yes	11 (15)	64 (85)	75 (100)
	No	179 (58)	130 (42)	309 (100)
By Micro Finance Institutions	Yes	20 (24)	65 (76)	85 (100)
	No	170 (57)	129 (43)	299 (100)
By Training Institutions	Yes	78 (54)	65 (46)	143 (100)
	No	112 (47)	129 (53)	241 (100)
By None of the above/Never accessed any BDS.	Yes	100 (54)	85 (46)	185 (100)
	No	90 (45)	109 (55)	199 (100)

Note: The figures in parentheses are percentage frequencies; n=384

As Table 3 indicates, in terms of gender, female micro and small entrepreneurs had higher access rate to BDS offered by NGOs and MFIs at 76% compared to 24% for male micro and small entrepreneurs in either case. Even uptake of BDS offered by government departments was higher for female micro and small entrepreneurs at 85% compared to 15% for male micro and small entrepreneurs. This result is a reflection of concerted effort and skewed empowerment campaign by BDS providers in favour of female micro and small entrepreneurs as opposed to all informal sector players. In Kenya for example, government initiatives targeting specifically female micro and small entrepreneurs are evidently visible (AWC, 2013; ROK, 2006; 2005). On the other hand, uptake of BDS provided by training institutions had a higher percentage of male micro and small entrepreneurs at 54% compared to that of 46% for female micro and small entrepreneurs. Also the percentage of male micro and small entrepreneurs who have never



accessed BDS was higher than that of female micro and small entrepreneurs at 54% and 46% respectively. The higher rate of female micro and small entrepreneurs who have accessed BDS generally compared to male micro and small entrepreneurs is agreeable with ongoing global trends that target female micro and small entrepreneurs (Kipnis, 2013; World Bank, 2013b; ILO, 2012b; Pines, *et al.*, 2010). In terms of scale of business, micro entrepreneurs generally reported higher percentages on accessing BDS offered by NGOs, MFIs and government departments compared to small entrepreneurs.

Table 4

Scale of Business and Initial Access to Business Development Services

Access to Business Development Service (BDS)	Response	Micro	Small	Total
By Non-Governmental Organizations	Yes	46 (54)	39 (46)	85 (100)
	No	222 (74)	77 (26)	299 (100)
By Government Departments	Yes	50 (67)	25 (33)	75 (100)
	No	218 (71)	91 (29)	309 (100)
By Micro Finance Institutions	Yes	46 (54)	39 (46)	85 (100)
	No	222 (74)	77 (26)	299 (100)
By Training Institutions	Yes	37 (26)	106 (74)	143 (100)
	No	231 (96)	10 (4)	241 (100)
By None of the above/Never accessed any BDS.	Yes	184 (99)	1 (1)	185 (100)
	No	84 (42)	115 (58)	199 (100)

Note: The figures in parentheses are percentage frequencies; n=384.

As indicated in the Table 4, access rating was 54% against 46% for micro entrepreneurs and small entrepreneurs respectively for both NGOs and MFIs. As for government departments access rating was 67% against 33% by micro entrepreneurs and small entrepreneurs respectively. However for training institutions, small entrepreneurs reported a higher percentage of access rating to BDS at 74% compared to 26% for micro entrepreneurs. Interestingly, of those who never accessed BDS, only 1% was from small entrepreneurs segment while 99% was from micro entrepreneurs. Generally, across the scale of business, the micro and small entrepreneurs who had at least accessed BDS were at 42% for micro entrepreneurs compared to 58% for small entrepreneurs.

4.2 Owner-Managers' Self-Evaluation on Common Hazards Threatening Enterprise Sustainability

The nature, source and impact of disaster risk to an enterprise are varied and may hit the firm at time least expected (COA, 2000). Sustainability of MSEs like any other investments is therefore dependent on entrepreneurs' systematic pro-activeness to detect hazards in their environment and institute appropriate prevention and mitigative controls because this reduces their disaster exposure and vulnerability (World Bank, 2006a). Based on common hazards derived from reviewed literature (Islam & Tedford, 2012; Fjoses, *et al.*, 2010; World Bank, 2006b) and listed in Table 5, micro and small entrepreneurs were asked to rate them with regard to their threat on enterprises' sustainability. As averred by Holton (2004), this self-evaluation was important in sense that an entrepreneur is deemed exposed to risk if he/she cares about the outcomes of an incident whose outcome is uncertain. Such self-evaluation also assists in instituting a culture of risk awareness within ever turbulent business environment that MSEs operate; which according to the researcher is vital to micro and small entrepreneurs' resilience. Indeed from the perspective of disaster management, these constraints remain as hazards which if not well addressed, intensify into disaster proportions and related risks of failure for MSEs (Verbano & Venturin, 2013; UNISDR, 2013)

**Table 5***Owner-Managers' Self Evaluation on Common Hazards that Threaten Enterprise Sustainability*

Common Hazards	Not Affected	Least Severe	Severe	Most Severe	Total
Cost of borrowing finance	0 (0)	132 (34)	252 (66)	0 (0)	384 (100)
Cost of inputs	0 (0)	0 (0)	235 (61)	149 (39)	384 (100)
Taxation	0 (0)	0 (0)	0 (0)	384 (100)	384 (100)
Poor health & diseases	0 (0)	0 (0)	342 (89)	42 (11)	384 (100)
Legal policy uncertainty	384 (100)	0 (0)	0 (0)	0 (0)	384 (100)
Road accidents	0 (0)	149 (39)	171 (44)	64 (17)	384 (100)
Bad weather	0 (0)	241 (63)	83 (21)	60 (16)	384 (100)
High crime rate	54 (14)	74 (19)	256 (67)	0 (0)	384 (100)
Lack of access to business premises	260 (68)	124 (32)	0 (0)	0 (0)	384 (100)
Lack of access to business site	252 (66)	89 (23)	43 (11)	0 (0)	384 (100)
Lack of market	0 (0)	0 (0)	384 (100)	0 (0)	384 (100)
Lack of knowhow	0 (0)	384 (100)	0 (0)	0 (0)	384 (100)
Problematic employees	158 (41)	226 (59)	0 (0)	0 (0)	384 (100)
Dependence burden	90 (23)	0 (0)	294 (77)	0 (0)	384 (100)
Insecurity	0 (0)	0 (0)	371 (97)	13 (3)	384 (100)
Restricted linkages & networks	0 (0)	0 (0)	315 (82)	69 (18)	384 (100)
Lack of water & sanitation facilities	0 (0)	241 (63)	83 (22)	60 (15)	384 (100)
Inadequate information	166 (43)	218 (57)	0 (0)	0 (0)	384 (100)
Fire instances	296 (77)	29 (8)	21 (5)	38 (10)	384 (100)
Lack of garbage disposal facilities	0 (0)	232 (60)	85 (22)	67 (17)	384 (100)
Food security	0 (0)	202 (52)	118 (31)	64 (17)	384 (100)
Corruption	0 (0)	0 (0)	259 (67)	125 (33)	384 (100)

Note: The figures in parentheses are percentage frequencies; n=384.

As indicated in Table 5, those rated by all micro and small entrepreneurs as most severe with over 30% rating were taxation at 100%, cost of inputs at 39% and corruption at 33%. However, when hazards' threat on enterprise sustainability is evaluated holistically at severe and most severe, those which micro and small entrepreneurs rated at 100% were seven, namely: cost of inputs; taxation; poor health and diseases; lack of market; insecurity; restricted linkages and networks together with corruption. Others with a high rating of over 30% threat on enterprise sustainability were high crime rate at 67%; cost of borrowing finance at 66%; road accidents at 61%; food security at 48%; lack of garbage disposal facilities at 39%; lack of water and sanitation facilities together with bad weather at 37%. This finding has been corroborated by previous studies, for instance, Dansu and Yusuf (2013) on business risks and SMEs' sustainability in Nigeria; Okpara (2011) on factors constraining the growth and survival of SMEs in Nigeria and Ernst and Young (2009) on promotion of SMEs in East Africa. It can also be observed that those hazards that were rated below 20% yet have high impact should they not be prevented or mitigated were fire instances and lack of access to business site. Fire instances had a severity rating impact of 15% while lack of access to business site had 11%. Those hazards not considered a threat to businesses' sustainability by micro and small entrepreneurs in the study area were six, namely: legal policy uncertainty; lack of access to business premises and sites; lack of knowhow; problematic employees; and inadequate information.

Government initiatives to create awareness in terms of policies guiding informal sector and devolved MSEs' services could be some of the reasons to explain rating on legal policy uncertainty and lack of knowhow. Media and NGOs' campaigns on MSEs' activities as conduits of meaningful self-employment may also have had a positive impact. The study finding suggests that whereas BDS providers have targeted policy and advocacy to unlock some of the challenges faced by MSEs, there is more that need to be done. Based on the aforementioned, harsh business environment is evident and the ratings of hazards with high threat potential to disrupt businesses are indicative of that. Perhaps, as averred by Kahan, *et al.* (2007), it could also be as a result of failure by BDS providers to develop strategies for communicating scientifically sound information that make it possible for people of diverse values to draw the same factual conclusions from it.

4.3 Discussion

As an aggregate of all micro and small entrepreneurs, those who had never accessed BDS were 48%. A study on effectiveness of BDS providers in South Africa by Fatoki and Mazanai (2011) found that 68% of SMEs had not



accessed BDS within their locality. Access rate to BDS by MSMEs is therefore still low, though higher than South Africa. Within the segment of primary and secondary levels of education, 82% of micro and small entrepreneurs with primary level education had never accessed BDS while those with secondary level education were 74%. According to (ILO, 2013), over 92% of youths in the informal sector have no vocational or professional skills to enable them run their enterprises sustainably. From the perspective of BDS providers, NGOs and MFIs had each accessed 22% of all micro and small entrepreneurs while the government departments accessed 20% and training institutions had the highest numbers at 37%. At 22% for NGOs and MFIs and 20% for government departments, there is evidently inadequate coverage in terms of still reaching out on MSEs with their BDS products. This study finding is in agreement with a 2013 annual report by Association of Micro-finance Institutions- Kenya (AMFI) that rates the western region of Kenya very lowly in terms of uptake of MFIs' services (AMFI, 2013). Irrespective of the packaging, the results show that the uptake levels of BDS are still low to have a significant impact on MSEs' sustainability. This finding is in agreement with that of Chileshe (2013) done in Zambia.

In terms of gender, female micro and small entrepreneurs had higher access rate to BDS offered by NGOs and MFIs at 76% compared to 24% for male micro and small entrepreneurs in either case. Even uptake of BDS offered by government departments was higher for female micro and small entrepreneurs at 85% compared to 15% for male micro and small entrepreneurs. This result is a reflection of concerted effort and skewed empowerment campaign by BDS providers in favour of female micro and small entrepreneurs as opposed to all informal sector players. In Kenya for example, government initiatives targeting specifically female micro and small entrepreneurs are evidently visible (AWC, 2013; ROK, 2006; 2005b).

The study noted a low level of exposure to BDS. This could be attributed to mismatch between needs of micro and small entrepreneurs and BDS offering due to emphasis on supply- driven strategy by BDS providers instead of demand- driven strategy. Under this arrangement, BDS product offering that is easy to concoct and be offered as standardized training to MSEs at profitable rates was more attractive though not necessarily useful to micro and small entrepreneurs as end users (Miehlbradt & Mcvay, 2003; 2004; Breen, 2010)). A review by ILO (2012b) on BDS in South Africa concurs with this dismal performance in terms of exposure to micro and small entrepreneurs. Moreover, this finding is in agreement with the assertion by Gagel (2006) and Eiligmann (2005) on new paradigm being applied to achieve sustainability of BDS providers dealing with MSMEs; where profitability of the former is prioritized to the significant impact on the latter's performance.

All micro and small entrepreneurs from the study area rated at 100% risk prevention and management in informal sector, sources of finance and their implications together with coping with business stress as the most important pieces of information sought after for sustainability of their businesses. However, desire for information about business opportunities in current line of business together with market access and trends were both rated important at 81% and 83%. Overall, when the ratings of important and most important are considered jointly, the two pieces of information sought after for businesses sustainability was rated at 100%. The high percentages for least important rating on enabling environment for business growth together with hygiene practices and awareness could be explainable from two perspectives. First, the level of government interventions to address enabling environment for business growth has been impressive especially deliberate subsidies to boost marginalized segments like women and the youth together with general improvement of infrastructure and devolution of services. Funds directed at these groups like youth funds, *uwezo* funds, legislations that demand 30% of government- based institutions' tenders be reserved for women and youths are some of the examples (ROK, 2010a; 2010b). Besides government initiatives, the NGOs have also played a role to improve on business environment either directly through MFIs or through advocacy activities (Kiraka et al., 2013; AWC, 2013; Hospes et al., 2002). Secondly, businesses are part of society and prosper when society is health and resilient and vice versa (ILO, 2007; Cutter, et al., 2003). As posited by KNBS (2014; 2010) on public health and household sanitation facilities, cases rooted in poor hygiene practices and low awareness in Bungoma County are high. Cited cases in this regard included diarrhoea, dysentery, typhoid fever and non- improved toilet facility. These poor hygiene practices and low awareness in the wider society of the study area could have influenced rating trend among micro and small entrepreneurs. This point of view is supported by Barness (2002) assertion on risk perception and social meaning where in this case, the entrepreneurs' perception of such hazards mirrors the mindset of the society/community they belong to.

V. CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

Consistent with previous studies, BDS services are ineffective and still far from being packaged to fill the needs of micro and small micro and small entrepreneurs. Focus is on how BDS providers' sustainability can be safeguarded rather than how significant the BDS can impact on MSEs' sustainability. The aggregate small



percentage difference between those who had never accessed BDS is indicative of similarity in terms limited access to BDS among micro and small entrepreneurs from Bungoma County, Kenya. When hazards' threat on enterprise sustainability is evaluated holistically at severe and most severe, those which micro and small entrepreneurs rated at 100% were seven, namely: cost of inputs; taxation; poor health and diseases; lack of market; insecurity; restricted linkages and networks together with corruption. The study also noted a higher rate of female micro and small entrepreneurs who have accessed BDS generally compared to male micro and small entrepreneurs. This is agreeable with ongoing global trends that target female micro and small entrepreneurs.

5.2 Recommendations

The nature of hazards that had severe effect on the businesses as rated by owner-managers was of man-made classification. Holistic sustainability anchored on the three dimensions should therefore be encouraged among MSEs and be enforced through BDS offering. Moreover, the scale of business, gender, training and level of education affects perception and assessment of risks among MSEs. This should be taken into account when targeting BDS offering given varied susceptibility of MSEs to hazards and disaster impacts. Risk prevention and management in informal sector together with coping with business stress remains grey areas that requires future empirical studies. Since existing BDS are not effective with regard to MSEs' sustainability, there is need for a shift to demand driven strategy to stimulate demand for BDS besides refocusing emphasis by BDS providers to high impact on end-users rather than on their own sustainability.

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