

International Journal of Management and Leadership Studies
2025; 6(1): 825-835
ISSN 2311-7575

**MICROENTERPRISE INTERVENTIONS AND PERFORMANCE OF LOW-
INCOME HOUSEHOLDS IN KENYA: A CASE OF SMALL ENTERPRISE OWNERS
IN KIAMBU COUNTY**

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ABSTRACT

This study explored the effect of microenterprise interventions on performance of low-income households in Kiambu County, Kenya who received entrepreneurship training from various microfinances (MFIs) in the year 2024. . A descriptive research design was adopted, targeting 152 microenterprise operators, of whom 111 successfully participated. Data were analyzed using SPSS through both descriptive and inferential statistics. The regression results revealed that business skills training had a statistically significant positive effect on household performance ($R = 0.578$; $R^2 = 0.334$; Adjusted $R^2 = 0.336$; $F(1,109) = 52.289$, $p < 0.001$; $\beta = 0.421$, $t = 2.492$, $p < 0.001$). These findings indicated that business skills training accounted for approximately 33.4% of the variation in household performance. Respondents who had received business skills training reported improved record keeping, business planning, customer relations, and profitability. The study concluded that capacity-building initiatives focusing on business skills development significantly enhanced microenterprise sustainability and household welfare. The study thus recommended for integration of entrepreneurial training with mentorship and access to finance to strengthen the resilience and performance of low-income households in Kenya.

Keywords: *Business Skills Training, Microenterprise, Household Performance, Human Capital, Kenya*

INTRODUCTION

Microenterprises form the backbone of Kenya's informal economy, accounting for 95% of businesses and employing more than 80% of the working population (KNBS, 2023). In Kiambu County, small-scale enterprises provide critical livelihood opportunities for low-income households. Despite their economic role, many microenterprises face high failure rates due to inadequate managerial capacity, limited access to finance, and insufficient business knowledge (World Bank, 2023). Business skills training has emerged as a strategic intervention designed to equip entrepreneurs with competencies in financial management, marketing, and customer service, thereby improving enterprise survival and household welfare (Campos, Goldstein, & McKenzie, 2018). However, the extent to

which such training enhances the welfare of low-income households remains insufficiently explored in peri-urban Kenyan settings such as Kiambu. This study, therefore, sought to examine the effect of business skills training on the performance of low-income households in Kiambu County.

LITERATURE REVIEW

This study was anchored on Human Capital Theory (Becker, 1964; Schultz, 1961), which posits that education and training are key investments that enhance individual productivity and income-generating potential. In the context of microenterprises, business skills training increases managerial efficiency, risk management, and innovation, translating to higher business profitability and improved household welfare. Empirical studies have confirmed the link between entrepreneurial training and improved business outcomes. Karlan and Valdivia (2011) found that business training integrated into microfinance programs increased savings and profitability among clients in Peru. Similarly, McKenzie and Woodruff (2014) observed that managerial training significantly improved record-keeping and business practices across developing economies. Bakhtiar et al. (2021) demonstrated that continuous mentoring and business training improved women-owned enterprises' performance in Ethiopia. However, Menya and Machuki (2020) noted that generic training modules in Kenya yielded limited long-term effects, emphasizing the need for contextualized, hands-on programs. The reviewed literature suggests that while training enhances financial literacy and operational efficiency, its impact depends on relevance, delivery method, and post-training support, factors that this study addressed through the Kiambu County context.

Summary of Research Gaps

Identifying and understanding the existing research gaps is crucial for advancing the study of microenterprises interventions and their impact on the income performance of low-income households. By pinpointing these gaps, it directs future research efforts to areas that require further investigation, ultimately leading to more effective policies and interventions. Table 1 summarizes the key research gaps identified in the literature review, highlighting areas where additional study is needed to enhance comprehension of how business skills training affects the economic outcomes of low-income households in Kenya.

Table 68: Summary of Research Gaps

AUTHOR	TITLE	METHODOLOGY & FINDINGS	RESEARCH GAP	FOCUS ON THE CURRENT STUDY
McKenzie & Woodruff (2014)	What Are We Learning from Business Training and	The authors conducted a review of randomized	The study highlights the need for more long-term	The current study will focus on business skills

AUTHOR	TITLE	METHODOLOGY & FINDINGS	RESEARCH GAP	FOCUS ON THE CURRENT STUDY
	Entrepreneurship Evaluations around the Developing World?	controlled trials (RCTs) on business training and found that training improved business practices but showed mixed evidence on profitability and sustainability.	impact evaluations that assess household welfare and poverty reduction beyond immediate business outcomes.	training as a factor that determines performance of low-income households in Kiambu County.
Karlan & Valdivia (2011)	Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions	The study employed an RCT with microfinance clients in Peru and demonstrated that training improved client knowledge and practices but had little effect on profits.	The findings suggest limited generalizability, pointing to the need for replication of similar interventions in African contexts such as Kenya.	The current study will focus on business skills training as a factor that determine performance of low-income households in Kiambu County.
Mano et al. (2012)	Entrepreneurship Skills Development and Business Practices of SMEs in Ghana	The researchers used a quasi-experimental design and found that training enhanced management practices and firm performance among small and medium enterprises.	The study focused only on SMEs and therefore does not provide evidence on the impact of training for microenterprises and low-income households.	The current study will focus on business skills training as a factor that determine performance of low-income households in Kiambu County.

AUTHOR	TITLE	METHODOLOGY & FINDINGS	RESEARCH GAP	FOCUS ON THE CURRENT STUDY
Bakhtiar et al. (2021)	Impact of Entrepreneurial Skills Training on Small Businesses in Bangladesh	The authors applied a mixed-methods approach and reported significant improvements in financial literacy and sales after training interventions.	The research is highly context-specific to Bangladesh and lacks external validity for African settings, particularly Kenya.	The current study will focus on business skills training as a factor that determine performance of low-income households in Kiambu County.
Kipkogei et al. (2025)	Digital Microcredit and Household Welfare in Kenya	The authors conducted a panel survey and found that digital loans such as M-Shwari increased resilience but sometimes led to over-indebtedness.	The study does not establish the long-term effects of digital microcredit on household welfare, which requires further investigation.	The current study will focus on business skills training as a factor that determine performance of low-income households in Kiambu County.
Even-Tov et al. (2025)	Microcredit, Social Networks, and Business Performance in Uganda	The study used an RCT and found that strong social networks enhanced repayment performance and business outcomes among microcredit recipients.	The evidence highlights a gap in Kenya-based studies that examine how social capital interacts with microcredit to influence performance.	The current study will focus on business skills training, technical skills training as a factor that determine performance of low-income households in Kiambu

AUTHOR	TITLE	METHODOLOGY & FINDINGS	RESEARCH GAP	FOCUS ON THE CURRENT STUDY County.
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CONCEPTUAL FRAMEWORK

The research was guided by a conceptual framework that outlines and defines the perspectives aiming to elucidate the research problem.

Independent Variables

Dependent Variable

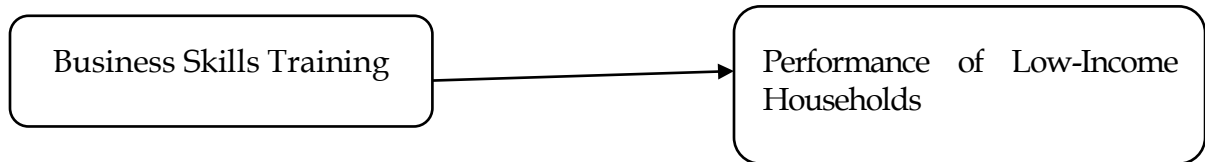


Figure 25: Conceptual Framework

OPERATIONALIZATION OF STUDY VARIABLES

Operationalizing the study variables involves defining how each variable will be measured and assessed in the context of the research, ensuring that the variables are accurately and consistently evaluated, allowing for meaningful study of the effects of microenterprise interventions on the performance of low-income households in Kenya. Table 2 presents a detailed outline of each objective, the corresponding variables, its predictors, the tools of analysis, and the methods for measuring these indicators.

Table 69: Variables Operationalization

VARIABLES	INDICATORS OF THE VARIABLE	TOOLS OF ANALYSIS	MEASUREMENT SCALE
Business skills training	<ul style="list-style-type: none"> • Business planning • Record keeping • Marketing skills • Resource mobilization • Pricing • Communication 	Descriptive and inferential statistics	Likert scale questionnaires, Frequencies, and Percentages
Performance of low-income households	<ul style="list-style-type: none"> • Changes in income levels • Business growth • Financial stability • Standard of living • Employment generation 	Descriptive and inferential statistics	Likert scale questionnaires, Frequencies, and Percentages

METHODOLOGY

The study adopted a descriptive research design to investigate the relationship between business skills training and household performance among low-income microenterprise operators. The target population consisted of 1,523 business operators drawn from Kiambaa, Limuru, Kikuyu, and Kabete sub-counties. Using a stratified random sampling technique, a 10% sample (n = 152) was selected to ensure representativeness across the sub-counties. Data was collected using questionnaires designed to capture both demographic information and key study variables and analyzed using SPSS, where descriptive statistics (frequencies, means, and percentages) summarized the study variables. Inferential statistics, including regression analysis, were employed to examine the strength and direction of the relationship between business skills training and household performance.

FINDINGS AND DISCUSSION

Out of the distributed questionnaires, 111 were duly completed and returned, yielding a response rate of 73%, which was considered adequate for statistical analysis.

Descriptive Analysis

The study sought to determine the extent to which micro-entrepreneurs in Kiambu County had received business skills training and how such training influenced their business operations. The findings were summarized in Table 1 below:

Table 1: Recipients of Business Skills Training

Category	Frequency	Percentage
Yes	73	65.8%
No	38	34.2%
Total	111	100%

The results presented in Table 1 show that the majority of respondents (65.8%) had undergone business skills training, while 34.2% had not.

Table 2: Provider of Business Skills Training

Category	Frequency	Percentage of Cases
Government program	9	12%
Non-Governmental Organization	30	41%
Other	6	8%
Private Institution	28	38%
Total	73	100%

As shown in Table 2, among those trained, non-governmental organizations (41%) and private institutions (38%) were the most common providers, with fewer respondents citing government programs (12%) or other sources (8%). These findings highlight the pivotal role of non-state actors in capacity building for micro-entrepreneurs, complementing government-led initiatives.

Table 3: Respondents' View on Business Skills Training

Business Skills Training	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
The training helped me create and follow a business plan for my business	1.37%	6.85%	12.33%	72.60%	6.85%	3.77	0.74
The training helped me keep accurate records of my business activities	0%	4.11%	12.33%	65.75%	17.81%	3.97	0.69
The training helped me develop effective marketing skills for promoting my business	0%	12.33%	13.70%	63.01%	10.96%	3.73	0.82
The training helped me mobilize capital to start or expand my business	0%	8.33%	15.28%	66.67%	9.72%	3.78	0.74

Business Skills Training	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
The training helped me set the right price for my products/services	10.96%	6.85%	13.70%	58.90%	9.59%	3.49	1.12
The training helped me communicate better with my customers	0%	5.56%	16.67%	68.06%	9.72%	3.82	0.68

The study examined how business skills training influenced the performance of low-income households in Kiambu County. Respondents rated their experiences on a five-point Likert scale, and the results are presented in Table 3. Descriptive statistics were used to analyze the responses. When asked whether training improved their ability to create and follow a business plan, 72.6% agreed and 6.9% strongly agreed, while 8.2% disagreed and 12.3% were neutral. The resulting mean of 3.77 (SD = 0.74) suggests that training enhanced strategic planning capacity among entrepreneurs. With respect to record keeping, 65.8% agreed and 17.8% strongly agreed that training improved financial record management. Only 4.1% disagreed, while 12.3% were neutral, producing the highest mean score of 3.97 (SD = 0.69). This underscores the critical role of training in strengthening financial management practices.

For marketing, 63.0% agreed and 11.0% strongly agreed that training improved their ability to promote their businesses, though 12.3% disagreed and 13.7% were neutral. The mean was 3.73 (SD = 0.82), reflecting moderately positive perceptions. On capital mobilization, 66.7% agreed and 9.7% strongly agreed that training improved their ability to access or organize funds, while 23.6% were neutral or disagreed. The mean was 3.78 (SD = 0.74), indicating mixed but generally favourable results. Pricing, however, showed weaker outcomes: although 68.5% acknowledged improvements, 17.8% disagreed and 13.7% were neutral, yielding a mean of 3.49 (SD = 1.12). Finally, communication skills were strongly endorsed, with 77.8% confirming that training improved their customer interactions, resulting in a mean of 3.82 (SD = 0.68).

The findings highlight that business planning, record keeping, and customer communication were the strongest areas of impact, directly linked to improved household income and enterprise sustainability. This supports evidence from Gideon and Gakobo (2022), who found that planning capacity correlates with firm survival and profitability, and from Msomi and Olarewaju (2021) as well as Khan et al. (2025), who associated strong record keeping with stable profits and resilience against financial shocks. Marketing and capital mobilization yielded moderate outcomes, consistent with Anderson, Chandy, and Zia (2018), who noted that marketing modules often raise awareness but have limited effects without context-specific mentorship. Kandie and

Islam (2021) similarly reported that training alone rarely improves access to capital unless combined with affordable financial services. Pricing emerged as the weakest dimension, reflecting challenges in applying generic training to diverse cost structures and market conditions. This aligns with Sekoenya (2019), who argued that pricing interventions must be context-specific to be effective. Overall, the results suggest that business skills training meaningfully enhances household performance when focused on foundational areas such as planning, record keeping, and communication. However, to maximize income benefits, programs should integrate more practical, context-driven modules in marketing, capital mobilization, and pricing.

Regression Analysis

Table 70: Model Summary of Business Skills Training
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.578 ^a	.334	.336	4.6717	1.249

- a. Predictors: (Constant), Business Skills Training
- b. Dependent Variable: Performance

The results showed that business skills training accounted for 33.4% of the variation in household performance.

Table 71: ANOVA^a Results for Business Skills Training
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1193.484	1	1193.484	52.289	.004 ^b
	Residual	2378.912	109	21.825		
	Total	3572.396	110			

- a. Dependent Variable: Performance
- b. Predictors: (Constant), Business Skills Training

The ANOVA results indicated that the model was statistically significant (F(1,109) = 52.289, p < 0.05), suggesting that business skills training significantly affected household performance.

Table 72: Regression Coefficients^a for Business Skills Training Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.475	3.919		4.969	.000
	Business Skills Training	.421	.169	.232	2.492	.004

a. Dependent Variable: Performance

The positive and significant β coefficient ($\beta = 0.421$, $p < 0.001$) indicated that business skills training had a substantial effect on improving household income and business performance. The results confirmed that business skills training significantly enhanced microenterprise and household performance in Kiambu County. Respondents who had undergone training reported improved record keeping, marketing, planning, and customer relations, which led to higher sales and profitability. These findings align with McKenzie and Woodruff (2014) and Karlan and Valdivia (2011), who emphasized the positive influence of structured entrepreneurship training on enterprise success. The study also supports Human Capital Theory's proposition that investment in education and training raises productivity and income, validating the transformative role of skills development in poverty reduction.

CONCLUSION

The study concluded that business skills training significantly improved the performance of low-income households in Kiambu County. Entrepreneurs who participated in training reported enhanced managerial capacity, improved customer engagement, and increased profitability. The results confirmed that strengthening business knowledge and skills plays a pivotal role in elevating household welfare and enterprise sustainability. The regression results confirmed that managerial competence acquired through business training substantially contributes to household welfare and business sustainability, underscoring the importance of continuous capacity building for entrepreneurs.

RECOMMENDATIONS

The study recommended that policymakers and development agencies should design sector-specific, practical training modules focusing on record keeping, financial planning, pricing, marketing, and product diversification. To enhance sustainability, training initiatives should integrate mentorship, peer learning, and post-training follow-up to ensure that participants effectively apply the acquired knowledge. These strategies will improve managerial competence, enterprise efficiency, and long-term household welfare.

SUGGESTIONS FOR FURTHER STUDIES

The study suggests that further research should explore potential differences in how male-and female-headed households benefit from business and technical training interventions, recognizing that women entrepreneurs often face distinct social and economic barriers. Secondly, future researchers should examine the role of digital innovations, including mobile-based learning, e-commerce platforms, and fintech solutions, in enhancing the reach, efficiency, and resilience of microenterprises. Finally, further research should explore the synergistic effects of combining interventions, such as integrating business training, formal credit, and market access programs, to determine whether such multidimensional approaches yield stronger and more sustainable improvements in household performance and economic empowerment.

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