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Effects of Interventions on Medium Small and Microenterprises: A Study of the Western Region in Kenya

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Abstract: To promote youth employment and entrepreneurship, the 2Jiajiri Program; a component of the broader Young Africa Works (YAW) initiative in partnership with the Mastercard Foundation. The program sought to create dignified and sustainable work opportunities for youth aged 18–35 by equipping them with vocational, entrepreneurial, and financial management skills, The Research objectives was Improved management, financial literacy, and entrepreneurship capacity, Enhanced MSME formalization, productivity, and profitability. Increased access to credit and financial products for institutions. Strengthened mentorship culture and local enterprise support networks. Creation of new employment opportunities within the target counties and Enhanced participation of women and youth in enterprise development. The research was anchored on the ILO–SIYB methodology, which emphasized practical, participant-centered learning tailored to micro and small enterprises. The researcher approach integrated adult learning principles, participatory facilitation, and continuous feedback mechanisms to enhance skill retention and behavior change among participants. Findings was that out of the total enumerated MSMEs, 1,334 (71%) were female-led, while 541 (29%) were male-led. 91.7 had attained secondary and higher Education. (86%) MSMEs had operated Business for 1–5 years. 260 (14%) had been in business for 6–10 years. Tax/ compliant: 675 (32%), Holding business licenses: 1,203 (58%) Non-compliant: 209 (10%) Small enterprises (< Ksh. 500,000 turnover) (93%)Medium enterprises (Ksh. 500,000–5 million): 115 (6%) and Large enterprises (> Ksh. 5 million): 10 (1%) Area 1: study key recommendations were Strengthening Financial Readiness & Access to Finance, Institutionalize Credit-Readiness Clinics at Branch Level, Develop Tiered Loan Products Tailored to MSME Maturity Levels, Enhancing Business Management Capacity & Continuous Learning, Extend Mentorship Duration and Introduce a “Post-Mentorship Check-In Cycle, Improving Operational Efficiency, Compliance & Formalization and establish a Compliance Support Desk in the Bank Strengthening Digital Literacy, Marketing & Market Positioning and Introduce Market-Linkage and Branding Clinics and Conduct a Longitudinal Impact .

Keywords: Onbording, Coaching Mentorship MSME

INTRODUCTION

Background of the Young Africa Works Program

To promote youth employment and entrepreneurship, the 2Jiajiri Program; a component of the broader Young Africa Works (YAW) initiative in partnership with the Mastercard Foundation. The program seeks to create dignified and sustainable work opportunities for youth aged 18–35 by equipping them with vocational, entrepreneurial, and financial management skills. Through its Business Development Services (BDS) framework, the program enhances the capacity of micro, small, and medium enterprises (MSMEs) to access finance, expand operations, and generate employment.

The current BDS phase is designed to strengthen MSMEs' ability to scale sustainably through structured training, mentorship, and coaching delivered by accredited implementing partners. Each partner is expected to conduct a Training Needs Assessment (TNA), deliver Boot Camp training sessions, and provide targeted mentorship and coaching aligned with the International Labor Organization's Start and Improve Your Business (SIYB) methodology.

Scope of the Assignment

The project's primary targets included:

- 1,240 MSMEs to undergo a TNA and two-day Boot Camp training on enterprise development.
- 296 MSMEs (with a contingency buffer of up to 330 to cater for attrition) to receive structured mentorship and coaching over six months.
- The creation of at least 3,100 new jobs through improved business performance and expansion.
- Facilitation of access to finance valued at approximately KES 74 million for incubated MSMEs.

RESEARCHER developed and administered assessment tools, facilitated training and mentorship sessions, and produced all required deliverables, including inception, training, mentorship, and final project reports.

LITERATURE REVIEW

Besides, coaching and mentoring skills should form a basis for imparting skills for SMEs (Kent, Dennis & Tanton, 2003). Mentorship in particular has become a popular strategy to involve most business partners from business to community developments. It requires the teaming of knowledgeable person with a learner to enable transfer of information, skills and expertise. mentorship guidance plays a crucial role in assisting entrepreneurs to overcome psychological and emotional barriers that often arise during their business journey. Feelings of doubt, apprehension, and stress can pose serious obstacles that hinder creativity and productivity (S. Beccon 2020) A mentor serves as more than just a guide; they become a source of encouragement during challenging times, a sounding board for ideas, and a model of success that inspires the entrepreneurial spirit (L . Hussey and J. Campbel 2021) The effectiveness of mentorship also depends on the successor's willingness and business environment (Tshehla et al., 2021). Integrating mentorship with other practices tailored to the business context and successor engagement is recommended to achieve long-term success (Mboto et al. 2024; Onyeukwu & Jekelle 2019). Mboto, H. W., Offiong, A. I., Eze, F. J., & Ibanga, I. A. (2024). Mentorship: A Panacea for Success. Journal of Education, Society and Behavioral Science, 33(10), 1-11, A study by the International Coaching Federation (ICF, 2024) found that 70% of executives reported significant improvements in leadership abilities after coaching. Business coaching facilitates increased self-awareness, better communication, and stronger decision-making skills. The Forbes Coaches Council (2024) reported that business coaching could increase net revenue by up to 46% through better financial planning, refined sales strategies, and improved client relationship management. Looking ahead, the role of business coaching in SMEs is expected to evolve further, driven by technological advancements and changing business dynamics. Artificial intelligence (AI) and digital coaching platforms are transforming the way coaching is delivered, making it more accessible and cost-effective for SMEs.

Implementation Framework

RESEARCHER's delivery followed a phased implementation framework that ensures logical progression from needs assessment to post-training support. The four phases are:

1. **Preparation and Orientation:** Development of a TNA assessment, training materials, orientation of trainers, allocation of trainees, and validation of participant lists.
2. **Boot Camp Delivery:** Two-day intensive training sessions emphasizing experiential learning, enterprise planning, and personal growth strategies.
3. **Mentoring and Coaching:** Guided mentorship process providing at least 20 hours of individualized and group support per MSME, focused on business diagnostics, performance improvement, and credit readiness.
4. **Reporting and Close-out:** Consolidation of data, documentation of outcomes, compilation of lessons learned, and submission of final project reports.

Methodological Approach

The research was anchored on the **ILO-SIYB** methodology, which emphasized practical, participant-centered learning tailored to micro and small enterprises. The researcher approach integrated adult learning principles, participatory facilitation, and continuous feedback mechanisms to enhance skill retention and behavior change among participants.

Training and mentorship combined face-to-face engagements in the business premise of the mentees. Data collection tools; such as TNA instruments, baseline surveys, mentorship progress journals, and evaluation templates, guided evidence-based reporting throughout the project cycle.

Study Scope and Demography

The Research covered the delivery of Business Development Services to MSMEs within **eight Financial Institution Bank branches** in Western Kenya. The project area and beneficiary allocation are as follows:

The researcher was tasked to train a total of **1,240 MSMEs** during the Boot Camp phase and provide **structured mentorship and coaching** to **296 MSMEs**, with a provision to extend the mentorship pool to 330 to cater for attrition. The project targets youth and women-led enterprises, with a deliberate focus on inclusivity and balanced regional representation.

Problem Statement and Justification

According to the Kenya National Bureau of Statistics, the SME (or MSME) sector comprises over 7.4 million businesses, employing approximately 14.9 million Kenyans “indicated that there are over 7.4 million MSMEs in the country, which employ approximately 14.9 million Kenyans”, as noted by UNDP (REPORT 2024) Youth unemployment and underemployment remain significant challenges in Kenya, particularly within rural and peri-urban areas. According to the Kenya National Bureau of Statistics (KNBS), over **35% of youth aged 18–35** are unemployed or engaged in vulnerable forms of self-employment. Despite MSMEs accounting for nearly **80% of Kenya’s employment** and contributing about **33% of the GDP**, many remain informal, undercapitalized, and constrained by limited managerial capacity and poor access to finance. The Western Kenya region faces additional barriers, including: Low levels of business formalization and record-keeping. Limited access to affordable credit due to weak financial management systems, Insufficient entrepreneurial and technical skills among youth and women entrepreneurs., Market access challenges and low adoption of digital business tools., Gender-related constraints affecting women’s participation in enterprise growth. These challenges collectively hinder MSMEs’ capacity to scale, innovate, and contribute effectively to job creation and economic resilience. The BDS intervention aimed to address these gaps by equipping MSMEs with practical business management skills, improving their financial literacy, and linking them to financing opportunities The initiative aligned with national development priorities, including Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Third Medium-Term Plan (MTP III), all of which prioritize youth empowerment, enterprise development, and inclusive growth.

Objectives of the study

The Research objectives was

1. Improved management, financial literacy, and entrepreneurship capacity among MSME owners.
2. Enhanced MSME formalization, productivity, and profitability.
3. Increased access to credit and financial products from Bank and other institutions.
4. Strengthened mentorship culture and local enterprise support networks.
5. Creation of new employment opportunities within the target counties.
6. Enhanced participation of women and youth in enterprise development.

PROJECT IMPLEMENTATION STRATEGY

TRAINING NEEDS ASSESSMENT (TNA)

The Training Needs Assessment (TNA) was executed using a co-created, evidence-driven methodology jointly developed by the researcher

TNA Findings and Analysis

A total of **2,493 MSMEs** were reached during onboarding. Of these, **1,875 MSMEs** met the set feasibility criteria and were taken through detailed baselining and TNA processes, surpassing the initial target of **1,240 MSMEs** by an impressive **151.2%** while ensuring full representation across gender, sector, and geography.

Demographic Profile of Respondents

The demographic composition of the 1,875 MSMEs illustrates strong inclusion, gender balance, and youth participation; key pillars of the YAW program.

Gender, Youth, and Disability Inclusion

- Out of the total enumerated MSMEs, **1,334 (71%)** were **female-led**, while **541 (29%)** were **male-led**.
- 50 MSMEs (2.7%) were owned or managed by persons with disabilities (PWDs).
- All the enumerated MSMEs (100%) represented youth entrepreneurs within the 18–35 age cohort.

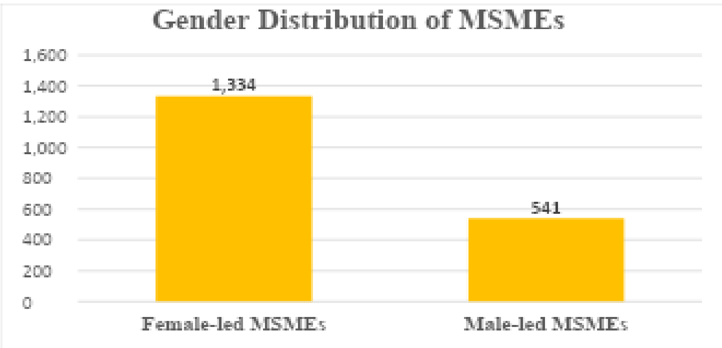

Figure 1: Gender Distribution of MSMEs

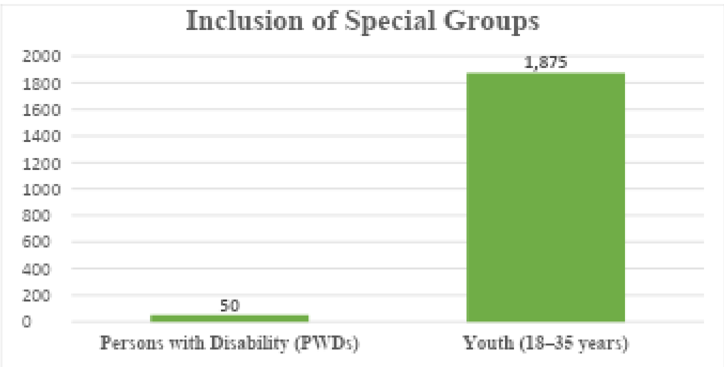

Figure 2: Inclusion of special groups

This strong youth and gender inclusion underscores the YAW program's success in attracting target beneficiaries. However, the data also point to a need for gender-responsive training delivery; for example, scheduling flexibility and contextual mentorship for women who often balance enterprise management with caregiving roles.

Education Levels

- 834 MSME owners (44.5%) had attained tertiary education.
- 885 (47.2%) held secondary education.
- 156 (8.3%) had attained only primary education.

This relatively high literacy profile signals readiness for technical content but also emphasizes the need for differentiated learning approaches to accommodate varying levels of comprehension and digital literacy among participants.

Implication for Boot Camp Design:

Training materials should combine practical examples and participatory exercises to bridge theoretical understanding with operational realities, ensuring accessibility for all literacy levels.

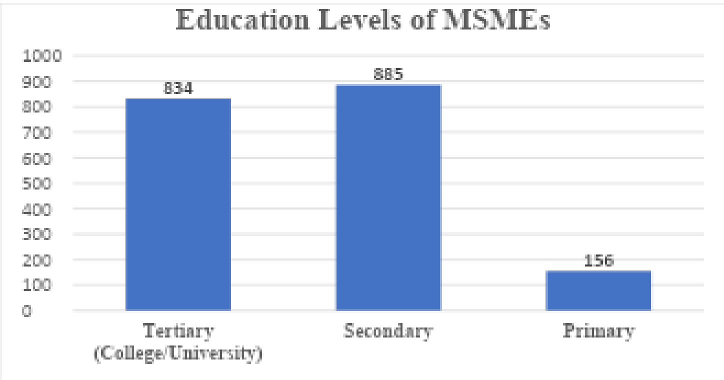

Figure 3: Education Levels of MSMEs

MSME Business Profiles and Characteristics

Registration and Formalization:

Out of the 1,875 MSMEs:

- **384 (20.5%)** were **formally registered**, while
- **1,491 (79.5%)** remained **unregistered**.

The types of registration included sole proprietorships, partnerships, limited companies, CBOs, and self-help groups.

The high level of informality limits MSMEs' access to financial products, markets, and government incentives. This finding validates the inclusion of formalization and compliance as key thematic areas in the Boot Camp training.

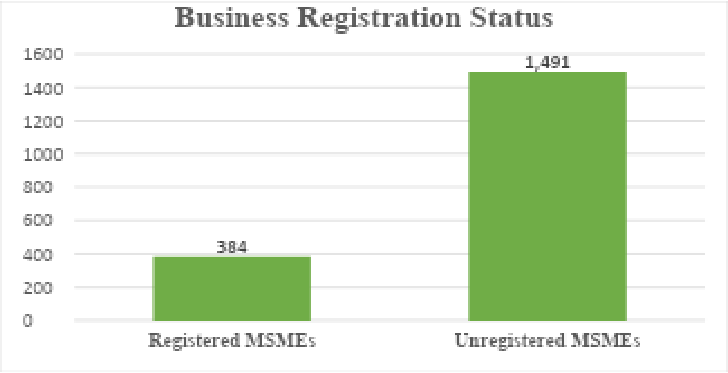

Figure 4: Business Registration Status

Years in Operation

- 1,615 (86%) MSMEs had operated for 1-5 years.
- 260 (14%) had been in business for 6–10 years.

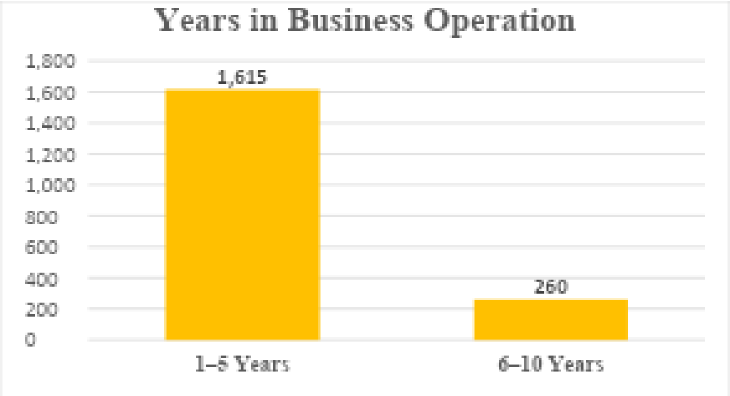

Figure 5: Years of Business in Operation

The majority are early-stage enterprises, confirming the need for foundational business management training and continuous mentorship support to improve survival rates.

Business Categories

- Small enterprises (< Ksh. 500,000 turnover): 1,752 (93%)
- Medium enterprises (Ksh. 500,000–5 million): 115 (6%)
- Large enterprises (> Ksh. 5 million): 10 (1%)

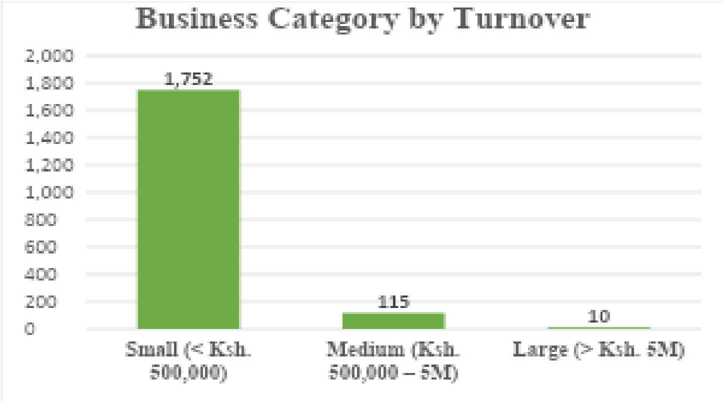

Figure 6: Business Category by Turnover

This distribution reflects a predominantly micro and small enterprise landscape, requiring practical interventions focused on financial literacy, cashflow management, and business growth planning.

Statutory Compliance

- Tax/NSSF/NHIF compliant: 675 (32%)
- Holding business licenses: 1,203 (58%)
- Non-compliant: 209 (10%)

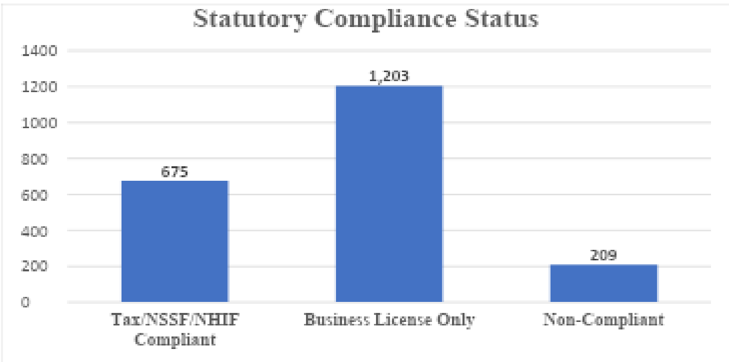

Figure 7: Statutory Compliance Status

This data highlights that only a small fraction of MSMEs meet comprehensive compliance requirements. Regulatory literacy and tax management training are therefore essential Boot Camp components.

Record Keeping and Financial Management Practices

Effective record keeping is a key determinant of business sustainability. The assessment revealed:

- **962 MSMEs (51%)** keep business records, while **913 (49%)** do not.

- Among those maintaining records:
  - **896 (93%)** rely on **manual systems** (notebooks and ledgers).
  - Only **66 (7%)** use **automated or digital tools**.

This shows a digital and operational gap that hinders accurate financial reporting and decision-making. The Boot Camp will address this through a module on bookkeeping and financial management, training MSMEs to adopt simple, scalable record systems that enhance efficiency and credit readiness.

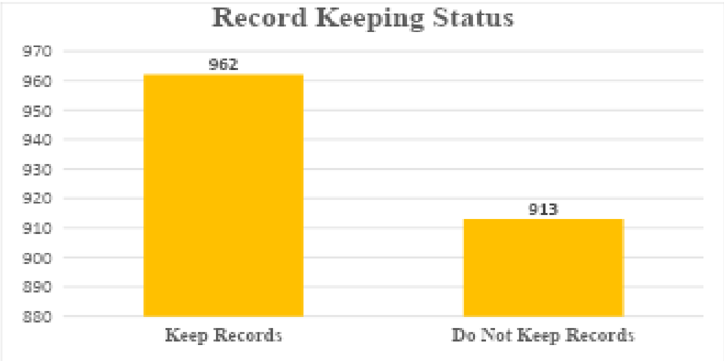

Figure 9: Record Keeping Status

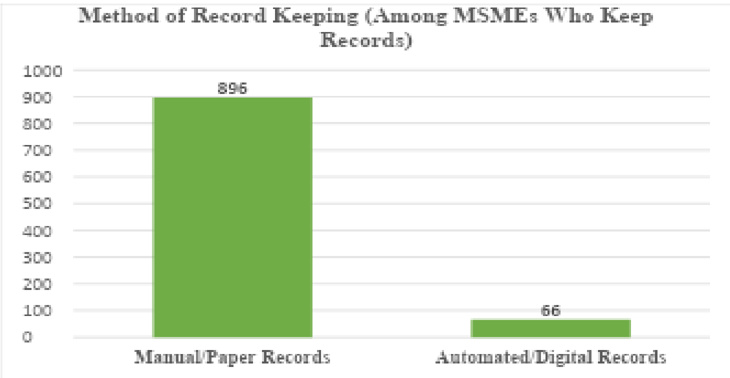

Figure 9: Method of Record Keeping (Among MSMEs Who Keep Records)

Access to Finance and Capital Structure

Start-Up Capital Sources:

- 1,755 MSMEs (93.6%) relied on personal savings, family, friends, or chama contributions.
- 47 (2.5%) accessed loans from non-KCB institutions.
- 50 (2.7%) accessed KCB or KCB mobile loans.
- 23 (1.2%) received grants from NGOs or CBOs.

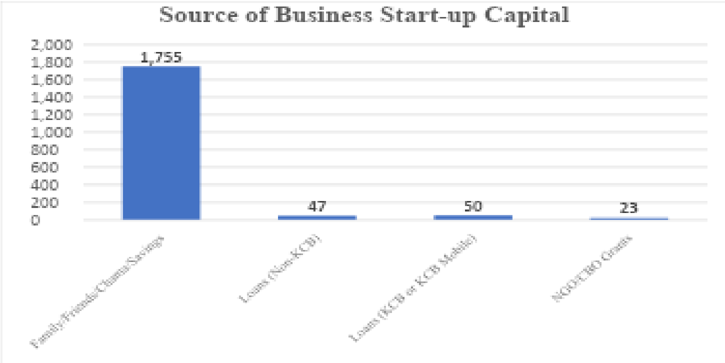

Figure 10: Source of Business Start-up Capital

These figures reveal limited financial diversification and reliance on informal capital. The Boot Camp's access-to-finance module will focus on improving financial documentation, and credit readiness.

Institutions Account Ownership:

- 699 MSMEs (37.3%) held bank accounts.
- 1,176 MSMEs (62.7%) were new-to-bank clients

This distribution indicates a substantial opportunity for financial inclusion. Researcher worked work closely with banks branches to onboard clients during and after the Boot Camp through financial literacy clinics and relationship management sessions.

Revenue and Profitability:

- The combined **monthly revenue** across all MSMEs is **Ksh. 49,001,810**.
- **1,158 MSMEs (62%)** reported **positive profits** in the past six months, while **717 (38%)** did not.

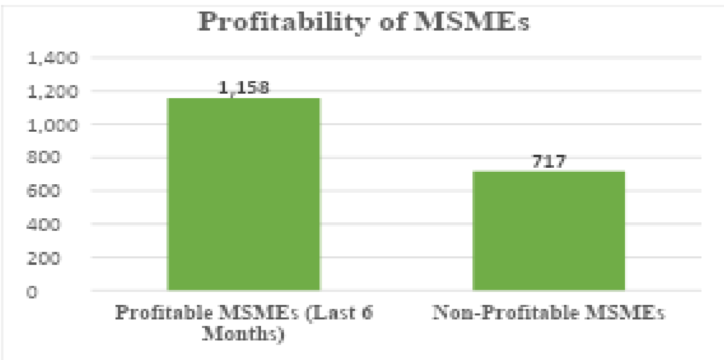

Figure 12: Profitability of MSMEs

This level of aggregate turnover demonstrates significant economic potential within the region. However, the 38% non-profitable segment underscores the need for improved financial management, cost control, and market diversification strategies; all of which will be addressed in the business resilience and profitability optimization modules.

Human Capital and Employment Structure:

The MSMEs collectively employed a total of **13,503 people** at the time of baselining, distributed as follows:

- **Male employees:** 6,106 (5,561 part-time; 545 full-time)
- **Female employees:** 7,397 (5,676 part-time; 1,721 full-time)

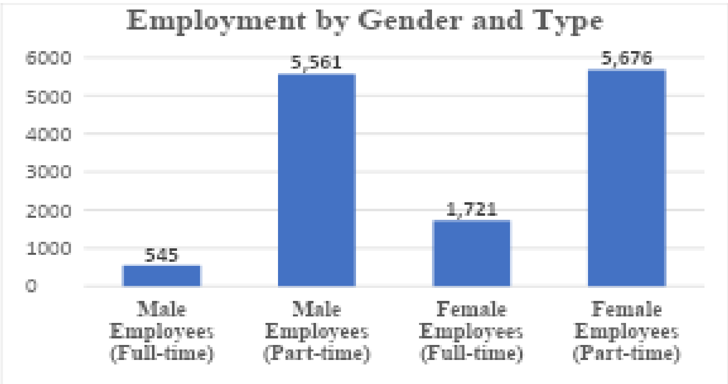

Figure 13: Employment by Gender and Type

Average wages:

- **Full-time:** Ksh. 4,150
- **Part-time:** Ksh. 2,000
- **MSME owner's wage:** Ksh. 7,040

Additionally, **1,059 (56.5%)** MSME owners paid themselves a wage, while **816 (43.5%)** did not. **1,041 (55.5%)** MSMEs kept aside emergency funds, showing emerging financial discipline.

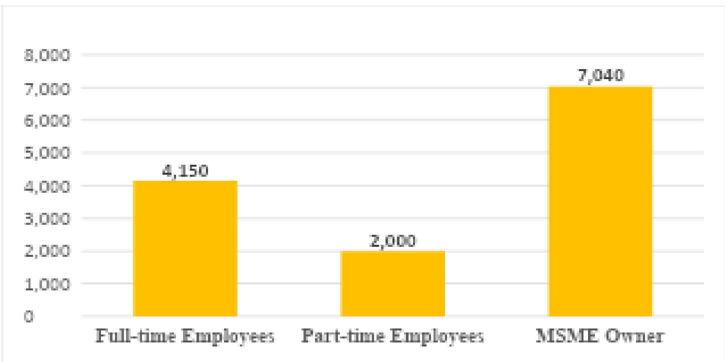

Figure 14: Average Monthly Wage (Ksh)

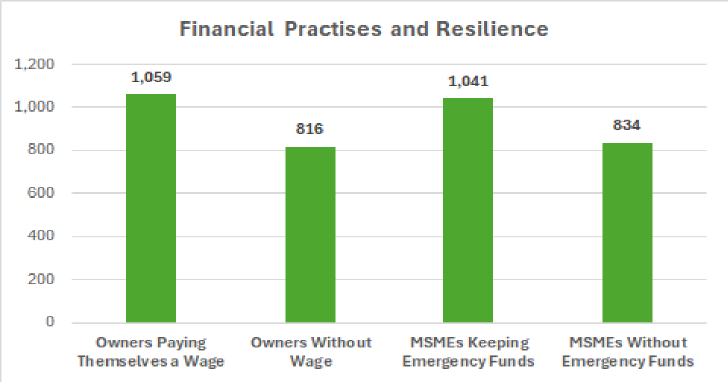

Figure 15: Financial Practices and Resilience

These figures indicate that MSMEs play a pivotal employment role; particularly for women, yet operate within low-wage and informal labor environments. The Boot Camp's enterprise growth and human capital management module will help entrepreneurs professionalize their HR practices, improve labor productivity, and manage finances more sustainably.

Marketing, Planning, and Operational Practices

Marketing and Customer Relations:

- **283 (15.1%)** had documented marketing strategies.
- **639 (34%)** collected customer feedback.
- Marketing channels used include:
    - **Referrals, face-to-face, physical shops** – 1,485 (58%)
    - **Billboards/signage** – 311 (12%)
    - **Social media/e-commerce** – 675 (27%)
    - **Cold calling** – 73 (3%)

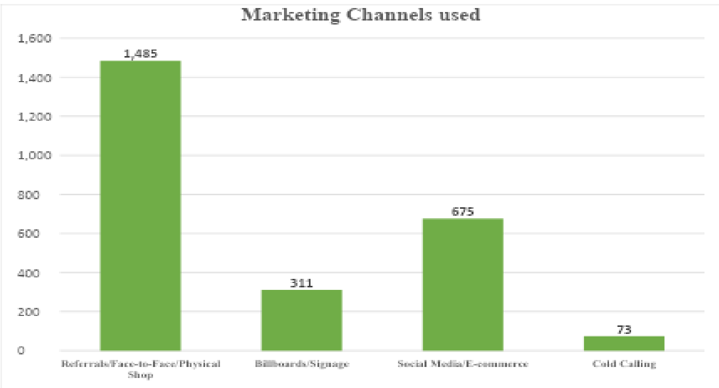

Figure 16: Marketing Channels Used

Most MSMEs depend on direct interactions and referrals, reflecting low digital marketing integration. The Boot Camp will emphasize digital marketing and customer engagement training, equipping MSMEs to expand visibility and market reach through online channels.

Quality Control and Product Differentiation

- 438 (23.4%) applied product/service quality control measures, while 1,437 (76.6%) did not. This signals a significant capacity gap in quality assurance, brand consistency, and product competitiveness. Training on quality control and value addition will be critical to enhance MSME competitiveness in local and regional markets.

Business Planning and Strategic Management

- 375 (20%) had a formal business plan.
- 456 (24%) practiced strategic or annual goal-setting.
- 509 (27%) employed budgeting in operations.
- 458 (24%) maintained detailed financial statements.

These results reveal that fewer than one in four MSMEs operate with structured business systems. Lack of planning hinders scaling and investor confidence. Therefore, the Boot Camp's business planning and financial management modules will provide practical guidance on preparing plans, budgets, and cashflow forecasts.

Training and Staff Development:

- Only 308 MSMEs (16%) conduct employee training.

  This points to a limited culture of continuous learning within MSMEs. The Boot Camp's mentorship phase will promote peer learning, coaching, and skills transfer to entrench training as a regular business practice.

Digital Readiness and Technological Adoption

Digital adoption remains uneven:

- **326 MSMEs (17%)** use **digital tools** such as accounting software or Excel.
- **1,549 (83%)** operate fully manually.

This stark contrast highlights a crucial development gap that limits scalability and efficiency. The Boot Camp will incorporate digital literacy, e-commerce readiness, and fintech integration modules to accelerate MSME modernization and link them with KCB's digital banking ecosystem.

Figure 17: Key Business Management Practices

Training Confidence Levels (Skill Gaps)

The TNA explored MSME self-assessment of confidence in key business management competencies:

Table 1

Training Area	Very Confident	Confident	Somewhat Confident	Not Confident
Budgeting	15% (274)	34% (636)	26% (494)	25% (458)
Cashflow Management	15% (274)	31% (584)	28% (514)	26% (489)
Access to Finance	11% (205)	30% (551)	25% (470)	34% (633)
Investment Decisions	15% (274)	33% (606)	23% (434)	29% (545)
Tax and Compliance	11% (199)	29% (543)	23% (429)	37% (688)

These figures confirm that over half of the MSMEs lack strong confidence across critical business functions; particularly access to finance (34% not confident) and tax compliance (37% not confident).

Boot Camp Rationale:

This empirical evidence directly justifies the proposed Boot Camp training modules, which will address:

- Budgeting and financial planning (to strengthen internal control systems).
- Cashflow management (to enhance liquidity and profitability).
- Access to finance and investment decisions (to increase uptake of KCB financial products).
- Tax and regulatory compliance (to formalize enterprises and reduce operational risks).

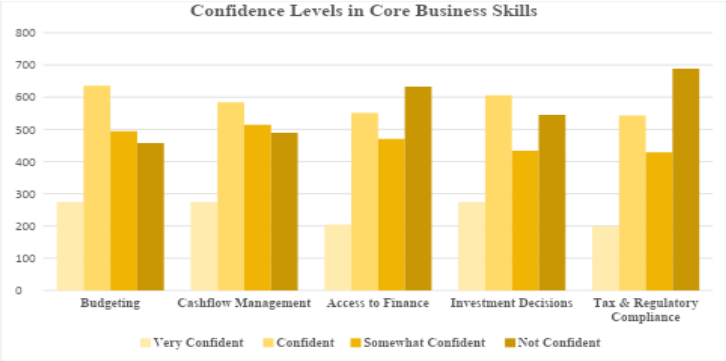

Figure 17

In comparisons to the result shown by the bar graph respondents had differed in their thought about the parameters asked they posit that budget, cash flow access to finance, investment decision and tax regulatory had significant influence on the performances of their business.

Figure 18: Confidence Levels in Core Business Skills

Module	Focus Area	Core Learning Outcomes
Module 1	Financial Literacy and Record Keeping	Master basic bookkeeping, budgeting, and cashflow management; maintain digital records.
Module 2	Access to Finance and Credit Readiness	Build credit profiles, understand KCB financial products, and develop fundable proposals.
Module 3	Business Planning and Strategic Management	Prepare business plans, set targets, and implement growth strategies.
Module 4	Marketing, Branding, and Customer Relations	Design marketing strategies, use digital channels, and implement quality control.
Module 5	Digitalization and Innovation	Adopt digital tools, e-commerce, and social media for business expansion.
Module 6	Compliance and Formalization	Register enterprises, understand taxation, and align with statutory frameworks.
Module 7	Business Resilience and Sustainability	Plan for continuity, manage risks, and integrate sustainable business practices.

responsive group discussions depicted on the figure 18 recommends various point on how to envisage coaching mentor and onboarding.

CONCLUSION

The Business Development Service (BDS) intervention under the Young Africa Works Program delivered a comprehensive and transformative capacity-building journey for MSMEs across the Western Kenya region. Beginning with a rigorous Training Needs Assessment that profiled 1,875 enterprises, the programme successfully tailored Bootcamp trainings and mentorship interventions to address the unique needs, gaps, and opportunities within the eight participating branches.

The Bootcamps strengthened foundational competencies in financial literacy, business planning, digital readiness, marketing, and compliance, reaching 1,507 MSMEs with highly contextualized, practical, and inclusive training. The seamless transition into mentorship ensured that these competencies were reinforced through personalized, field-based coaching delivered at business premises; enabling MSMEs to translate knowledge into tangible operational improvements.

Mentorship outcomes demonstrated significant behavioral and structural shifts. MSMEs increasingly embraced systematic record keeping, more accurate costing and pricing, improved operational routines, better customer-engagement practices, and emerging digital adoption. The structured four-session model, complemented by group mentorship forums and close collaboration with KCB branch teams, created a supportive ecosystem for business discipline, financial inclusion, and sustained growth. Equally important, the programme catalyzed stronger financial inclusion. With 62.7% of mentored MSMEs being new-to-Financial Institution, the intervention not only expanded Institutional MSME pipeline but also strengthened credit readiness through improved documentation, formalization, and financial discipline. The collaboration between mentors and Financial instructional branch teams created an ecosystem where MSMEs could transition from informal, cash-based operations into formal financial pathways that unlock capital, savings culture, and long-term business sustainability.

The impact extended beyond business competencies. Women entrepreneurs; who constituted the majority of participants, gained confidence, leadership, and economic agency. Youth-owned MSMEs became more.

Contextually, the higher Learning institution programme should aligns strongly with national development ambitions, including Kenya Vision 2030, MSME strengthening priorities under the Bottom-Up Economic Transformation Agenda (BETA), and the financial inclusion commitments of the Central Bank of Kenya. By improving business discipline, promoting formalization, and enhancing credit readiness, the programme supports a more resilient and competitive MSME ecosystem in the region.

The lessons learned also highlight strategic opportunities for scalability. Extending mentorship duration, integrating structured post-mentorship check-ins, adopting digital MEL dashboards, strengthening compliance support, and enhancing sector clustering will not only sustain progress but also elevate the programme into a model that can be replicated nationally. Investing in digital adoption, formalization pathways, and linkages with county governments will further amplify long-term impact.

In sum, the intervention stands out as a compelling example of what is possible when data-driven training, practical mentorship, and financial-sector collaboration are intentionally aligned. It has strengthened MSME decision-making, improved operational efficiency, deepened financial inclusion, and ignited a culture of disciplined business management among entrepreneurs; many of whom entered the programme without structured systems or a clear growth trajectory.

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