

**THE EFFECT OF MENTORSHIP PROGRAM ON  
BUSINESS PERFORMANCE AMONGST MICRO, SMALL  
AND MEDIUM ENTERPRISES (MSMEs) IN NAIROBI  
COUNTY**

**BY  
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## **DECLARATION**

This research project is my original work and has not been submitted for awards of degree in any other university.

Signed..... Date.....

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This research project has been submitted for examination with my approval as university supervisor

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Thank you God bless you all.

## **DEDICATION**

I dedicate this study to God the Almighty. He has been my source of wisdom, knowledge and strength without him I would not have made it. To my dear mum Pauline Muchau, thank you for the sacrifice, guidance and support you have given me throughout my life.

## **ABSTRACT**

Mentorship is defined as supporting and encouraging people to manage their own learning in order to maximize their potential, develop their skills, improve their performance and become the person they want to be. This simply means helping another individual be the person they want to be and achieve their goals and objective. Kenya is today faced with high level of unemployment especially amongst youth; the government has set up financial mechanism to help the youth set up business that can help them be more productive. The purpose of this study was to examine the effect of mentorship programs on business performance amongst micro, small and medium enterprises (MSMEs) in Nairobi County. The researcher reviewed related literature and found out that a gap still exists on studies on the effect of mentorship programs on business performance. The literature reviewed revolved around the two constructs. The study used cross-sectional descriptive survey design targeting mentees. A simple random sampling was then be used to select the sample. Descriptive statistics of SPSS version 17 were used to analyze the data. Chi-square statistical test established that there exists a strong relationship between mentorship and business improvement however; there was non-significant relationship between the mentorship program and overall firm performance. Findings also revealed that the entrepreneurs encounter varied challenges which spoke volumes of the effectiveness on the mentorship program on organizations. The study concluded that mentorship program is not a significant predictor of overall firm/business performance. The study recommends that mentorship programmes need to be considered for the specific business industry/environment for maximum effects. It is also important to study the interdependent relationships that may exist between the MSMEs unique characteristics and mentoring programmes as well as barriers if these potential links and their impact are to be fully established.

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## **ABBREVIATIONS**

BPM	-	Business Performance Measurement
GDP	-	Gross Domestic Product
HR	-	Human Resource
ILO	-	International Labour Organization
MSMEs	-	Micro, Small, Medium Enterprises
OBP	-	Operational Business Performance
PBMA	-	Professional Business Mentors Association
RCED	-	regional Centre for Enterprise Development
SBP	-	Strategic Business Performance
SMEs	-	Small, Medium Enterprises
YEF	-	Youth Entrepreneurship Facility

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Over the years researchers have reached a general consensus for both academic and management circles on experience in career profession as a key requirement for men and women's career success (Ehrich, 1995). Experience in career profession has widely been used to recruit employees by many employers in both public and private business enterprises. However, in the business world, in many countries for instance in Ireland, it has been recognized widely that unemployment can be solved through creating jobs by enhancing micro, small and medium enterprises (MSMEs). This has hence necessitated the need to grow and sustain businesses by encouraging entrepreneurs to follow their dreams, explore their ideas and convert them into commercial activities as deemed appropriate (Kent *et al.*, 2003). This is because the development of business skills in micro, small and medium enterprises has increased in recent past with growth of managers in retail industry highlighting the importance of addressing the skill needs of MSMEs to release the economic potential of retail industries. Such skills need to be learned through practical processes such as mentoring, job shadowing and learning through doing and embracing courses in the evening, weekends and block study and e-learning.

Mentoring as a practical process of disseminating skills in businesses have been widely used in MSMEs to undertake job training and development with implications for implementation of high quality customer service and selling skills. Besides, with this in mind, coaching and mentoring skills should form a basis for imparting skills for MSMEs

retailer owner managers. Mentoring 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. It also allows greater flexibility in timing and location of learning. Mentors are described as leaders who engage themselves in deliberate actions in organizations geared towards promoting learning. It involves unique human interventions usually known as mentoring programs to provide support to employees, micro, small and medium enterprises' performance and competitiveness (Kent *et al.*, 2003)

### **1.1.1 Mentorship Programs**

Hudson-Davies *et al.*, (2002) argue about the importance of implementing mentoring in a systematic way in order to work effectively. The foundations of any mentoring programme should include identifying the need and formulating appropriate goals for the development of the programme. Next steps include recruiting mentors and mentees, providing inductions and conducting the matching. The final part of the programme includes providing support mechanisms for both, mentor and mentee and evaluating the programme. When developing a mentoring programme taking especial consideration to some aspects of the planning can maximise the likely success of the mentoring relationship. Douglas (1997) recommends outlining and discussing the aims of the programme with mentees. The programme aims should not only be defined but also clearly communicated with potential mentors and mentees and programme coordinators. This communication would help reduce the likelihood of misunderstandings about roles and expectations of the programme participants. Mentors and mentees need to clearly understand what their role in the programme. Tovey (1998) suggests that in order to

minimize misunderstandings a basic set of rules needs to be developed. While these rules are expected to vary from programme to programme, Tovey suggests the following: The mentee's personal life and experiences will only be discussed by invitation of the mentee, mentors will not make excessive demands on the time of mentees, mentees will not make excessive demands on the time of the mentors, mentors will assist mentees to obtain their goals but will let them run their own show and finally knowledge of the mentee will only be passed on with the permission of the mentee. Rules are developed after discussion between the participants, but both, mentors and mentees might need to agree to some rules covering their association to the programme.

Douglas (1997) recommends outlining and discussing the aims of the programme with mentees. The programme aims should not only be defined but also clearly communicated with potential mentors and mentees and programme coordinators. A well-structured mentoring programme can benefit a business as it can: broaden staff's insight into his/her business, increase productivity and improve the mentee's performance, help to engage employees, which should lead to better retention levels, give the mentor a sense of responsibility and the satisfaction of passing on their knowledge and builds relationships between employees by encouraging the exchange of information and experience.

### **1.1.2 Business Performance**

Performance of small businesses is defined as their capability to lead to the creation of employment and wealth by business start-up, survival and sustainability (Neely, 2002). Business performance management has three main activities: selection of goals, consolidation of measurement information relevant to an organization's progress against

these goals, and interventions made by managers in light of this information with a view to improving future performance against these goals. Business performance may be measured from many perspectives including from the perspectives of Accounting, Marketing and Operations (Neely, 2002). Neely asserts that many metrics can be used to measure business performance including profitability, number of new customers acquired, and revenue turnover. The field of Business Performance Measurement (BPM) lacks a cohesive body of knowledge management researchers in areas as diverse as strategy management, operations management, human resources, organisational behaviour, information systems, marketing, and management accounting and control are contributing to the field of performance measurement.

Measuring business performance in today's economic environment is a critical issue for academic scholars and practising managers. In general, business performance is defined as "the operational ability to satisfy the desires of the company's major shareholders" (Wood, 2006), and it must be assessed to measure an organisation's accomplishment. Many researchers focus on the performance of small firms and, more recently, medium firms as well. Regular indicators used in measuring business performance are profit, return on investment (ROI), turnover or number of customers (Wood, 2006). However, Mann and Kehoe (1994) recommend measuring business performance through the business performance measurement (BPM) system, as it is an important tool within many research areas, particularly in business and social science studies. This system analyses and investigates each quality that affects a firm's business performance, categorising business performance into two broad areas: operational business performance (OBP) and strategic business performance (SBP). The major function of the system is to focus on

investigating all an organisation's functions at high and low levels of activity (Mann & Kehoe, 1994); it is appropriately applied to measuring the performance of small and medium enterprises (SMEs). This system is also appropriate for both quantitative (for example, questionnaires) and qualitative (for example, structured interview) research methods. SMEs are often very reluctant to publicly reveal their actual financial performance, and scholars have deliberated on the need for subjective measures (for example, the seven point Likert scale in empirical research) in evaluating business performance. It is important to consider the aspects of differentiation that may be potentially confounded between subjective (also described as perceived/perception performance) and objective measures.

### **1.1.3 Micro, small and medium enterprises in Nairobi County**

The number of small businesses is growing rapidly in Kenya as evidenced by the growing activities within (Sessional paper 2005, World Bank report). Every sector of operations has smaller operations. These include textile industry, manufacturing, finance, security, food and hotels, transport, service sector to mention a few. The role of MSMEs in the promotion of national development in Kenya has been well- documented (Sessional Paper No. 2, 2005). According to the 2006 Economic Survey, employment within the Sector accounted for 74.2 per cent of the total persons in employment. The sector contributes up to 18.4 per cent of the country's Gross Domestic Product (GDP). The sector is, therefore, not only a provider of goods and services but also a driver in promoting competition and innovation, and enhancing the enterprise culture which is necessary for private sector development and industrialization.



It is expected that by the year 2030, Kenya would have been transformed into a newly industrialized nation. If the country has to make this leap, then the small enterprises are expected to play a key role in this transformation. To play this role the government and various organizations has put in place various programs in support of these enterprises, one of them being mentorship program. These programs are put in place in order to minimize if not to abolish the failure rate of this sector. It is also noteworthy that most of the businesses in this sector remain micro, employing less than five people and having such a high mortality rate as such, they never graduate into large or even medium organisations. Research findings report that many do not celebrate their third birthday (Sessional paper, 2005).

Nairobi County is not only the leading Kenya economic hub but also the capital city. MSMEs have also played a crucial role in the economic growth of Nairobi County. Business such as mobile accessories, clothes shops, restaurants, bookshops, and the transport sector among other MSMEs businesses earn billion of revenue for the county. These businesses have lowered the levels of unemployed in the city. The government through the Youth Enterprise Fund has enabled many youths to start up businesses. Just like many other MSMEs in the country, the MSMEs in Nairobi have been found to have many challenges including challenges in production due inadequate inputs and lack of appropriate production technology, marketing and value addition challenges and regulatory challenges (Ong'olo and Odhiambo, 2013). The current Constitution provides a new window of opportunity to address MSMEs related issues through regulatory and institutional reforms under a new, devolved governance system as well as the Micro and Small Enterprises Act 2012.

### **1.1.4 Regional Centre for Enterprise Development (RCED) Mentoring Program**

The Regional Centre for Enterprise Development was established in February 2010 as a Training, Research and Consultancy Centre under Inoorero University. The Centre specializes in products and services relating to the development of Micro, Small and Medium Enterprises and MSMEs policy in Kenya and East Africa. RCED is one of the leading intensive business mentoring and entrepreneurship development centres in East Africa that is supported by international faculty and Industry partners. The Business Mentorship Program began in February 2010 with support from the Royal Danish Embassy in Nairobi and in collaboration with International Labour Organization - through the Youth Entrepreneurship Facility (ILO...-YEF); and other industry partners (Kenya Private Sector Alliance, Kenya Association of Women Business Owners and Africa Youth Trust). The Business Mentorship Program aims at contributing to the growth of sustainable Micro, Small and Medium Enterprise (MSMEs) in East Africa. So far, over 100 professional business mentors have been trained and a further 215 mentee enterprises have been impacted by the program since it began in 2010. 45% of the mentees reported a 78% increase in gross annual turnover.

According to the report over 80 Professional Business Mentors trained, 20 currently undergoing training. Professional Business Mentors Association (PBMA) has been formally registered and operational. This is an association of graduate professional business mentors that facilitates the provision of mentorship services to medium, small and micro enterprises. PBMA is currently supporting over 500 entrepreneurs in various

sectors throughout the country. Over 3000 young entrepreneurs mentored through the annual Enablis Business Launch Pad Competition and over 215 mentee enterprises have been impacted by the program so far. (Regional Centre for Enterprise *Development Official Homepage*, 2013).

## **1.2 Research Problem**

Several firms have developed formal mentoring programs for a variety of reasons, like improving employee morale, increasing employee retention, or generating support for organizational change efforts (Vican and Pernell-Gallagher, 2013). This has hence improved performance, competitiveness and profitability of the business enterprises. One of the main reasons for introducing modern mentorship program as a policy mechanism was because traditional mentorship has always been a highly selective process which is not equally available to all individuals who are desirous of a mentor relationship. Modern mentorship is however democratic and non-discriminatory process (Ehrich, 1995).

Few studies have been done in Kenya on the role of mentoring on performance. However related studies have been in various parts of the world. Mika (2003) found that most of the successful SMEs are characterized by qualities such as innovativeness, specialization and networking in their daily operations. A study carried out by Jouirou et al., (2004) showed there should be a match between an organization's system and its strategy in order to enhance the performance. Gravells (2006), in his research found that mentoring was considered not only important but the most effective source of help for entrepreneurs in topics considered most crucial such as financial planning, marketing and pricing, regulation and access to information. A study conducted by Zindiye (2008) on the SMEs

in the manufacturing industry of Harare in Zimbabwe showed that Enterprise mentoring is more effective to other forms of support.

Kenya, as one of the developing country, is in dire need to see the growth and sustainability of micro, small and medium enterprises in order to solve the high poverty and unemployment levels that are currently in coexistence. Due to this need, entrepreneurship has been promoted among vulnerable groups, youth and women among others as a means towards a sustainable income source. These type of businesses range from micro, small and medium enterprises and require mentoring of the owners/managers in order for them to thrive successfully. So far micro and SMEs owners/managers lack adequate mentoring leading to failure of the MSMEs. There is also limited knowledge on the impact of mentoring on MSMEs performance in the country. The country is also currently undergoing a devolution process which places MSMEs as very important enterprises towards its success. It is due to this gap in knowledge that this study seeks to assess the effect of mentorship program on business performance of micro, small and medium enterprises in Nairobi County.

### **1.3 Objective of the Study**

To determining the effect of mentorship program on business performance amongst micro, small and medium enterprises (MSMEs) in Nairobi County.

## **1.4 Value of the Study**

The study has given value to the management of the youth to help them understand how mentorship is important and also put in place necessary mechanism to encourage mentorship in their entrepreneurial ideas. This has helped to reduce the cost resulting from business failure due to lack of knowledge and skills. It has also provided information on the effects of mentoring on MSMEs giving solutions to owners/managers and employees hence lengthening the life of such businesses.

Findings from the study has also provide a means to satisfied business owners/managers and employees, making these organizations to be able to achieve their objectives much faster since the necessary skills and knowledge are available for growth and well-being of MSMEs.

The Government has also benefited from this study since it provides financial support and policies that encourage mentoring of MSMEs in particular among the youth, women and the physically disabled hence creating employment to improve society's welfare. The owners/managers have found a basis of negotiating with the government for fair mentorship services that are affordable.

For academicians, this study has formed the foundation upon which other related and replicated studies can be based on. Scholars and researchers in the field of human resource management, entrepreneurship and innovation will also find it useful as it will provide a platform for further research and will also be used as a reference point when researching on mentorship and related topics.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a review of literature related to the study in line with the following: theoretical review, mentorship programs, role of mentoring in business, mentoring models and effects of mentorship programs on business performance.

### **2.2 Theoretical Review**

In order for the human resource profession to be recognized for its contribution to business strategy and organizational success, non-HR staff and divisions within organizations need to be educated about the value to be brought to the organization through leveraging HR's strategic capabilities. Moreover, individual HR practitioners need to have the opportunity to take on the roles beyond the traditional administrative tasks that not only are associated with HR but often limit perceptions of HR. Mentoring has been cited as an important means through which HR professionals can inform others about HR's role in business strategy as well as gain a better understanding about the organization's business activities and learn how to form strategic connections between HR activities and business results (Human Resource Management, 2005)

HR strategies give valuable foundations to the rising number of diversified SMEs, (Collins and Clark, 2003). Collins examined the role of human resource practices in creating organizational competitive advantage and found that top management team social networks (practices such as mentoring, incentives, etc.) mediated the relationship between HR practices and firm performance. The research asserts that HRM practices,

such as diversity training and mentoring, have the potential to change attitude and career outcomes. This is as a result of incorporating social psychological principles into training design and by recognizing the unique advantages of mentoring.

## **2.3 Mentorship Programs**

Some organisations conduct formal mentoring programmes. For instance, Hegstad (2002) interviewed 29 participants from 17 Fortune 500 companies who attended mentoring programmes developed along the lines of human resource development theory, and concluded that a systematically designed programme was beneficial to the development of corporate vision and mission. Other investigations have centred on gender differences and similarities within programmes. With no significant differences between the gender of male and female mentors, Hoigaard and Mathison (2009) found, using Noe's (1988) mentor functions scale, that 36 female leaders enrolled in a formal mentoring programme reported specifically that the relationship with mentors increased their job satisfaction and career planning, and led to more positive behaviour. Moreover, in a cross-sectional survey with 1,514 SMEs, McGregor and Tweed (2002) asserted that female business owners benefited from a combination of peer networking and business mentors who helped to foster confidence in achieving firm growth. In a survey with 62 female entrepreneurs, Baderman (2009) identified significant positive correlations between perceptions of business mentoring and perceived *general* self-efficacy, culminating in entrepreneurs reporting resilient and persistent behaviour.

It is noteworthy that mentoring outcomes overall are viewed positively (e.g., Boyd, 1998). However, a few areas of dissatisfaction with mentoring programmes have emerged, and can be attributed to poor relationships with mentors; and dissimilar attitudes, values, and beliefs

to protégés (Eby *et al*, 2000). Further, Clutterbuck (2002) espoused that a number of mentoring programmes failed owing to lack of clarity and purpose, inappropriate matching of mentor and protégé, and insufficient training and measurement. Crossing a broad spectrum of cohorts, mentoring outcomes, contributions, and costs, Gibb (1994b) questioned the effectiveness of formal mentoring programmes and concluded that a co-created relationship between mentor and protégé was paramount to success. In addition, he asserted that open communication and commitment are the keys to both mentoring and successful business relationships. As demonstrated in this section, two applications that are germane to mentoring might be Noe's (1988) mentor functions scale, with other suppositions borrowed from psychology and management. Mentoring benefits centre upon the confidential nature of trusted relationships which engenders learning, development, self-awareness of recipients, and the ability to deal with uncertainty when operating in complex environments.

There are many variables which impact upon SMES growth. Regardless of employee size, it is acknowledged that all firms, whether for-profit or not-for-profit, operate on the same basic tenet, that is for the purpose of producing, selling, or imparting goods and services according to customer wants and needs. However, a complex mix of factors such as stage of growth, shareholder influence, product or service offering, customer demand, global reach, personnel expertise, and ability to react to change *inter alia*, meld together to impact desired performance levels (Delmar *et al.*, 2003). While metrics on goods and services production can differ according to industry with key determinants such as age, asset base, annual sales, and ownership type affecting firm performance. SMEs growth can be measured equitably in terms of market share, sales, profit or earnings per share. Most firms progress in varying degrees of overlap, trajectory or reversion through stages of growth from birth and survival, to expansion, professionalization with formal structures and systems, then to a consolidation



of efforts, and finally to bureaucratisation (Delmar *et al.*, 2003). With many competing forces influencing activity and strategic direction, growth through the full spectrum is not necessarily a linear process, taking as little as three years in some cases while in others as long as 10 years to move from concept to the commercialisation of products and services (Reynolds & Miller, 1992). Birch (1979) contended, more than three decades ago, that growth within a given context of influencing factors is a predictor of entrepreneurial activity. Moreover, the research pointed out that a number of explanations contribute to new firm creation and growth, including entrepreneur characteristics, type of organisation, current environment, and actions taken to form and stimulate firm longevity.

Kaplan and Norton (1996) emphasised that critical to understanding growth and profitability are the evaluation of business differentiators, level of competitiveness, customer choice and market demand for products and services, and total revenue less costs together with internal operational capabilities. In addition, firm demographics such as age, size, and industry add a level of multi-dimensionality and impact growth, profitability, degree of risk, internal control, and thus performance. Entrepreneurial managers having the ability to understand internal and external drivers which call for robust leadership, sound business structures, management focus, system controls, and reward structures are better able to survive in turbulent environments and hence grow sustainable businesses (Delmar *et al.*, 2003). Findings on short-term external management training during a cross-sectional follow up survey with 114 SMES manufacturing firms, Bryan (2006) suggested that learning focussed on financial return to firm performance, contributed to business survival. Whereas Deakins and Freel (1998) reported, after interviewing six early stage entrepreneurs, that when they had the opportunity to engage in learning, entrepreneurs preferred relevant, hands-on programmes and broad-ranging topics that encompassed commercialising products and

services, finance and funding, marketing, and business growth strategies. Quantitatively and qualitatively assessing a 20-week programme for SMES management development, Mumby-Croft and Brown (2005) found that firm managers were not only satisfied with the programme they had undertaken, but following training, the learning translated into better customer care and improvements in external relations and image. Additionally, 60 early stage business entrepreneurs surveyed by Deakins *et al.* (1998), revealed that learning was more beneficial when it was evolutionary and gained from experienced people, such as external directors, compared to theoretical instruction.

## **2.4 Role of Mentoring in Business**

Sullivan argues that the developmental functions provided by mentoring fall into two categories: career functions that enhance learning of skills and knowledge including the political and social skills required to succeed and psychological functions. Psychological functions are those aspects of the relationship that enhance a sense of competence, clarity of identity and effectiveness in the professional role (Sullivan, 2000). According to Sullivan, mentors are defined as influential, highly placed individuals with a high level of knowledge and experience, who undertake to provide upward mobility and career support for their protégés. In this context, the role of the mentor is to enable the entrepreneurs to think and learn from their own actions in critical situations, so that they can change their behaviour in the future, or at least draw some lessons from it (Bisk 2002; Sullivan 2000). Mentoring is “about the facilitation that enables the entrepreneurs to dissect, reflect and learn from what could be termed as “critical incidents” (Sullivan, 2000). This approach is supported by Cope and Watts (2000) who mentioned the importance of mentor support in helping entrepreneurs to commit to reflexive learning following significant events in the

enterprise, in order to help them avoid or mitigate such critical periods in the future. They pointed that mentoring allows entrepreneurs to examine their enterprises from a more objective standpoint, while continuing to play their role as its leaders and think about its development.

Cos and Jennings (1995) suggest that what distinguishes bad from good entrepreneurs is their ability to learn from mistakes. Mentoring relations can play an important role in facilitating feedback loops – helping the entrepreneurs reflect on their learning and mistakes and to develop forward strategies that are informed by these experiences. They argues that entrepreneurs need mentors due to the complexity and range of tasks they are required to perform. Mentoring is also highly relevant to the personal development of entrepreneurs (Hudson-Davies *et al.*, 2002) since mentors can become positive role models, inspiring their mentees to emulate them. Mentoring is an appropriate form of support, which provides mentees with the possibility to improve their management skills and learn through action with the support business experience (Cos and Jennings, 1995).

## **2.5 Mentoring Models**

Several authors have put forward models for the structure of the mentoring relationship. Most of the relevant literature concurs Formal mentoring: This type of mentoring is characterized by clear guidelines and well defined objectives, and usually take place on a one-to-one basis where the process of matching mentors and mentees is usually conducted by a third party (company, institution, agency). Formal mentoring programs began to emerge in the 1970s, not only because organizations started realizing the benefits of mentoring, but also because it was seen as an affirmative action strategy that

ensured that women and minority groups had access to the mentoring process (Hudson-Davies *et al.*, 2002)

*Informal mentoring:* This type of mentoring is characterised by individuals (either the mentor or mentee) making the selection on their own, even if a third party has encouraged the process. Informal or traditional mentorship can be a highly selective and elitist process since selection is dependent upon the mentors discretion and interest in the mentee. It is probable that some mentors will exhibit biases towards some potential mentees and no others based on their own cultural background (Bisk 2002).

*One-on-one mentoring:* This is probably the most common mentoring model, this type of mentoring matches one mentor with one mentee. It allows both, the mentor and the mentee, to develop a personal relationship and provides personal support for the mentee (Management Mentors).

*Group mentoring:* This type of mentoring requires a mentor to work with 4-6 mentees at one time. The group can meet once or twice a month to discuss various topics. Group mentoring is limited by the difficulty of scheduling meetings for the entire group and the lack of personal relationship that most people prefer (Management Mentors), but has the advantage of providing an opportunity for individuals to discuss situations with people that had similar problems (Hudson-Davies *et al.*, 2002).

*Training-based mentoring:* This model is directly tied to a training programme. A mentor is assigned to a mentee to help that person develop the specific skills being taught in the programme. This type of mentoring is limited because it only focuses on the subject at

hand and does not seek to help the mentee develop a broader set of skills (Management Mentors).

*Virtual mentoring:* It blends the formal mentoring with technological advances to create a twenty-first century process. The process is not limited by the pre-existing social or professional network of the entrepreneur to find the help he/she needs. Mentors complete an online profile that identifies their areas of skills and expertise and provide details of their professional histories. Mentees then go online, complete their own user profile with pertinent data about what skills or learning areas they want to improve and find a mentor who can help them address that specific need. Most web-based mentoring programmes help mentees identify potential mentors by providing them with a list of people with the expertise they are looking for. Mentees can view mentors' profiles and select the person they are interested in. Once the match has been made the web programme will support material to the participants in order to help them stay connected. These types of programmes help reduce implementation cost and reach a higher number of participants (Hudson-Davies *et al.*, 2002).

The nature, methods and scope of mentoring, as opposed to other approaches, fit well with the preferred learning styles and psycho-social needs of entrepreneurs. This is well-documented in literature such as Cos and Jennings (1995), Sullivan (2000), Cope and Watts (2000). In addition, mentoring appears to be particularly suitable for entrepreneurs, fitting with their preferred learning styles, meeting specific needs and delivering targeted benefits to their businesses. Mentoring for creative entrepreneurs, Raffo *et al.*, (2000) looked at the teaching of entrepreneurial skills with the creative industries (within higher

and further education) and observed that creative people tend to show a preference for learning through experience. Mentoring programs has ability to creating a virtuous circle of support among the entrepreneurs. Although there is limited literature relating to this issue, there are positive signs that mentoring programmes could potentially build momentum and become increasingly sustainable over time. Early signs of this effect have been demonstrated through RCED programme which has successfully recruited mentors from the previous groups of participants. They believe that there will always be a need for some element of coordination of the network, but that they can expect to see enthusiasm for membership and involvement to grow through its own steam.

Garvey and Garret-Harris (2008) while mentoring has risen in popularity in the past ten years and the literature consistently reports mentoring to be a valuable tool in both business and personal development, there are few articles or reports citing specific measureable benefits and impacts. This may be due to mentoring being essentially qualitative in nature, not lending itself to more quantitative evaluation; or due to a lack of longitudinal studies; or to the fact that mentoring is often packaged into more complex support programmes and not specifically evaluated in its own right. Looking more specifically at business mentoring, there are two interesting studies that give some insight into benefits. The first provides some quantification of benefits to business, including impressive bottom line effects; the second gives qualitative benefits (but based on a large sample size). A study of Northern Ireland's Bridge mentoring programme LEED Unit (2006) found a number of economic benefits for SMEs on the scheme including: increased sales turnover, increased after-tax profits and increased employment.

The effect on after-tax profits is of the greatest interest – a striking result if taken at face value and if it is truly additional (i.e. results that can be attributed to the mentoring programme that would not have happened otherwise). Another study by Garvey and Garrett-Harris (2008) carried out a systematic review of over 100 studies and evaluations of mentoring schemes across a range of industry sectors. Basing their analysis on the number of citations of benefits identified by beneficiaries, they compiled lists of the most regularly quoted benefits for mentees, mentors, organisations and development agencies as follows: Firstly, there were clearly benefits to the mentee themselves including: improved performance and productivity; career opportunity and advancement; improved knowledge and skills; greater confidence, empowerment and well-being; improved job satisfaction and motivation; higher salaries and increased income; faster learning and enhanced decision-making skills; improved understanding of the business – policies, politics, products and customers; improved creativity and innovation; encouragement of positive risk-taking; development of leaders and leadership abilities.

The authors also reported as many benefits to the mentors including: improved performance through enhanced understanding and knowledge; increased business activity, sales and networking; increased ideas generation and knowledge enhancement; enhanced confidence, professional identity and job satisfaction; successful completion and achievement of objectives; improved communication; greater job satisfaction, loyalty and self-awareness; new knowledge and skills; leadership development; fulfilment of human psycho-social needs; advances in career and opening up of new job opportunities; rejuvenation and improved motivation; positive attitude to change. The organisations that the mentees belonged to enjoyed the following benefits: improved job creation and

business performance; reduced staff turnover and improved retention rates; improved information flow and communication; help in disseminating business values and developing the culture; improved productivity; help in managing talent; improved business stability; cultivating loyalty and commitment; motivating older managers; improved morale, motivation and relationships; improving business learning; reduced labour and training costs; provided cost effective development; improved succession planning; change and culture change more easily managed; provided and developed effective leadership.

The enterprise agencies identified benefit in terms of strategic change, facilitation of partnerships, innovation and change, problem solving and better project management. Unfortunately, these benefits are not quantified – but were reported with sufficient frequency and agreement that the authors of the research concluded that there is agreement on the nature (if not the degree) of benefit of mentoring. In addition to the direct and immediate effects, Sullivan (2000) points out that the “added value of [mentors] is longer-term and that the ability to provide help ‘just-in-time’ is the key factor in providing greatest added value.” He also points to the importance of mentors in giving entrepreneurs the tools necessary to succeed or to cope and learn from critical incidents during the early phases of development. These effects are difficult to monitor, outside of a matched longitudinal study. Noe (1988) however exercises caution in assessing the impact of mentoring. He argues that mentor as well as protégé feedback should be considered in mentoring research. He found that mentors tend to overestimate the value and impact of the support that they are giving and attributed a greater proportion of the business’s success to the mentoring, than the protégés did.



The particular usefulness of mentoring for entrepreneurs is highlighted by the work of Wing Yan Man who looked at the broader context of how entrepreneurs learn. In his work he discusses the need to understand both the business and personal development of the entrepreneur and proposes a ‘competency’ approach. This competency approach takes into account attitude, emotional aspects, values and personality – as important aspects of entrepreneurial learning. This approach posits that the effective process of learning involves “developing competence through behaviour and actions”. Wing Yan Man goes on to suggest that competency is reliant on six behavioural patterns of entrepreneurial learning including: actively seeking learning opportunities, learning selectively /purposely, learning in depth into the trade, improving and reflecting on experience and transferring what has been learned into current practice. Mentoring approaches support these six behavioural patterns. They are by nature proactive relationships, with mentors having deep understanding of industry and experience and the entrepreneurs are able to apply their mentors experience to the current needs of their business.

Mentoring programs aids entrepreneurial learning. The nature, methods and scope of mentoring, as opposed to other approaches fit well with the preferred learning styles and psycho-social needs of entrepreneurs. This is well-documented in the literature. For example, in a study of learning styles, Choueke and Armstrong (1992) asked entrepreneurs to assess which format of learning was most influential to their personal development. From this research, 95 per cent pointed to the value of learning from past experience; 61 per cent stated that learning from ‘colleagues’ was important; and 54 per cent stated that self-learning was influential. Two of these are picked up by mentoring – taking in elements of the mentors’ past experience and allowing for the development of

self-learning. Research by Cos and Jennings (1995) goes a step further to suggest that it is the entrepreneur's ability to learn from mistakes that makes them successful entrepreneurs. Mentoring relationships can play an important role in facilitating the feedback loop – helping the entrepreneurs to reflect on their learning and mistakes and to develop forward strategies that are informed by these. The two categories of support provided by mentors are summed up by Sullivan (2000) as: functions that enhance learning of skills and knowledge including the political and social skills required to succeed in a particular role (or own business), psychosocial functions that enhance a sense of competence, clarity of identity and effectiveness in a professional role. In another study looking at learning styles, Cope and Watts (2000) identified that entrepreneurs have highly individualised needs. They found that careful mentoring is more effective than generalised business support or training as it allows for that combination of experience and self-learning.

It will be particularly enlightening to be able to quantify the benefits of mentoring to the beneficiaries of RCED mentorship programme. This will add to the limited body of evidence on mentoring that has to date identified but not proven clearly, in economic terms, the relative impact of mentoring schemes compared to other approaches. Thus, mentoring appears to be particularly suitable for entrepreneurs, fitting with their preferred learning styles and meeting specific needs and delivering targeted benefit to their businesses. As well as its suitability for entrepreneurial support generally, there is some evidence to suggest that mentoring has a particular relevance to those involved in the creative industries. This area is not well researched, but there are encouraging results from a study carried out in 2000 as well as some comparator programmes. Raffo *et al.*,

(2000) looked at the limitations within further and higher education to teach entrepreneurial skills for the creative industries. They observed that creative people tend to show a preference for learning through an experiential approach. From this observation, they proposed that the creative industries learn through ‘situated learning’ – i.e. “learning by doing and doing it with others”. Mentors featured as one approach to aiding situated learning and the authors note that many creative entrepreneurs look for “specific expert, or mentor figure to support them with daily problem solving needs...and to impart creative skills deemed useful to the enterprise.”

The on-going benefit of mentoring has been demonstrated, for example, by Saxenian (2002). Saxenian carried out 100 in-depth interviews with entrepreneurs, venture capitalists and policymakers in Silicon Valley (USA) and additionally with 67 in Taiwan and India. She found that the immigrant entrepreneurs that made up her subject group relied on local social and professional networks to mobilise know-how, information, skill and capital to start technology firms and for entrepreneurial opportunities. In her paper she stresses the importance of different generations of entrepreneurs, quoting Mohan Trika, the CEO of a Xerox internal spin-off: “you create five or ten entrepreneurs and those ten create another ten”. There is a growing acceptance of the ‘virtuous circle of support’ amongst the development and business support agencies. Along with this comes a belief that, over time, a mentoring network and culture can become increasingly self-supporting as one generation of entrepreneurs takes a role in supporting and nurturing the next. For example, RCED mentoring programme Starter for Six start-up support programme has successfully recruited formal mentors from the previous group of

participants; and has seen further informal mentoring taking place outside of the formal programme.

However, mentoring has not always been successful. Possibly one of the greatest barriers identified in the literature is the difficulty in persuading SMEs of the benefits of any form of workforce development including coaching and mentoring. This is because of a lack of evidence that clearly demonstrates a link between development and profitability (Westhead and Story, 1997) reports on a detailed study that evaluated the attitude of owner/managers to development and training and found that in companies with less than 49 employees there was little interest in any formal scheme on offer. Cosh *et al.*, (1998) in one of the most detailed and systematic studies, covering eight years and 1,640 SMEs, failed to find consistent links between training and development and a range of performance related variables such as survival, sales growth and profitability.

The literature suggests that there are two possible explanations for these findings. Firstly, Chaston *et al.*, (1999) argues that this lack of research evidence linking improvements in performance to investment in training and development can be attributed to methodological weaknesses. Secondly, the difficulty of establishing this link lies in the sheer number of variables that could impact on an individual SMEs overall profitability making the task impossible. Further even if it were possible to establish this link, it is still improbable that demonstrable evidence could be found within SMEs. This is because SMEs lack the means and will to carry out such evaluation activity (Kerr and McDougall, 1999). A further barrier is the attitude of the SMES owner/manager. They argue that ‘management in small firms cannot be separated from the motivation and actions of the

key actors'. This is because they fashion 'the relationships between ownership and decision making, managerial style, organizational structures and culture'. Supporting this suggestion Carter and Evans-Jones (2000) contend that the psychological characteristics of the owner/managers manifest themselves in a distinctive managerial style. This managerial style is identified as being autocratic, egocentric, impulsive and often unpredictable. The research suggests that because of this managerial style, relationships between owner/managers and their employees are particularistic, often involving personal and highly idiosyncratic relationships.

Another effect is the SMEs own restricted resources (Macpherson and Wilson, 2003). This is most apparent in the way that time is viewed as a fundamental issue for SMEs, primarily because these organizations are focused on short-term, day to day crises which are given priority over development. This is linked to cost to the SMEs, which features high on the list of constraints (Kerr and McDougall, 1999). This is not just in terms of the cost of the training or development, which in itself can be severely limiting, but also the time lost to the SMES and the resultant opportunity costs.

Possibly one of the most subtle barriers is the impact of gender differences as manifested in SMEs owner/managers management style. Gender inequality is constructed and reproduced through the organizational context and this is well established in the research of Wajeman (1999). It is further observed that intuitive reasoning supports the contention that this must have an impact on managerial/leadership style. This in turn facilitates the potential for mentoring because of the proximity of the owner/manager and their formative influence on all organizational activity as suggested by Hofstede *et al.*, (1990).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Kothari (2008) describes research methodology as a way to systematically solve the research problem. The author notes that in the methodology various steps that are generally adopted by the researcher in learning the research problem are studied including the logic behind them. This chapter therefore discusses the method and procedures (research processes) that was employed in carrying out the research in light of the research objectives. It provides descriptions of the research design, study population, sample, sampling procedures, research instruments and methods that were employed for data analysis.

### **3.2 Research Design**

According to Allison et al (2000), a research design includes planning of the research procedure as well as the procedure for data collection and analysis. Cooper and Schindler (2003) say that research design is the blue print for fulfilling objectives and answering research questions. The study adopted a cross-sectional descriptive survey design. The descriptive study method was appropriate because it explores and describes the relationship between variables in their natural setting without manipulating them. The cross-sectional survey method enabled collection of discrete numerical data from the population in order to provide factual descriptive information. Survey is also appropriate for this study because it enables one to collect data at a particular point in time. It was also appropriate for this study since it enabled determination of relationships that enabled

comparison and relationships that exist in the population in terms of attitudes, opinions, values, needs among others.

### **3.3 The Population**

The population of interest consisted of all the mentored MSMEs by the RCED program within Nairobi County. A total of more than 300 mentee have passed through the program that makes up cohort one, two, and three. This target population was thought accessible and representative on which the results of the study were generalized.

### **3.4 Sampling Design**

Stratified random sampling was used to classify the population into strata. According to Mugenda and Mugenda (2003), a representative sample should be at least 10% of the population. The population was stratified according to the micro enterprises, small enterprises, and medium enterprises. In this study the researcher used available data to select a sample from those MSMEs whose owners/Managers have undergone mentorship training. A stratified sample was picked as follows:

**Table 3.1 Sample size**

<b>Business Type</b>	<b>Population</b>	<b>30% sample</b>
Micro	120	36
Small	100	30
Medium	82	25
<b>Total</b>	<b>302</b>	<b>91</b>

**Source: Researcher (2013)**

### **3.5 Data Collection and Research Instrument**

Both primary and secondary data was used in this study. According to Ochola (2007) primary data is the one collected directly by the researcher for the purpose of his research while secondary data is information that has been collected by others for their specified use that a researcher intends to use. It's important because it saves considerable time and effort in solving the research problem at hand. The questionnaire was used to collect primary data and was self-administered i.e. use of drop and pick method where the researcher after identification of the study participants gave each of them the questionnaires to fill and agree/request them to hand to her or agree on time to collect the filled questionnaire. This was done to ensure that all the views of respondents are obtained and a higher response rate. The questionnaire involved both structured and unstructured question items. It comprised six parts thus: part 1 had items on respondent's biographic information. Part 2 had questions on enterprise background information, while part 3 requested information about business idea consolidation, part 4 on business systems, part 5 asked questions on effectiveness of the mentorship programme and Part 6 asked questions on performance of the organization. The structured items enabled the researcher to tabulate and analyze data with ease, while the unstructured items facilitated in-depth responses and opinions beyond the researcher's scope of under- stability. The data collection process took a period of two weeks to administer the questionnaires and get the feedback.

### **3.6 Data Analysis**

Data analysis is the whole process, which starts immediately after data collection and ends at the point of interpretation and processing data (Kathori, 2004). The data collected in the



research was edited, coded, classified on the basis of similarity and then tabulated. Being a descriptive study, descriptive statistics such frequency distributions, percentages, frequency tables and pie charts, were used to summarize and relate variables which was obtained from the administered questionnaires. Kombo & Tromp (2006) asserts that the core function of the coding process is to create codes and scales from the responses, which can then be summarized and analyzed in various ways. A coding scheme is an unambiguous set of prescriptions of how or possible answers are being treated and what (if any) numerical codes are to be assigned to a particular response. Information from open-ended questions was carefully selected and categorized according to themes and issues to reflect views of the respondents that emerged from the field.

To permit quantitative analysis, data was converted into numerical codes representing attributes or measurement of variables. Code categories in questionnaires or other measuring instruments were exhaustive and mutually exclusive. Only one code was assigned to each response category (Mugenda & Mugenda, 2003). Descriptive statistics technique was chosen because it makes it possible to show the distribution or the count of individual scores in the population for a specific variable. Columns on frequency gave the proportion of a subgroup of the total population. The Statistical Package of Social Sciences (SPSS) was used to process and analyze the data in order to determine the relationship between the variables. Inferential statistics specifically Chi-square was used to establish extent of the relationship that exists between the study variables.

## **CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION**

### **4.1 Introduction**

This chapter contains results of the study as follows; firstly, it describes the demographic characteristics of the sampled respondents from Micro, Small and Medium Enterprises (MSMEs) in Nairobi County, Kenya. It is important to provide such a description for a clear understanding of the respondents included in the study. The chapter also discusses the results of the study variables and the extent of their statistical relationships and effects. Statistical analyzes used to answer the research questions are presented herein and were carried out using means, frequencies and percentages; and Chi-Square test which were employed to establish the significant effects of mentorship programmes on organizational performance. From the 91 sampled enterprises, fifty one (51) useful responses were used for analysis in this study.

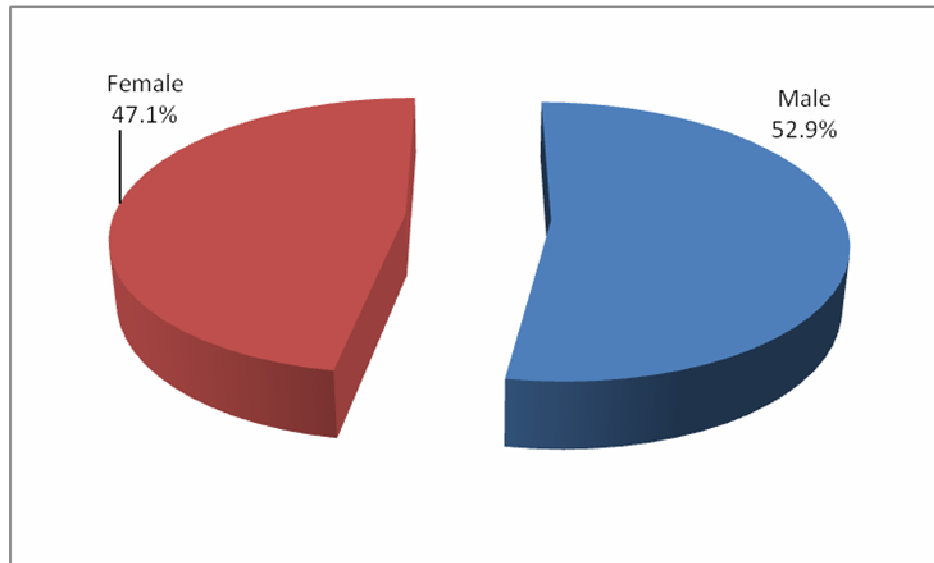
### **4.2 Demographic information of the respondents**

In this section, the demographic characteristics of the respondents were given in terms of their gender, position in the enterprise, age group, marital status and education.

#### **4.2.1 Gender of the respondents**

Data obtained from the field regarding sex of respondents were analyzed and presented in Figure 4.1 below.

**Figure 4.1: Gender of the Respondents**



**Source: Field Data (2013)**

Figure 4.1 shows that majority of the respondents were males 52.9% while the females were 47.1%. There was no major disparity in the distribution in terms of gender. The disparity was not however expected to affect the study in any way.

#### **4.2.2 Position of respondent in the business**

It was also of interest of the researcher to know the position held by the respondents in the sampled enterprises. A question was asked and data on the same were collected, analyzed and presented as illustrated in Table 4.1 below.

**Table 4.1: Respondents' position in the enterprise**

<b>Position</b>	<b>Frequency</b>	<b>Percent</b>
Owner	23	45.1
Manager	15	29.4
CEO	3	5.9
Chairperson	2	4.0
Partner	2	3.9
Director	1	2.0
Not Indicated	5	9.8
<b>Total</b>	<b>51</b>	<b>100.0</b>

**Source: Field Data (2013)**

From the survey, Table 4.1 clearly demonstrates that 45.1% of the enterprises were run by the owners, 29.4% were managing on behalf of their owners, 5.9% indicated that they were chief executive officers of the organizations. A few held the position of chairperson (4%), directors (2%) while others were in partnership (3.9%). In conclusion, it can be noted that many micro, small and medium enterprises are run and managed by their owners.

#### **4.2.3 Age of respondents**

The researcher was interested in knowing the ages of the respondents. Data obtained from the field regarding the age categories were analyzed and presented in Table 4.2.

**Table 4.2: Distribution of respondents by age**

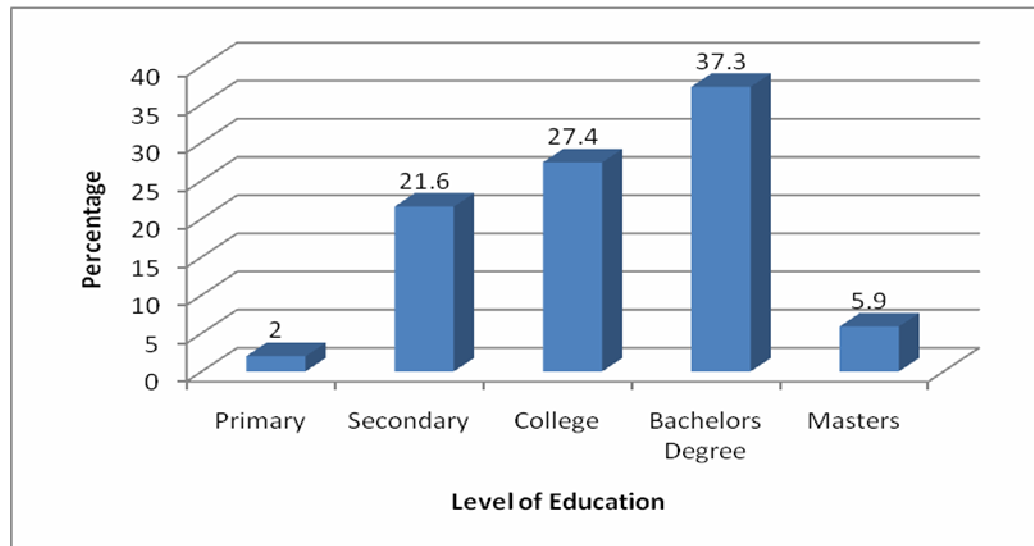
<b>Age group</b>	<b>Frequency</b>	<b>Percent</b>
20-24	6	11.8
25-29	13	25.5
30-34	9	17.6
35-39	12	23.5
40-44	8	15.7
45-49	3	5.9
<b>Total</b>	<b>51</b>	<b>100.0</b>

**Source: Field Data (2013)**

As can be seen in Table 4.2, the majority of the respondents (25.5%) were aged between 25 and 29 years, (23.5%) of the respondents were aged between 35 and 39 years. A minority of the respondents were aged over 45 years, while 17.6% were aged between 30 and 44 years. It is evident from these findings that the highest number of respondents (92.6%) was age bracket of between 20 and 44 years. This implied that majority of the entrepreneurs are in their productive years, a working group who are expected to be industrious, innovative, show enthusiasm in their businesses and therefore embrace technological changes and market dynamics.

#### 4.2.4 Education levels

**Figure 4.2: Highest level of education attained**



**Source: Field Data (2013)**

Figure 4.2 above reveals that the majority of the respondents 37.3% were graduates while 27.4% were college level graduates. Up to 21.6% had attained secondary level education. It can also be noted that a minority 5.9% had attained a master's degree. Therefore, it can be noted that the majority of the entrepreneurs had formal education therefore were well trained.

### 4.3 Effectiveness of the mentorship programme

#### 4.3.1 Contribution of mentorship Program to business performance

The researcher in this question sought information on the effectiveness of the mentoring programme in aiding business performance. A question to establish whether the mentorship programmes they had undergone helped in the performance of respondents'

businesses. Data on the same were collected and analyzed and the findings are displayed in Table 4.3.

**Table 4.3: Whether mentorship programme contributes to business performance**

	<b>Frequency</b>	<b>Percent</b>
Yes	47	92.2
No	4	7.9
<b>Total</b>	<b>51</b>	<b>100.0</b>

**Source: Field Data (2013)**

From Table 4.3, it can be seen that majority of the respondents 92.2% acknowledged the importance of the mentorship programme on their businesses performance. This was an indicator that, with continued business mentorship there will be continuous business performance. To support their responses related to the aforementioned, respondents were required to give reasons/explanations to their responses. Table 4.4 shows some of the responses given.

**Table 4.4: Areas of business improvement in performance**

<b>Reason</b>	<b>F&amp;%</b>
• Improved delivery of products and services	9(17.6%)
• Hiring of personnel is more valuable	6(11.8%)
• Increased number of customers	4(7.9%)
• Secured more contracts	3(5.9%)
• Drafting of policies e.g. human resource policy and better documentation	2(4.0%)
• Electronic access to information by customers i.e. websites and other portals/blogs	1(2.0%)
• Acquisition of business management knowledge	1(2.0%)
• Application of skills in industry	1(2.0%)
• Business consolidation	1(2.0%)

**Source: Field Data (2013)**

From Table 4.4 it was noted that some of the respondents 17.6% said that they have seen improvement in delivery of products and services, it has become valuable in terms of sourcing for employees (11.8%), 7.9% said they have realized increased customers and secured more contracts (5.9%). To add on, the following excerpts were generated from the responses provided by the entrepreneurs sampled regarding the benefits that have emanated from the mentorship program.

*Enhanced self confidence and improved business negotiation skills. Considerations for sourcing inputs for the business had changed. The mentee successfully negotiated with suppliers for a 30 days credit period. The sourcing function is more effective – the mentee responds to demand more promptly because the supply delivers immediately given the credit period arrangement. Delivery of products to customers has improved – the mentor organized for a vehicle to be availed when required as opposed to having a vehicle standby hence reducing on the transport costs.*

Another said:

*The sourcing function is more effective, hired staff with technical skills to assure quality of business input before they are purchased; delivery of products to customers has improved. I have become more accountable in the business, acquired business networking skills.*

*Delivery of services to the customers had improved-the turnaround time of responding to customers requests had improved to 5 minutes.*

#### **4.3.2 Challenges experienced in business**

The research study was also interested in knowing what the respondents thought are the major challenges that they have experienced in their businesses. Data on the same were collected, analyzed and the findings showed that up to 20% of respondents noted that



there is scanty information that exists since some entrepreneurs have ventured into new industry, finding adequate customers/customer base, incorporating actual business model taught into real business practices, lack of proper financial records, market penetration, integrating technology into business, little expectations net from the mentors and developing of a research and development plan as some of the challenges they face. Following the aforementioned responses, the researcher concluded that despite majority if not all entrepreneurs surveyed have undergone a mentorship program, still these challenges noted speak volumes of the effectiveness on the mentorship program on the enterprises. This information on challenges that affected entrepreneurs is a pointer to the not only mentors but also business owners/managers that need to be addressed in most urgent ways possible in order to improve MSMEs performance.

### **4.3.3 Areas where mentorship support is needed**

Entrepreneurs were asked to indicate the areas they would wish a mentor to provide them with support. Interestingly, 15.7% mentioned that record keeping; training and development, employee relations, talent management and providing adequate time during mentorship workshops would be of help.

On a similar note, entrepreneurs were required to state other forms of support they would require so as to improve their businesses. It was clear that financial support was the most needed by many entrepreneurs as mentioned by about 10% of them while 5.9% indicated that enabling them with knowledge on marketing and awareness strategies of their firms' products and services will go a long way in expanding and performance of their businesses.

In the last part of the question, entrepreneurs were asked to indicate what they thought about the effectiveness of the mentorship programme in terms of helping in the improvement of their businesses. Majority 92.2% stated that the programme has been very effective. Further, they were required to give their rating and as Table 4.5 below shows how respondents rated the mentorship programme they underwent.

**Table 4.5 Rating on the effectiveness of the mentorship program entrepreneurs undertook**

<b>Rating</b>	<b>Frequency</b>	<b>Percent</b>
Very effective	8	15.7
Effective	31	60.8
Somehow Effective	6	11.8
Not Effective	2	3.9
Not stated	4	7.9
<b>Total</b>	<b>51</b>	<b>100.0</b>

**Source: Field Data (2013)**

Table 4.5 shows that majority 60.8% stated that the program was effective while 15.7% said it was very effective, 11.8% thought that it was somehow effective and a minority of the respondents about 4% said that it was not effective. For those who were opinionated that the programme was effective provided reasons such as; increased number of employees, good business management skills, gained self confidence, increase in number of customers, improved service/product delivery and networking skills gained among others. Therefore, it was concluded that entrepreneurs who underwent the mentorship

programme acknowledged that it was effective and increased business performance. For example, the following sentiments were provided by one respondent on how the business had improved due to mentorship.

*Considerations for sourcing inputs for the business had changed since the mentee has pre-qualified 25 suppliers to ensure round the year availability quality of the supplies. The sourcing function is more effective compared to before the entrepreneur was mentored. The stock records are well kept hence no pilferage, the mentee saves about Kenya shillings 35,000 through bulk purchases.*

*Better customer care and service delivery and also improved business negotiation skills.*

Further, chi-square tests were conducted to establish the effectiveness of mentorship and the results are as illustrated in Table 4.6 a below. According to David and Ryan (2006) for a contingency table that has r rows and c columns, the chi square test can be thought of as a test of independence. Table 4.16a below shows chi-square test of significance ( $\chi^2 = 25.905$ ,  $p = .001$ ) indicating a strong relationship between mentorship and business improvement. Therefore, it can be asserted that mentorship programme is a strong predictor of business performance,  $p < 0.5$ .

**Table 4.6a: Chi-Square tests for relationship between mentorship and business performance**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.905 <sup>a</sup>	4	.000
Likelihood Ratio	8.163	4	.086
N of Valid Cases	50		

**Source: Field Data (2013)**

a. 7 cells (77.8%) have expected count less than 5. The minimum expected count is .04.

**Table 4.6b: Contingency table for effectiveness of mentorship program**

Rating	Do you think the mentorship program you have undergone is effective?			Total
	Yes	No	Not stated	
Effective	38 36.7 97.4%	1 1.6 2.6%	0 .8 .0%	39 39.0 100.0%
Not Effective	1 1.9 50.0%	0 .1 .0%	1 .0 50.0%	2 2.0 100.0%
Somewhat Effective	8 8.5 88.9%	1 .4 11.1%	0 .2 .0%	9 9.0 100.0%
Total	47 47.0 94.0%	2 2.0 4.0%	1 1.0 2.0%	50 50.0 100.0%

**Source: Field Data (2013)**

In each cell: Top Value = Count, Middle value = Expected Value, Bottom Value = Percent within effectiveness

Descriptive data presented on Table 4.6b above shows that up to 97.4% of respondents have undergone the mentorship programme and that they rated it as effective while 88.9% who have been mentored rated it somehow effective. On the other hand, 50% of those who have been mentored rated the program as being not effective.

#### **4.4 Effects of mentorship program on business/firm performance**

The main objective of this research was to understand the effect of mentorship programme on overall performance of the micro, small and medium enterprises that were studied. Chi-square test of significance was regarded as the best statistical analysis for

measure since the variables under study were categorical and/or ordinal in nature. Interestingly, contrary to the previous finding which showed that mentorship had strong relationship with business performance, results of the chi-square test ( $\chi^2 = 2.890$ ,  $p = .576$ ) in Table 4.7a drawn from results on Table 4.7b indicate non significant relationship between the mentorship program and overall firm performance. This results therefore lead to the conclusion that mentorship program is not a significant predictor of overall firm performance as in this case  $p > 0.5$ .

**Table 4.7a Chi-Square tests for relationship between mentorship and firm performance**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.890 <sup>a</sup>	4	.576
Likelihood Ratio	3.623	4	.459
N of Valid Cases	51		

**Source: Field Data (2013)**

a. 6 cells (66.7%) have expected count less than 5. The minimum expected count is .47.

**Table 4.7b Contingency table for effect of mentorship program and firm performance**

<b>Performance</b>	<b>Mentorship</b>			<b>Total</b>
	<b>Effective</b>	<b>Not Effective</b>	<b>Somewhat Effective</b>	
Above Average/Outstanding	10 9.2 83.3%	0 .5 .0%	2 2.4 16.7%	12 12.0 100.0%
Average	18 18.4 75.0%	2 .9 8.3%	4 4.7 16.7%	24 24.0 100.0%
Below Average/Unacceptable	11 11.5 73.3%	0 .6 .0%	4 2.9 26.7%	15 15.0 100.0%
Total	39 39.0 76.5%	2 2.0 3.9%	10 10.0 19.6%	51 51.0 100.0%

**Source: Field Data (2013)**

In each cell: Top Value = Count, Middle value = Expected Value, Bottom Value = Percent within performance

Descriptive data on Table 4.7b further show that 83.3% of respondents indicated that the mentorship was effective; they also rated their firm performance as outstanding. On the other hand, although 73.3% of respondents rated the mentorship programme as effective however, the rating on firm performance was unacceptable/below average. Therefore, these results confirm and demonstrate that performance at individual firms or businesses was independent of the mentorship programme carried out. It may also be acknowledged that other forces may also affect the performance of the business.

This chapter has presented information based on findings from research done at Micro, Small and Medium sized enterprises in Nairobi county following the main study objectives stated in chapter one. The next chapter presents the summary, conclusions, recommendations and areas for further research.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents a summary of the research findings. It then gives conclusions derived from the study, recommendations, limitation of the study and finally gives suggestions for further research.

### **5.2 Summary of findings**

The purpose of this study was to examine the effects of mentorship programs on business performance amongst micro, small and medium enterprises (MSMEs). The researcher reviewed related literature and found out that a gap still exists on studies on the effect of mentorship programs on business performance. The literature reviewed revolved around the two constructs. The study used cross-sectional descriptive survey design targeting mentees. A simple random sampling was then be used to select the sample. Descriptive statistics of SPSS version 17 were used to analyze the data which enabled the researcher to come up with the following major findings triangulated against existing literature.

Through chi-square statistical test it was established that there exists a strong relationship between mentorship and business performance. Therefore, the conclusion that mentorship programme is a strong predictor of business performance  $p < 0.5$ . This result concurs with Baderman (2009) results which identified significant positive correlations between perceptions of business mentoring and perceived general effectiveness. Similarly, LEED Unit (2006) study in Northern Ireland's Bridge mentoring programme established a number of economic benefits for SMEs through their mentoring scheme to be increased



sales turnover, increased after-tax profits and increased employment which agrees with the findings of this study. In addition, some of the benefits not only to businesses but also to mentees as Garrett-Harris (2008) systematic review of over 100 mentoring studies across a range of industry sectors showed clearly that mentee themselves benefit from improved performance and productivity; career opportunity and advancement; improved knowledge and skills; empowerment and well-being; enhanced decision-making skills; improved understanding of the business policies, politics, products and customers; improved creativity and innovation; encouragement of positive risk-taking; and development of leaders and leadership abilities.

As concerns challenges experienced by entrepreneurs in their conduct of business, the study clearly showed that the entrepreneurs encounter varied challenges (as discussed in the previous chapter). This spoke volumes of the effectiveness on the mentorship program on businesses. Although mentoring outcomes on overall are viewed positively (Boyd, 1998), there are a few areas where dissatisfaction have come out which Eby *et al.*, (2000) attributed to, dissimilar attitudes, values, and beliefs. It is also clear that some mentoring programmes failed because of for example, lack of clarity and purpose, insufficient training and measurement (Clutterbuck, 2002). Lack of resources was another major constraint experienced by entrepreneurs which Macpherson and Wilson (2003) assert that SMEs own restricted resources because of their costs (Kerr and McDougall, 1999).

On overall, the study's main objective was to understand the effects of mentorship program on overall business performance. It was revealed that there was non-significant relationship between the mentorship program and overall firm performance. These results

may confirm Cosh *et al.*, (1998) study results of 1,640 SMEs that failed to find consistent links between mentorship and a range of performance related variables such as survival, sales growth and profitability. Similarly, these results concur with Gibb (1994b) assertion that the effectiveness of formal mentoring programmes depend on co-created relationship between mentor and protégé for its success. Therefore, the results of the current study confirm and demonstrate that performance at individual firms or businesses was independent of the mentorship programme carried out therefore contradicting that mentorship programmes automatically lead to positive firm performance. Chaston *et al* (1999) concluded that a number of variables may exist that could impact on an individual SMEs overall profitability therefore making the task of measurement impossible.

### **5.3 Conclusion**

Based on the findings on the effects of mentorship programme on business performance amongst MSMEs in Nairobi County, it has been established that a relationship exists between the three variables studied. Based on the findings of this research the following conclusions are made that mentorship program is not a significant predictor of overall firm performance as in this case  $p > 0.5$ .

Based on the resulted it can also be concluded that there existed a strong relationship between mentorship and business performance. This was in terms of increased number of employees, good business management skills, gained self confidence, increase in number of customers, improved service/product delivery and networking skills gained among others. Therefore, it was concluded that entrepreneurs who underwent the mentorship programme acknowledged that it was effective and increased business performance.

The study established that there is scanty information that existed since some entrepreneurs have ventured into new industry, finding adequate customers/customer base, incorporating actual business model taught into real business practices, lack of proper financial records, market penetration, integrating technology into business, little expectations met from the mentors and developing of a research and development plan as some of the challenges they face. Following the aforementioned responses, the researcher concluded that despite majority if not all entrepreneurs surveyed have undergone a mentorship program, still these challenges noted speak volumes of the effectiveness on the mentorship program on the enterprises. This information on challenges that affected entrepreneurs is a pointer to the not only mentors but also business owners/managers that need to be addressed in most urgent ways possible in order to improve MSMEs performance.

## **5.4 Recommendations**

The following recommendations are made based on the findings and conclusions of this research. The study recommends that mentorship programmes need to be considered for the specific business industry/environment for maximum effects. There is a need to look into different factors that may hinder the maximum attainability of results that would have the added advantage of addressing the awareness barriers already identified within this study.

The study recommends the government to set an office for mentoring individuals/groups around the country. This means that in every county there should be a mentoring office and training twice a month that is aimed at helping the business people know how to

improve their business and manage the challenges and take advantage of the opportunity around them. The study further recommends that before the government gives out the youth enterprise funds to any person, they should have attended a mentorship program and acquires a certificate of completion. This is because during the training, the mentees will have discussed the viability of the business they want to venture into and helped to come up with a business plan which would act as a road map to starting a business.

The study recommends that there should be a technology plat form where the mentors and mentees can exchange ideas especially if they are not able to meet face to face. This means, as we are currently able to send text message to people across the world, or chat with others online. There should be a flat form where the mentorship programs can link people across the county and information can be accessed and reached quickly.

### **5.5 Limitation of the study**

It is important to note some limitations of this study. First, the study was confined to micro, small and medium enterprises in Nairobi. The samples used for this study is small hence, one cannot generalize the findings. Future researchers may focus on the limitations and work on improving the generalizability of the results.

As can be noted from the study from the 91 sampled enterprises, fifty one (51) useful responses were used for analysis in this study. This was due to non-responsive respondent, this is where the identified respondent was not confident that the information they disclosed would not be used against them. Their fear was mainly that this was not a research project but a government inspection process; it was not easy to convince them

otherwise. Others only filled half of the questionnaire and were not comfortable answering other sections of the questionnaire especially the questions dealing with profit. The study scope was also a limitation; therefore, future studies may be done to widen scope-should be extended to other counties.

## **5.6 Suggestions for further research**

Given the limited number of studies examining mentoring programs and their effects, many issues remain for future research. This study focused on effect of mentoring programs on MSMEs performance. There are a number of other factors in the environment that may exist and may mediate the relationship between mentoring program characteristics and their perceived effect and/or effectiveness on business performance. Therefore, more studies should also be done to find out whether industry has an influence on what conditions are necessary for effective performance.

Studies should also be done to explore more on the challenges that face MSMEs in their quest to get maximum output from skills gained from business mentorship programs. It is also important to study the interdependent relationships that may exist between the MSMEs unique characteristics and mentoring programmes as well as barriers if these potential links and their impact are to be fully established.

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## **APPENDIX I**

### **LETTER OF INTRODUCTION**

**UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
DEPARTMENT OF BUSINESS ADMINISTRATION  
P O BOX 30197 – 00100  
NAIROBI**

**DATE:.....**

Dear Sir/Madam

#### **REQUEST FOR RESEARCH DATA**

I am a Post Graduate student at the University of Nairobi, pursuing a Master Degree of Business Administration (MBA), Human Resource option.

In partial fulfilment of the course requirement, I am conducting a research study on ‘The Effect of Mentorship Program on Business Performance amongst Micro, Small, and Medium Enterprises (MSMEs) in Nairobi County.’ You have been chosen to participate in the study and I will greatly appreciate your input in responding to all the items in the attached questionnaire. The information collected will strictly be used for academic purposes and will be treated with strict confidence. A copy of the study report will be availed to Regional Centre for Enterprise Development (RCED) once compiled and approved.

Attached herewith, please find the questionnaire that will be used to enable me complete the research. Your cooperation will be highly appreciated, with thanks.

Yours Faithfully

Muchau Rose Nyakio  
**MBA Student**  
**University of Nairobi**

Dr. S. M. Nzuve  
**Supervisor**

## APPENDIX II

### QUESTIONNAIRE

I'm a Masters Student carrying out a study on the effects of the mentoring program on the performance of small and medium business in Nairobi County in Kenya. The purpose of this research is purely the fulfillment of the requirement for the award of the degree. Kindly feel free to respond to the questions in this questionnaire as honest as possible. All information given shall be kept confidential and will only be used for purposes of the intended purpose.

**Instructions:** Do not write your name anywhere on the questionnaire.

#### SECTION A: DEMOGRAPHIC INFORMATION OF THE RESPONDENTS

1. Gender of Respondent: Male ☐ Female ☐
2. Position of the respondent in the business
3. Age: Category of respondent  
 20- 24 ☐ 25-29 ☐ 30-34 ☐ 35-39 ☐ 40-44 ☐ 45-49 ☐ 50-54 ☐ 55-59 ☐  
 above 60 ☐
4. Marital status: Single ☐ Married ☐ Separated ☐ Widowed ☐
5. Highest level of education attained?  
 Primary school ☐ Secondary school ☐ Certificate ☐ Diploma ☐  
 Bachelors' degree ☐ Masters ☐ Doctorate ☐ Other degree ☐
6. Period of mentorship. (Tick as appropriate)

Year	2010	2011	2012	2013
Response				

#### SECTION B: ENTERPRISE BACKGROUND INFORMATION

7.
  - a) Business Name: \_\_\_\_\_
  - b) Year the business was established? \_\_\_\_\_
  - c) In which period (s) has the business been continuously operational? \_\_\_\_\_

8. Is the business located in:

City ☐ Urban ☐ Peri-Urban ☐

9. What did it take to begin your business in terms of:

a) Acquiring required legal like authorization / documents

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b) Mobilization of capital

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c) Technical skills required in the business

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### SECTION C: BUSINESS IDEA CONSOLIDATION

10. What types of products/services are you currently selling?

a) Products: \_\_\_\_\_  
\_\_\_\_\_

Services: \_\_\_\_\_  
\_\_\_\_\_

11. Using the criteria below, please describe your target market;

Type

(a) Institution ☐

Please describe: \_\_\_\_\_  
\_\_\_\_\_

(b) Individuals ☐

If Individuals, please specify in the table below where applicable;

<b>Sex</b>	<b>Age</b>	<b>Occupation</b>	<b>Estimated income bracket</b>

12. Among the following factors what do your customers consider when purchasing your products/services? In a Scale of 1-5 where 1 is the lowest and five highest

<b>Factor</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Price					
Location					
Display					
Service provider					
Brand					
Other (specify)					

13. Kindly fill the table below to show the approximate number of corporate and Individual customers that you served over the indicated period

<b>Type customer</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Corporate</b>				
<b>Individual</b>				

14. Kindly fill the table below to show the approximate amount of revenue that you obtained over the indicated period

<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Approximate revenue before mentorship</b>			
<b>After mentorship</b>			

## SECTION D: BUSINESS SYSTEMS

15.

a) Marketing

Have you put in place marketing strategies for your products/services?

YES ☐, NO ☐

b) Please explain

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c) Do you have access to market information on products and services?

YES ☐, NO ☐

### 16. Technology Integration

Do you use Technology in your business? YES ☐, NO ☐

What forms of technology are used in your business? (*Tick where appropriate*)

Technology	Use
Security systems (e.g. CCTV, Alarms)	
Computers	
Internet	
E-Commerce	
Credit Card payments	
Mobile applications (E.g M-Pesa, M-Farm, M-Cow)	
Application software (E.g QuickBooks, Word, Excel)	
Point of Sales (POS)	

### 17. Human Resource Management

i. How many employees in total do you have? \_\_\_\_\_

ii. Please provide information on your employees



Level of Education	Number of Employees	
	Full-time	Part-time
Primary school or below		
Secondary school		
Certificate level		
Diploma level		
Bachelors' degree		
Postgraduate degree (masters, doctorate, other graduate degree)		
<b>Total</b>		

Indicate any planned areas of capacity building for the employee and timelines\_\_\_\_\_

#### SECTION E: EFFECTIVENESS OF THE MENTORSHIP PROGRAM

(i) How many employees have you recruited and selected since the business started?

1-5 ☐ 6-10 ☐ 11- 15 ☐ 16-20 ☐ Above 20 ☐

(ii)How many of these employees have you Promoted?

1-5 ☐ 6-10 ☐ 11- 15 ☐ 16-20 ☐ Above 20 ☐

(iii) How many of your employees have you trained and developed?

1-5 ☐ 6-10 ☐ 11- 15 ☐ 16-20 ☐ Above 20 ☐

**18.** (a) In your opinion, has this mentoring program helped you improve your business?

YES ☐ NO ☐

(b) Kindly explain how the program has helped you to improve in your business

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What challenges are you currently experiencing in your business and how are you addressing them?

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**19. (i)** In what areas would want a mentor to support you?

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(ii) What other forms of support do you need to ensure that the business is sustainable?

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**20. (i)** Do you think the mentorship program you have undergone is effective?

YES ☐ NO ☐

(ii) How do you rate the effectiveness of the mentorship program that you undertook?

Very Effective ☐ Effective ☐ Somehow effective ☐ Not effective ☐

Not effective at all ☐

(iii) Please give reasons for your response in **21 ii** above

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## **SECTION F: IMPROVEMENT IN PERFORMANCE**

- 21.** (i) Under the key areas provided, in a scale of 1-5 where 1 is the least improvement and 5 is the highest, please estimate the rate of improvement in your business after undergoing the mentorship program

<b>Area</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Profitability					
Increase in Revenue					
Increase of new customers					
Increase in share capital					
Improved in competitiveness					
Increased level of knowledge in business					
Improved level of service delivery					
Improved customer satisfaction					

**THANK YOU**