

# Border Hub

SKILLS. INNOVATION. ENTREPRENEURSHIP.



# **DIGITAL SUPPORTS NEEDS ASSESSMENT FOR MSMEs IN BUSIA COUNTY, KENYA**

By: The Border Hub

in Partnership With

GIZ, European Union, and GFA

***“Comprehensive Investigation of Factors Influencing MSME Growth in Busia County, Kenya: A Mixed-Methods Approach”***

**ABOUT THE BORDER HUB**

The Border Hub is a Youth and Women-led community-based innovation hub in Busia formed in 2018 and formally registered in 2020. We are domiciled in Busia Kenya with operations in western Kenya and programmatic outflows to Busia Uganda. Our work is anchored on the need to provide innovative and sustainable solutions to poverty, illiteracy and unemployment, which have exposed the community at the border to exploitation, gender-based violence, sexual manipulation, child marriage, violent extremism, transactional sex and crime, resulting in a socio-economically deteriorated community whose people lack sustainable income. This has limited the community’s ability to access healthcare, skilled education, information and opportunities. We provide a safe, youth-friendly and gender-inclusive social and educational space for women and young people to access information, learn, innovate, and build their enterprises. We expose them to relevant information on policies, regulations and other issues that affect them such as career, business, sexual reproductive health, GBV, and gender programming through the weekly dialogue programs, exhibitions, films, and other existing projects alongside partners. The Hub serves as an incubation lab for skills and enterprise development.

Our mission is to enable girls, women and young people to gain the relevant skills, information, confidence, and linkages they need to prosper in career, life and business. The Hub provides a safe, youth friendly, gender inclusive, social and educational space for women and young people to access information, learn, innovate and build enterprises.

## MESSAGE FROM CO-FOUNDER

It is with great pleasure and enthusiasm that we present the findings of our recent research on the digital support needs of MSMEs at the border. As an organization, we are deeply committed to empowering businesses, especially those operating in challenging environments such as border regions. This research represents a significant step forward in understanding the unique challenges faced by MSMEs in accessing digital support systems. In today's rapidly evolving digital landscape, it is imperative that we provide tailored solutions to ensure the growth and sustainability of these vital economic actors. Through this research, we have identified key areas where MSMEs require support, ranging from access to digital infrastructure to capacity building in digital literacy and cybersecurity. By addressing these needs, we can unlock immense potential for growth and innovation within border communities. I commend the dedication and expertise of our research team in conducting this comprehensive study, and I am confident that the insights gained will inform our future initiatives aimed at empowering MSMEs across borders.

Together, let us continue our efforts to bridge the digital divide and create an environment where all businesses can thrive. We express our deepest gratitude to our donors, partners, County Government of Busia department of trade and the vibrant MSMEs community

Sincerely,

**Marian Abukayo Murunga**

**Co-founder**



## FOREWORD

In today's interconnected world, where economic development and social progress are increasingly intertwined with technological innovation and entrepreneurial endeavor, the role of Micro, Small, and Medium-sized Enterprises (MSMEs) cannot be overstated. These enterprises, often serving as the lifeblood of local economies, embody the spirit of resilience, ingenuity, and determination, particularly in regions facing unique challenges such as border areas. It is with great pride and admiration that we present the findings of the comprehensive research project titled "Comprehensive Investigation of Factors Influencing MSME Growth in Busia County, Kenya: A Mixed-Methods Approach." This endeavor, spearheaded by The Border Hub, a commendable initiative founded and steered by dedicated youth and women, stands as a testament to the power of collaboration, innovation, and inclusive development. Supported by The GIZ, European Union, and GFA, this research project underscores a shared commitment to empowering businesses, especially those operating in challenging environments such as border regions. Through rigorous analysis and meticulous investigation, this study sheds light on the unique challenges faced by MSMEs in accessing digital support systems, while also identifying key areas where targeted interventions can unlock immense potential for growth and innovation within border communities.

As the Co-Founder and Executive Director of The Border Hub, Marian Abukayo Murunga, aptly articulates in her message, this research represents a significant step forward in understanding the complex dynamics shaping the MSME sector. By addressing critical questions related to demographic composition, digital infrastructure, financial literacy, regulatory compliance, and business management skills, this study provides actionable insights that can inform policy decisions, guide resource allocation, and drive transformative change. The significance of this research extends far beyond its findings; it serves as a beacon of hope and a catalyst for progress in Busia County, Kenya, and beyond. By bridging the digital divide, enhancing financial inclusion, and fostering an enabling environment for MSMEs to thrive, we can pave the way for inclusive growth, sustainable development, and shared prosperity. I extend my deepest appreciation to The Border Hub for their unwavering dedication, passion, and commitment to empowering MSMEs and driving positive change in border communities. It is through collaborative endeavors like this that we can harness the transformative power of entrepreneurship, innovation, and technology to build a brighter, more inclusive future for all.

Sincerely,

**Simeon Ogonda**

**[Millennial-Legacy- Business and Research Consultancy]**

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## CHAPTER 1: INTRODUCTION

### *Background*

Micro, Small, and Medium-sized Enterprises (MSMEs) serve as fundamental drivers of economic growth and development, particularly in regions characterized by diverse socio-economic landscapes such as Busia County, Kenya. As vital contributors to employment generation, income generation, and poverty alleviation, MSMEs play a crucial role in fostering inclusive and sustainable economic growth. However, despite their significance, MSMEs often face numerous challenges that impede their growth and sustainability, ranging from limited access to financial resources to inadequate technological infrastructure and regulatory constraints.

In Busia County, Kenya, the MSME sector represents a vibrant and dynamic component of the local economy, comprising a diverse range of enterprises spanning various industries and sectors. From small-scale agricultural ventures to retail businesses and service providers, MSMEs contribute significantly to job creation, income generation, and rural development in the region. However, despite their importance, MSMEs in Busia County face a myriad of challenges that hinder their ability to thrive and expand. These challenges include limited access to finance, inadequate digital infrastructure, low levels of financial literacy, bureaucratic hurdles in business registration, and a lack of essential business management skills.

### *Overall Goal*

The overarching goal of this study is to conduct a comprehensive investigation into the factors influencing MSME growth in Busia County, Kenya. By examining the intricate dynamics shaping the MSME sector, this research aims to provide valuable insights into the challenges and opportunities faced by MSME entrepreneurs, with a particular focus on technology adoption, financial literacy, business status, and capacity for expansion. Through a mixed-methods approach integrating quantitative and qualitative methodologies, the study seeks to offer a holistic understanding of the MSME landscape in Busia County and provide actionable recommendations for policymakers, business support organizations, and MSME stakeholders.

### ***Objectives***

The specific objectives of this study are as follows:

1. To explore the demographic composition of MSMEs in Busia County, Kenya, including the gender distribution and age range among entrepreneurs.
2. To assess the digital infrastructure requirements and technology utilization patterns of MSMEs in Busia County.
3. To examine the levels of financial literacy among MSME entrepreneurs and their access to financial services and resources.
4. To investigate the business registration status and compliance with regulatory frameworks among MSMEs in Busia County.
5. To identify the challenges and gaps in business practice, management skills, and capacity-building opportunities among MSMEs.
6. To understand the implications of digital platforms and technology for MSME growth and sustainability in Busia County.

### ***Research Questions***

To achieve the stated objectives, this study addresses the following research questions:

1. What is the demographic composition of MSMEs in Busia County, Kenya, and how does it influence their business operations?
2. What are the digital infrastructure requirements and technology utilization patterns of MSMEs in Busia County?
3. What are the levels of financial literacy among MSME entrepreneurs in Busia County, and how does it impact their access to financial services?
4. What are the challenges and barriers faced by MSMEs in business registration and compliance with regulatory frameworks in Busia County?
5. What are the gaps in business practice, management skills, and capacity-building opportunities among MSMEs in Busia County?

6. What are the implications of digital platforms and technology for MSME growth and sustainability in Busia County, and how can they be leveraged to enhance business outcomes?

### *Significance*

This study holds significant implications for policymakers, business support organizations, and MSME stakeholders seeking to promote the growth and resilience of small businesses in Busia County, Kenya. By providing empirical insights into the challenges and opportunities facing MSMEs, this research informs targeted interventions aimed at addressing key barriers to growth, fostering digital transformation, enhancing financial inclusion, and promoting sustainable development within the MSME sector. Furthermore, the findings of this study contribute to the existing body of knowledge on MSME dynamics, offering valuable insights for future research and policy formulation aimed at unlocking the full potential of small businesses as engines of economic prosperity and social progress.

In conclusion, this introduction sets the stage for a comprehensive examination of the factors influencing MSME growth in Busia County, Kenya. Through a rigorous analysis of demographic, technological, financial, and regulatory dimensions, this study aims to provide actionable recommendations to support the sustainable development of MSMEs in the region. By addressing the identified challenges and leveraging emerging opportunities, stakeholders can work together to create an enabling environment for MSMEs to thrive, thereby contributing to broader economic growth and poverty reduction efforts in Busia County and beyond.

## **CHAPTER 2: METHODOLOGY OF THE STUDY**

The growth and sustainability of Micro, Small, and Medium-sized Enterprises (MSMEs) play a pivotal role in driving economic development, particularly in regions like Busia County, Kenya. To understand the complexities and challenges faced by MSMEs in this context, this study adopts a mixed-methods approach, integrating quantitative and qualitative methodologies. By combining these research methods, the study aims to provide a comprehensive analysis of the factors influencing MSME growth, with a focus on technology adoption, financial literacy, business status, and capacity for expansion.

### ***Sample and Data Collection***

A total of 111 respondents participated in this study, representing a diverse range of MSMEs operating in Busia County, Kenya. The selection of respondents aimed for demographic diversity, including entrepreneurs aged between 20 and 55, with a majority falling within the 20 to 40 age bracket. Data collection occurred across 7 sub-counties within Busia County, ensuring geographic representation. Purposive sampling techniques were employed to capture insights from various business types and demographics.

### ***Quantitative Measures***

Quantitative data collection focused on several key dimensions of MSME operations and challenges. Gender distribution and age range among entrepreneurs provided insights into the demographic composition of the MSME sector. Business internet needs assessment aimed to understand the digital infrastructure requirements of MSMEs. Additionally, measures of technology utilization, financial literacy, business registration status, and efforts to facilitate employee entrepreneurial learning were included to gauge the overall business environment.

### ***Qualitative Measures***

Qualitative insights were obtained to complement quantitative findings, offering a deeper understanding of MSME experiences. Qualitative measures explored the perceptions and

experiences of entrepreneurs regarding digital technology use, available digital platforms, challenges faced in technology adoption, the efficacy of digital tools, lessons learned from successes or failures, and the policy landscape supporting digital integration and online learning initiatives. Open-ended questions and semi-structured interviews facilitated rich data collection, allowing respondents to articulate their experiences in their own words.

### ***Data Analysis***

Quantitative data underwent rigorous statistical analysis to identify trends, correlations, and patterns within the dataset. Descriptive statistics were employed to summarize demographic characteristics and key quantitative variables, providing a snapshot of the MSME landscape in Busia County. Qualitative data underwent thematic analysis, where recurring themes and patterns were identified across responses. Triangulation of both quantitative and qualitative findings enriched the overall understanding of MSME dynamics, allowing for a nuanced interpretation of the research findings.

### ***Ethical Considerations***

Ethical guidelines were strictly adhered to throughout the research process to ensure the integrity and confidentiality of participants. Informed consent was obtained from all respondents, emphasizing voluntary participation and confidentiality of responses. Measures were implemented to mitigate potential biases, and participants were assured of anonymity in reporting their experiences. Ethical considerations were paramount in maintaining the trust and integrity of the research process.

### ***Summary***

The mixed-methods approach employed in this study offers a holistic examination of the factors influencing MSME growth in Busia County, Kenya. By integrating quantitative and qualitative methodologies, the research provides valuable insights for policymakers, business support organizations, and MSME stakeholders. The findings highlight the diverse challenges and opportunities facing MSMEs, informing targeted interventions aimed at fostering sustainable

growth and development within the sector. Ultimately, this research contributes to the broader understanding of MSME dynamics and underscores the importance of tailored strategies to support their advancement in Busia County and beyond.

## **CHAPTER 3: RESULTS OF THE STUDY**

The integration of digital technology in Micro, Small, and Medium Enterprises (MSMEs) plays a pivotal role in enhancing operational efficiency, expanding market reach, and fostering innovation. In this chapter, we present a comprehensive analysis of both quantitative and qualitative findings pertaining to the utilization of digital technology among MSMEs in Busia County, Kenya. Through a combined examination of statistical data and thematic insights derived from in-depth interviews, we aimed to provide an understanding of the current landscape of digital technology adoption, as well as the challenges and opportunities faced by local businesses in harnessing its potential.

The quantitative analysis focused on various aspects of digital technology utilization, including the gender distribution across the seven sub-counties, business operation periods, internet needs, and the correlation between age ranges and technology usage. By scrutinizing numerical data gathered from a diverse sample of respondents, we identified patterns, trends, and disparities that offered valuable insights into the prevailing dynamics of digital technology adoption within the local MSME sector. From gender disparities in internet access to the correlation between business longevity and internet needs, the quantitative findings shed light on the multifaceted relationship between demographic factors and technology integration. Complementing the quantitative analysis, the qualitative examination provided a deeper understanding of the perceptions, experiences, and challenges encountered by MSME owners and entrepreneurs in embracing digital technology. Through thematic analysis of interview responses, the study established a spectrum of attitudes towards digital technology, ranging from clear appreciation and utilization to varying levels of familiarity and apprehension. Insights into the specific digital platforms and technologies employed by MSMEs, as well as the successes, failures, and lessons learned from their implementation enhanced the understanding of the local digital landscape and its impact on business operations in Busia County.

By synthesizing quantitative metrics with qualitative narratives, this chapter offers a holistic perspective on the complexities of digital technology adoption in MSMEs within Busia County. The findings presented herein serve to inform policymakers, development practitioners,



and business stakeholders about the opportunities and challenges associated with fostering digital literacy, innovation, and resilience in the local business community. Ultimately, our analysis seeks to contribute towards the formulation of targeted interventions and support mechanisms aimed at unlocking the transformative potential of digital technology for MSMEs in Kenya and beyond.

### ***Quantitative Findings***

The following quantitative analysis presented a comprehensive overview of various aspects of the Zidishe Project, focusing on demographic, operational, and technological dimensions within different sub-counties. This analysis aimed to shed light on the intricate dynamics of business operations, internet needs, age demographics, and technology utilization among entrepreneurs in the surveyed regions. Key areas of investigation include gender distribution across sub-counties, duration of business operations, internet requirements, age demographics of business owners, access to technology, and the correlation between age groups and technology usage. Additionally, insights into cooperative membership, access to loans, digital skill levels, and challenges related to technology adoption are provided to offer a holistic understanding of the entrepreneurial landscape in the Zidishe Project area.

The analysis highlights different elements of the sub-county such as disparities in gender representation, variations in business longevity, and differing needs for internet connectivity. Furthermore, correlations between age demographics and technology usage patterns are explored, elucidating trends in digital adoption among different age groups. Through this quantitative examination, valuable insights are gleaned, enabling stakeholders to make informed decisions and tailor interventions to better support the diverse needs of entrepreneurs within the Zidishe Project. Ultimately, this analysis serves as a foundational framework for understanding the socio-economic dynamics and technological landscapes shaping entrepreneurship in the surveyed regions.

### Gender Distribution and Age Range among Entrepreneurs

A review of the number of interviewees indicates that a total of 118 respondents were engaged and out of this 53.39% being male and 44.92% being female. Matayos, Nambale and Teso South, and Teso North had the highest respondents. The details are illustrated in Figure 1.

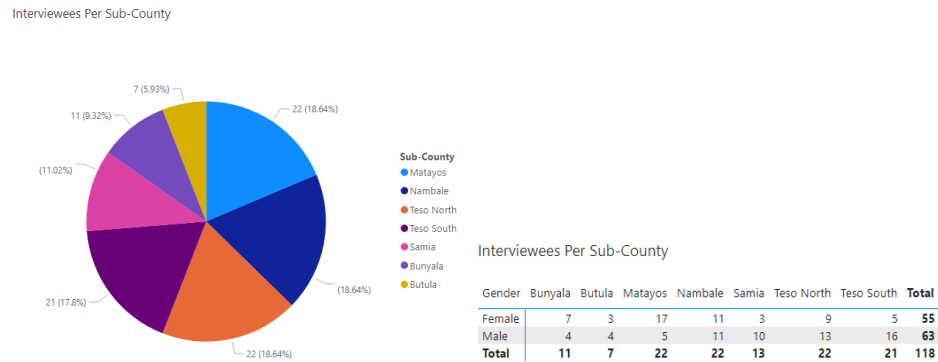


Figure 1: Interviewees per sub-county

In terms of challenges that businesses face, a majority of those affected were between the ages of 20-35, and the main challenge was budgeting for their business and skills/knowledge, followed by awareness of the existence of the technologies to use, then infrastructure of the business they were running as indicated in Figure 2 below.

Challenges faced

BY WHAT ARE THE MAIN CHALLENGES YOUR BUSINESS FACES IN ADOPTING OR UTILIZING DIGITAL TECHNOLOGIES?, AGERANGE

What are the main challenges your business faces in adopting or utilizing digital technologies?	20-35	36-45	46-55	Above 55	Total
Budget/capital	35	13	2	1	51
Budget/capital Skills/knowledge	8	3	1	1	13
Skills/knowledge	6	4		1	11
Awareness of the existence of the technology	10				10
Infrastructure	8	2			10
Budget/capital Skills/knowledge Infrastructure	1	1	2		4
Budget/capital Infrastructure	2		1		3
Skills/knowledge Budget/capital	2	1			3
	1	1			2
Infrastructure Budget/capital	2				2
Skills/knowledge Infrastructure	1		1		2
Awareness of the existence of the technology Skills/knowledge	1				1
Budget/capital Awareness of the existence of the technology		1			1
Budget/capital Awareness of the existence of the technology Infrastructure	1				1
Budget/capital Awareness of the existence of the technology Skills/knowledge	1				1
Budget/capital Skills/knowledge Awareness of the existence of the technology		1			1
Infrastructure Skills/knowledge Budget/capital	1				1
Skills/knowledge Awareness of the existence of the technology	1				1
<b>Total</b>	<b>81</b>	<b>27</b>	<b>7</b>	<b>3</b>	<b>118</b>

Figure 2: Challenges faced by businesses

**Business Internet Needs**

Internet needs varied according to different factors. These include location of business, age of entrepreneur, and the gender of the entrepreneur. The data indicated different variations of internet needs and how these variations are critical in the long-term.

First and foremost, it is noteworthy that the internet needs varied in the county, with 50% (indicated in figure 4(b) of all businesses interviewed indicating that they had a need for internet services in their business. The difference was also significant between the sub-counties. Matayos sub-county had a slight difference in terms of those with internet need and those with internet, while the disparity was higher in Bunyala and Samia where data indicates that there was significant disparity in terms of those who had no need for internet and those who needed internet. Consequently, at the sub-county level, more than 50% of respondents in Bunyala, Samia, and Teso North had significant needs for the internet compared to Matayos, Nambale and Teso South where the need was significantly less, with Bunyala and Samia registering the lowest numbers. However, places like Matayos had lower than 50% of respondents. Nonetheless, reasons for the need for the internet variety from sub-county to sub-county.

Businesses by Sub-County and InternetNeed

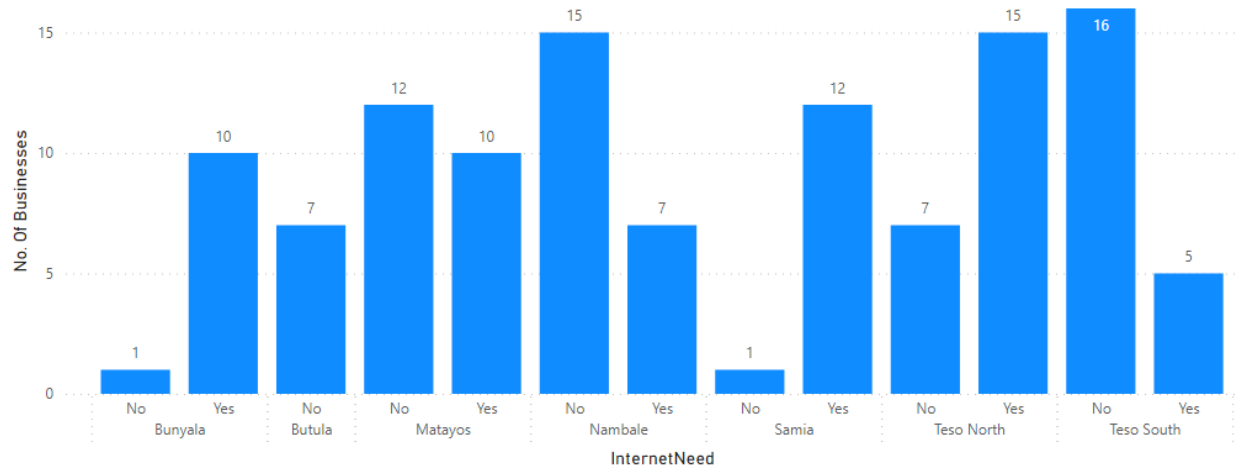
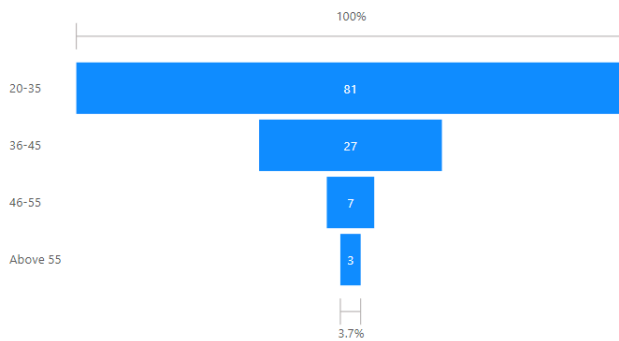


Figure 3: Internet needs by sub-county

Secondly, the numbers also varied by age and different age groups differed on ownership levels hence the varying internet needs. To begin with, the number of businesses owned by respondents between 20-35 years was at 68.64%, 36-45 years at 22.88%, 46-55 years at 5.93% and above 55 years had only 2.54%. This is illustrated in figure 4(a).

Number of Businesses by Age Range



Number of Businesses BY INTERNETNEED

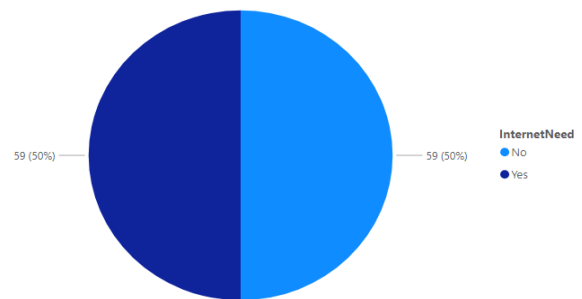


Figure 4: (a, b): Businesses by age range and businesses by internet need

Finally, gender also played a critical role. This role was significant in the context of gender, as the number of male entrepreneurs in need of the internet was higher than female entrepreneurs who needed internet services. 27.96% of male entrepreneurs needed internet services compared to 22.03% female entrepreneurs. Moreover, as demonstrated below on figure 5, the uptake levels are also slightly higher for male entrepreneurs.

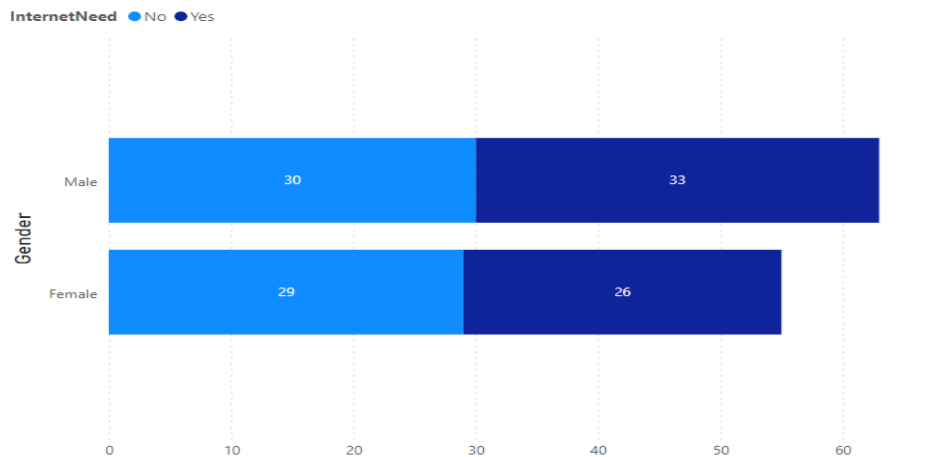


Figure 5: Internet need by gender

### Use of technology

Besides the internet needs of different organizations and entrepreneurs, this study also sought to understand how these organizations and entrepreneurs were using different digital technology in their businesses. Some of the key issues under consideration included whether their employees used technology in their business operations, how this was divided according to gender, when they started to use technology, what technology-related challenges they faced, the rate of digitization of their organizations, digital skills that their employees have, and if they know other organizations or entrepreneurs that utilize such technologies.

Consequently, and as figure 6 states, 78.81% (93) of the respondents reported use of tech in their businesses. This number is significantly higher compared to those who do not have internet in their businesses, an indication that some deploy technology on a personal level in their businesses.

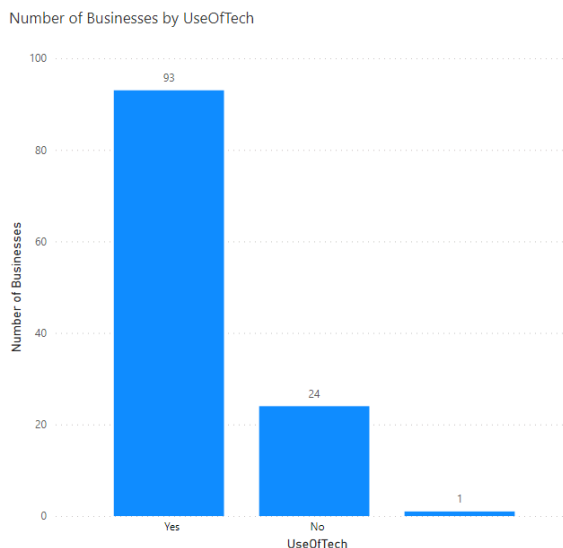


Figure 6: Number of business and use of technology

When broken down into sub-counties, the data demonstrates that Teso South and Teso North had 16.1% use of technology while Nambale and Matayos had 13.56% of the businesses using technology. On the other hand Bunyala and Butula recorded the lowest figures of businesses using tech at 5.93%, as indicated in figure 7.

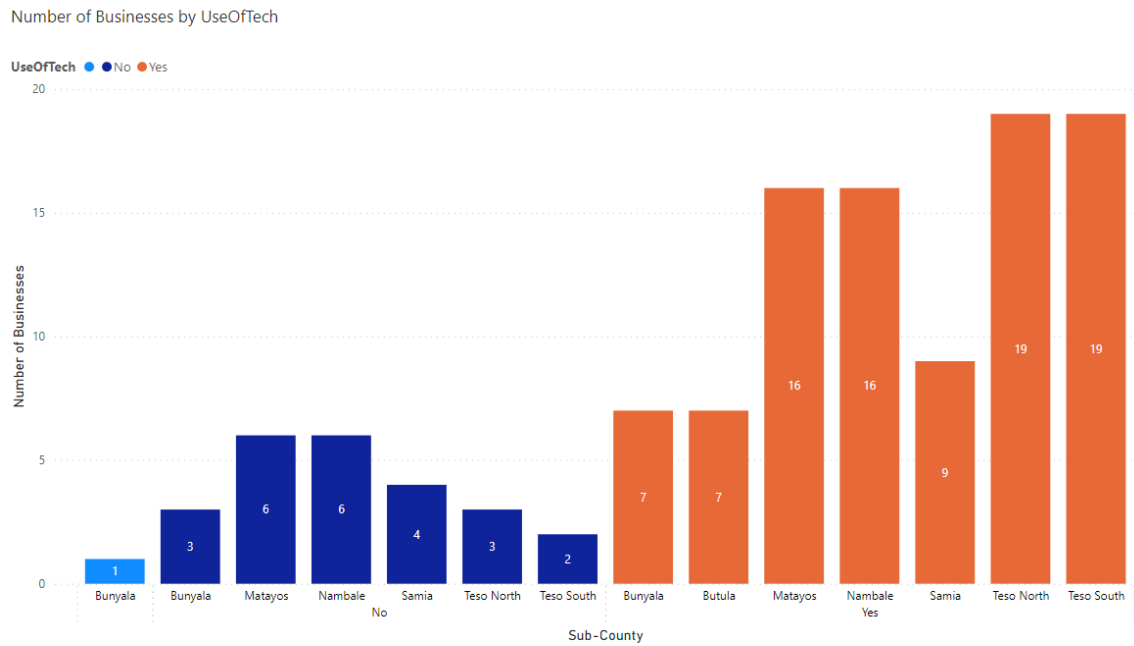


Figure 7: Number of business and use of technology by sub-county

The second point of consideration of use of technology was gender. Gender was considered critical because employees within an organization had various roles and technology was a role specifically done by the enterprises whose operators were interviewed. Consequently, 44.92% (53) male compared to 33.9% (40) female-run businesses indicated that they use technology in business, as indicated in figure 8

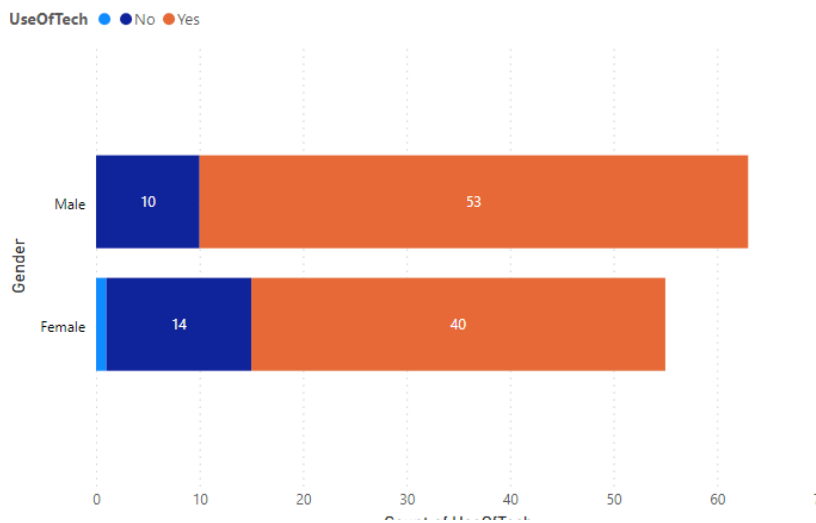


Figure 8: Gender and use of technology

Thirdly, data indicated that employees and employers started using data at different levels. Figure 9 demonstrates that 45 respondents (38.14%) stated that they started using technology immediately their business started, while 38 (32.2%) started using the technology immediately it was available. However, it is critical to note that there was a considerable number, 24, (or 21.62%) that left this question blank, suggesting that they were not able to answer or do not use technology, a conclusion reached for figure 6 (above) as well.

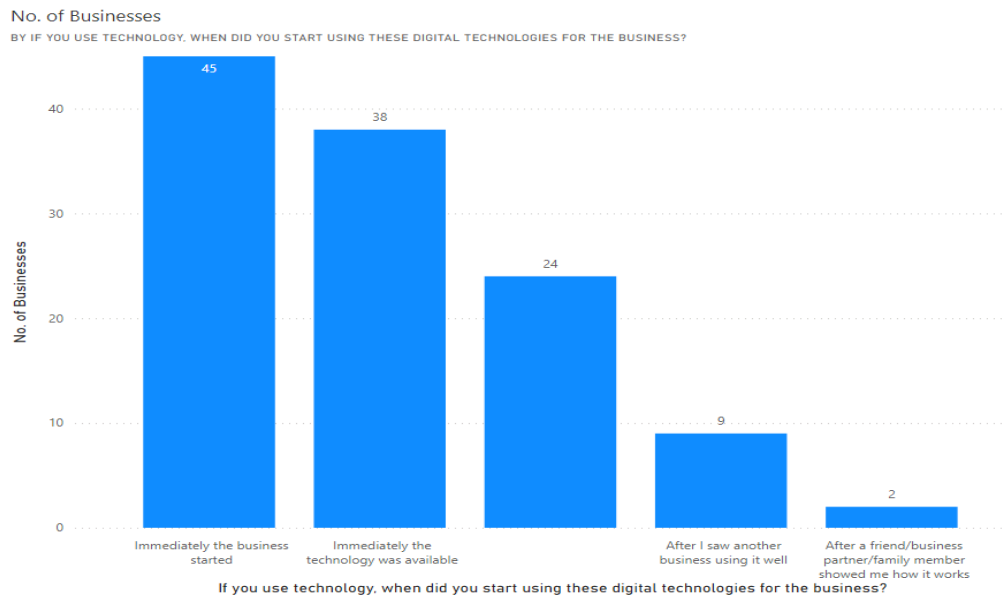


Figure 9: When businesses started using technology

The fourth element was the fact that there were technology related challenges businesses in Busia county experience, and some that respondents alluded to. Consequently, figure 10 demonstrates that Samia, Bunyala, and Nambale had more problems with responses ranging from 7.63%, 6.78%, and 5.93%. These, mostly rural sub-counties, demonstrate challenges that are more aligned to non-technology oriented businesses and whose users are not more aligned to technology use.



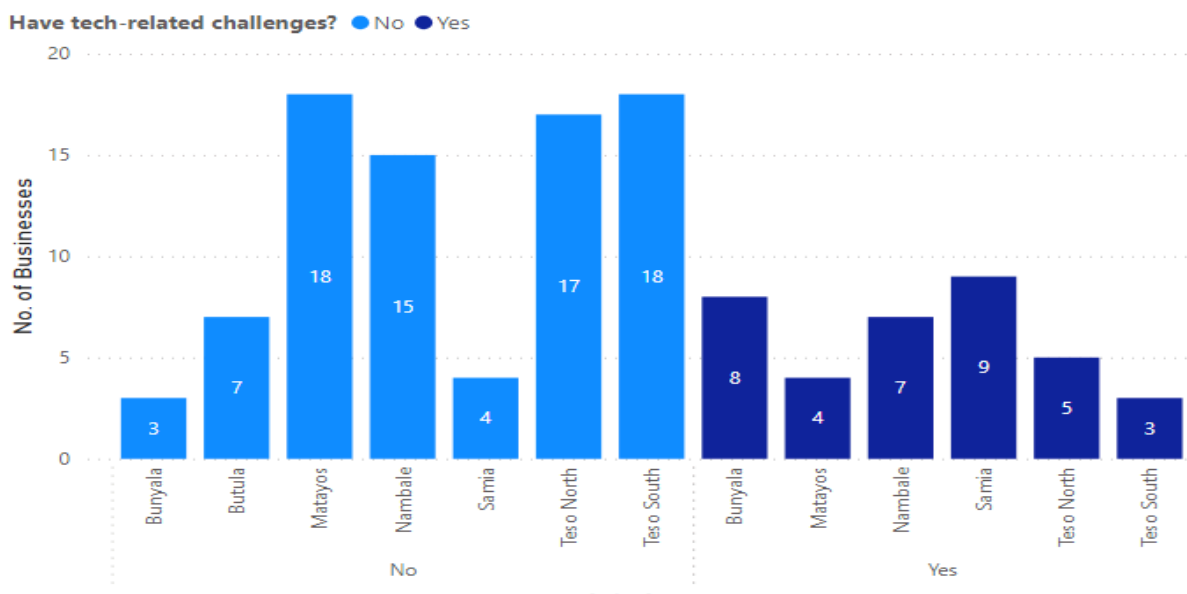


Figure 10: Businesses with technology-related challenges

Despite the challenges experienced by respondents, businesses and entrepreneurs in Busia County indicated those with basic knowledge were more than those with excellent knowledge of use of technology. The figure 11 shows a table with details of the concentration of higher and lower numbers per sub-county for the 7 sub-counties where the study was conducted.

What is the level of digital skills among your employees?	Bunyala	Butula	Matayos	Nambale	Samia	Teso North	Teso South	Total
<b>Basic</b>	10	4	13	14	8	20	9	78
Female	6	1	9	9	3	9	3	40
Male	4	3	4	5	5	11	6	38
<b>Average/Intermediary</b>		3		5	2	2	7	19
Male		1		4	2	2	5	14
Female		2		1			2	5
<b>Not sure</b>	1		9	3	3			16
Female	1		8	1				10
Male			1	2	3			6
<b>Excellent</b>							5	5
Male							5	5
<b>Total</b>	11	7	22	22	13	22	21	118

Figure 11: Businesses with technology-related challenges per sub-county

Finally, it is noteworthy that the usage of technology did not extend far, with technology users not knowledgeable beyond technology items or categories presented by the study.

Consequently, as the data on figure 12 indicates, more respondents did not know any other technology used by other MSMEs that they hadn't heard of yet.

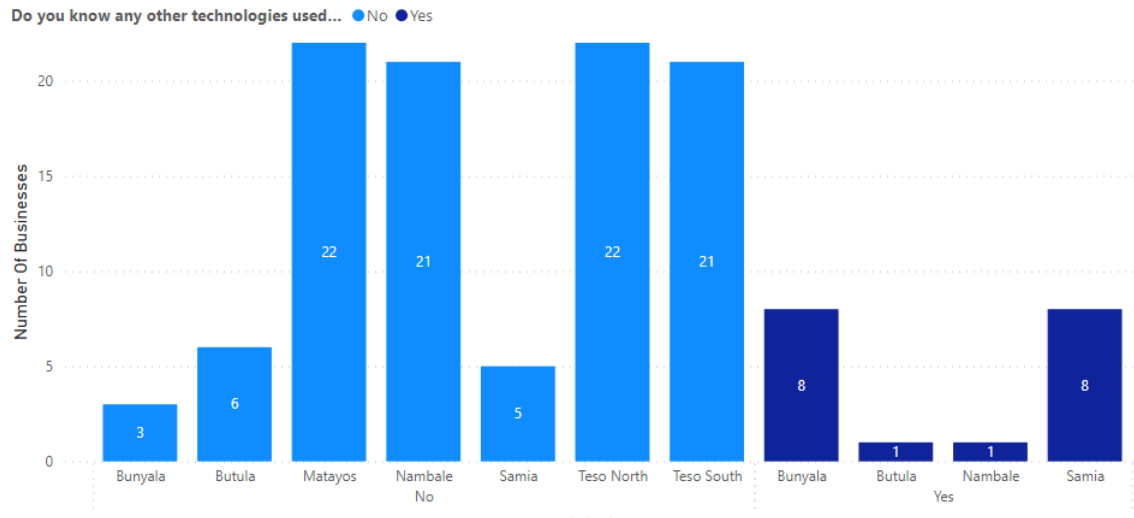


Figure 12: Other ‘new’ technologies used by other businesses

### Financial Literacy and Lending Groups

The study sought to underscore the impact of Savings and Credit Cooperatives (SACCOs). This was undertaken by seeking responses to respondents’ membership to SACCOs, membership by gender, access to loans through these SACCOs, access by gender, flexibility of application process, and flexibility by gender Figures 13, and 14 demonstrate how membership to SACCOs is spread in the county and how male and female entrepreneurs are joining the membership SACCOs. 49.15% of respondents indicated that they are members of SACCOs. This still demonstrates that more than 50% of respondents do not believe in SACCOs as a viable mechanism of saving and borrowing.

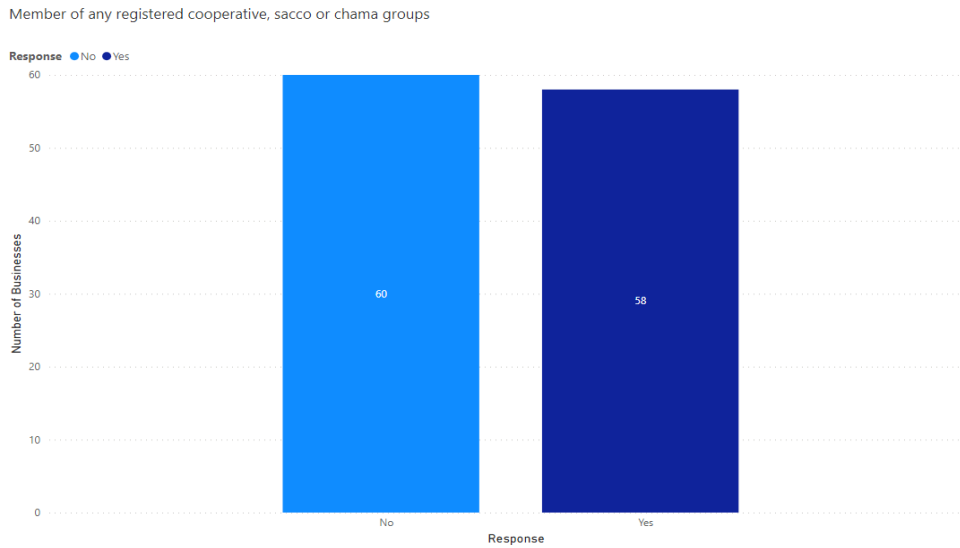


Figure 13: Membership in registered financial lending groups

A breakdown by sub-county demonstrates that Matayos had the highest number of SACCO members, at 14.41% (which is not surprising given that it hosts the metropolitan Busia town) while Teso South had the highest non-members at 15.25%.

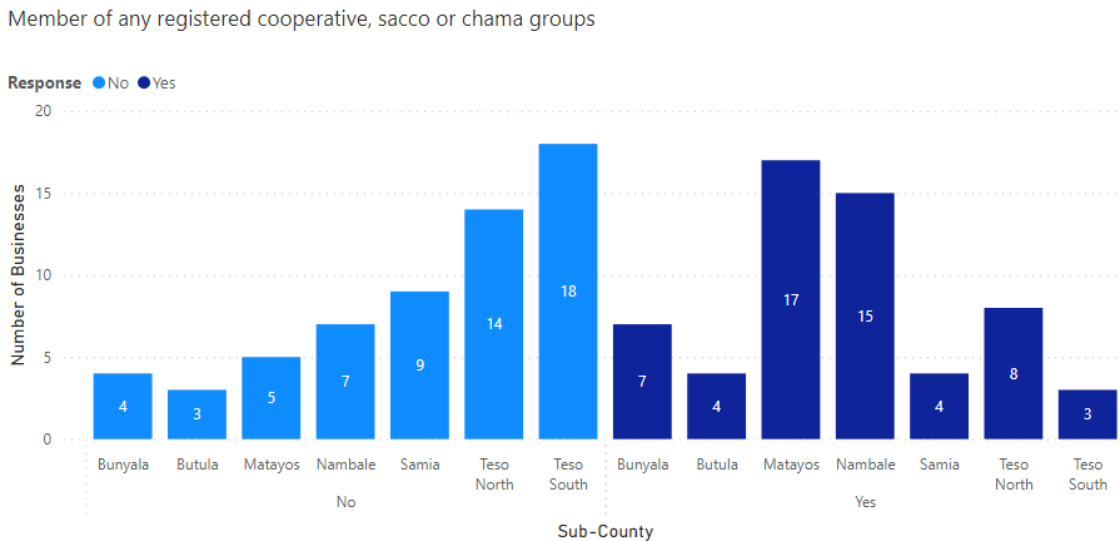


Figure 14: Number of registered Cooperates, SACCOs, and chama groups

Finally, on figure 15, we can see that female membership was higher than male membership in SACCOs at 27.12% (32) compared to male membership which was at 22.03% (26) indicating a stronger level of trust for SACCOs among female entrepreneurs.

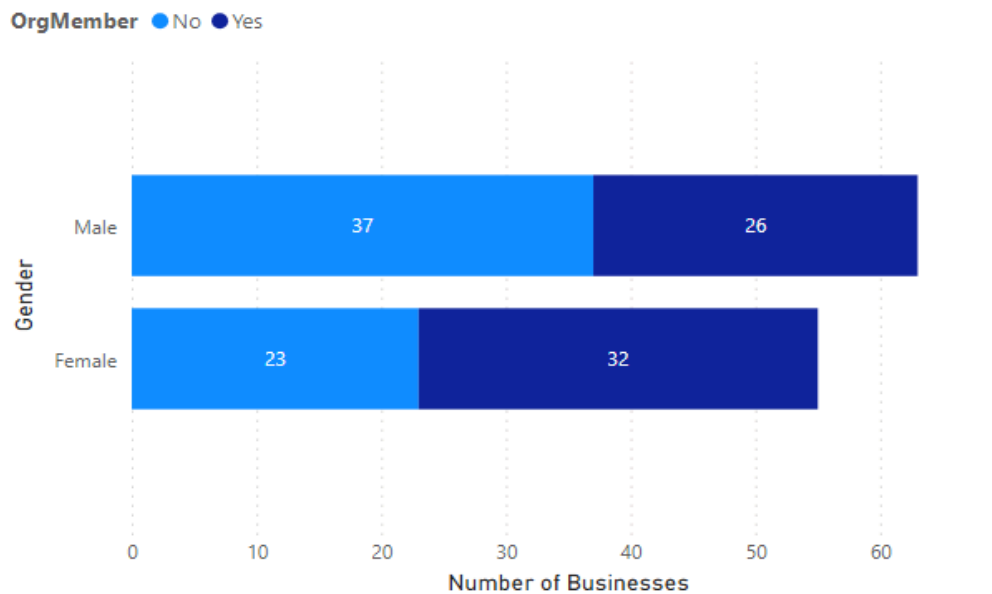


Figure 15: Gender and membership to financial lending groups

The access to loans is a critical indicator of financial literacy since the process for accessing loans for most financial institutions, including all SACCOs, include the adaptation of financial literacy training and understanding of financial packages. Consequently, in our findings, as indicated in figure 16, 33.9% of the respondents indicated being able to access loans, while 50.85% did not respond. Nonetheless, there were those who specified that their source of loans is table banking since that is where they save their money.

Member of any registered cooperative, sacco or chama groups

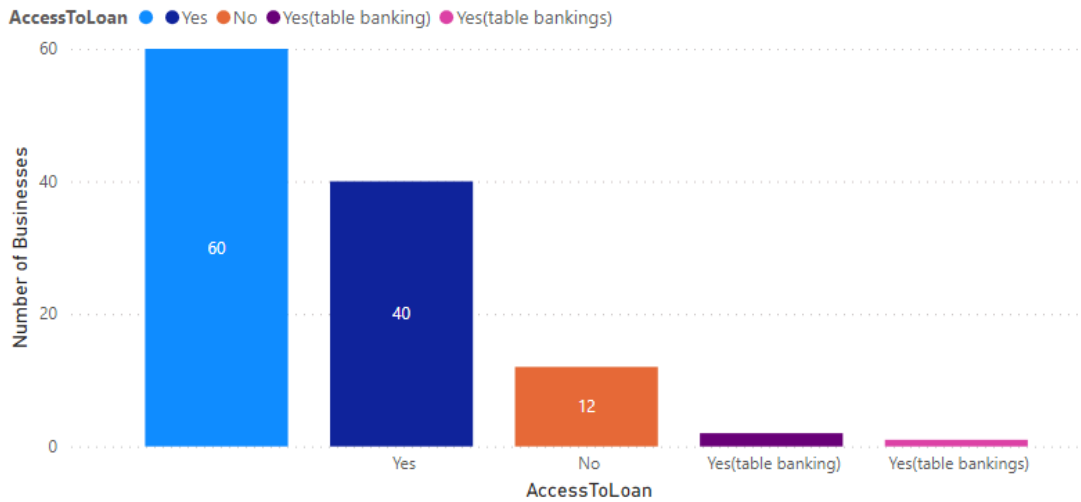


Figure 16: Access to loans

Moreover, as figure 17 suggests, more female entrepreneurs and female-led MSMEs were open about being able to access loans than male-led organizations. 17.8% (21) of female respondents indicated they were open to taking loans compared to 16.1% (19) male respondents. Great interest can be placed on the number of respondents who did not respond to this question, as indicated by the blue line. 31.35% of male respondents did not respond, while 19.19% of females did not respond. This demonstrates an indication that male respondents were more secretive about the loaning and the loans they may or may not have access to.

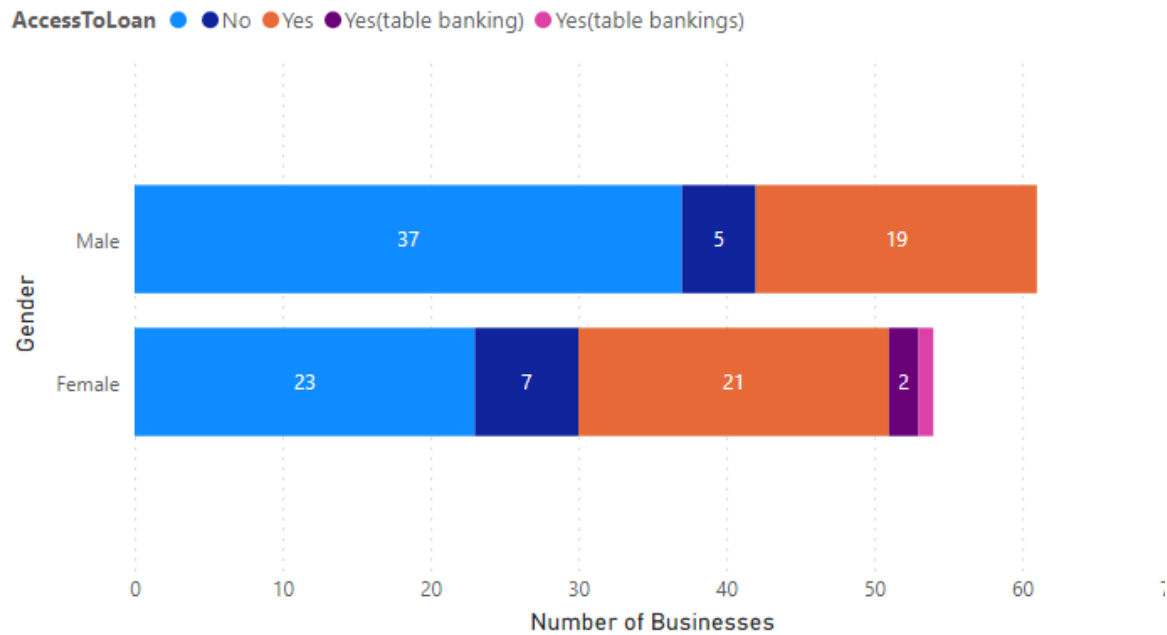


Figure 17: Gender and businesses

It is noteworthy that the flexibility of the genders is both crucial to understanding the loaning process, as are the responses provided to the question of loaning. Consequently, it is noteworthy that while the “no response” category was higher (at 50.85%), of those who responded, respondents who said the loaning process was flexible was high, at 33.05% while those who said it isn’t accounted for 7.63%. This is shown on figure 18.

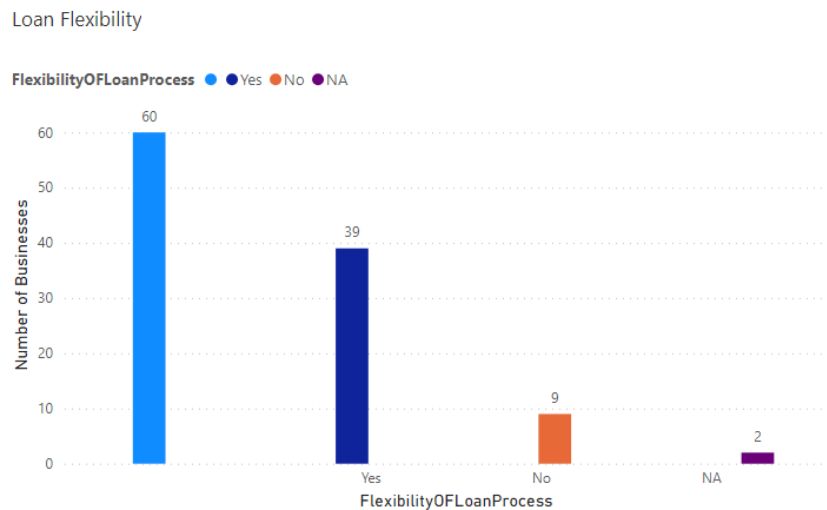


Figure 18: Flexibility of the loan process

Understanding of the loaning process was undertaken through a scale analysis, in which the respondents were asked on a scale of 1 to 4. This yielded interesting results as only 7.2% of the respondents understood the loaning process well, while 15.3% scored 3 and the rest had very limited understanding of much of the loaning process, as is demonstrated in figure 19.

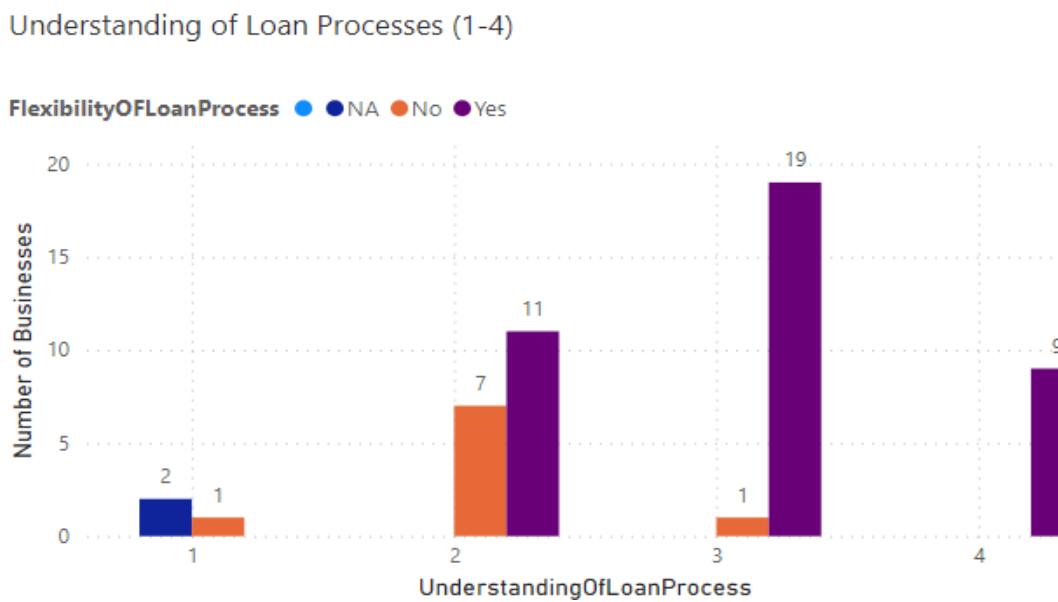


Figure 19: Understanding of the loan processes

### Registered businesses

The data collected was also analyzed in terms of how many businesses are registered. To this extent, and as shown on figure 20, it was established that 54.24% of the businesses were registered and operating legally.

## Business Registration

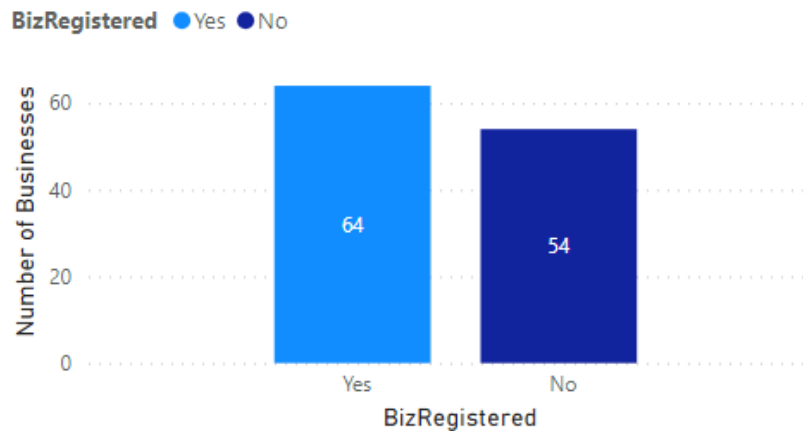


Figure 20: Registered businesses

The overall number of the registered businesses were 64, and out of this number, 43 were male-led MSMEs, indicating that 67.19% (43/64) of the registered businesses were male-led MSMEs compared to 17.8% (21/64) female-led businesses, as shown in figure 21.

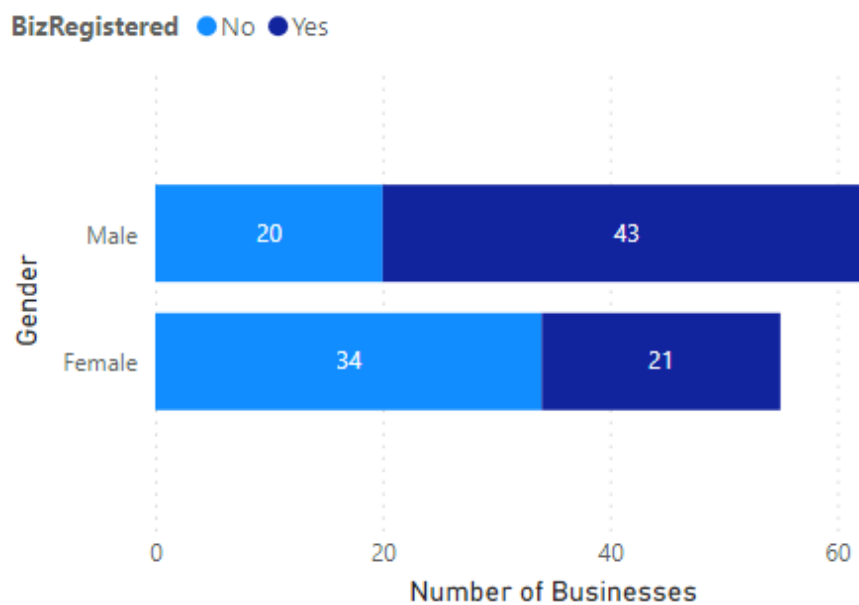


Figure 21: Gender and number of businesses



Furthermore, the businesses had varied numbers of employees. However, the registered businesses had a significantly higher number of employees than the non-registered businesses as shown in figure 22 below.

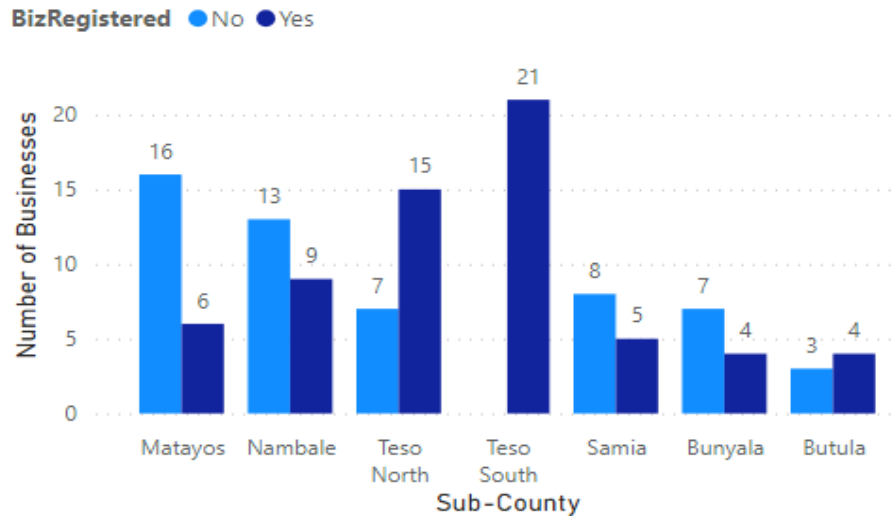


Figure 22: Registered businesses per sub-county

### Supporting employees in learning entrepreneurship

In conclusion to the quantitative analysis, respondents were also asked whether they would allow their employees to attend entrepreneurship classes and gain some of these skills. While responses varied, 62.71% of the respondents (74) said they would while 36.44% (43) said they would not, as shown in figure 23.

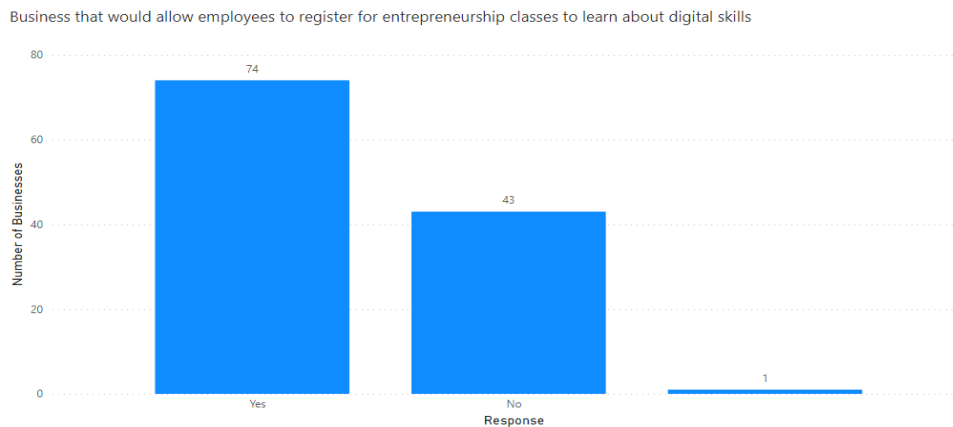


Figure 23: Businesses that would allow employees register for entrepreneurship training

Moreover, results per sub-county were also generally higher, except in Teso North where respondents presented negative opinions against allowing their employees to attend entrepreneurship classes to be able to enhance their understanding of the concepts of entrepreneurship and digital technology, as illustrated in figure 24 below.

Business that would allow employees to register for entrepreneurship classes to learn about digital skills per Sub-...

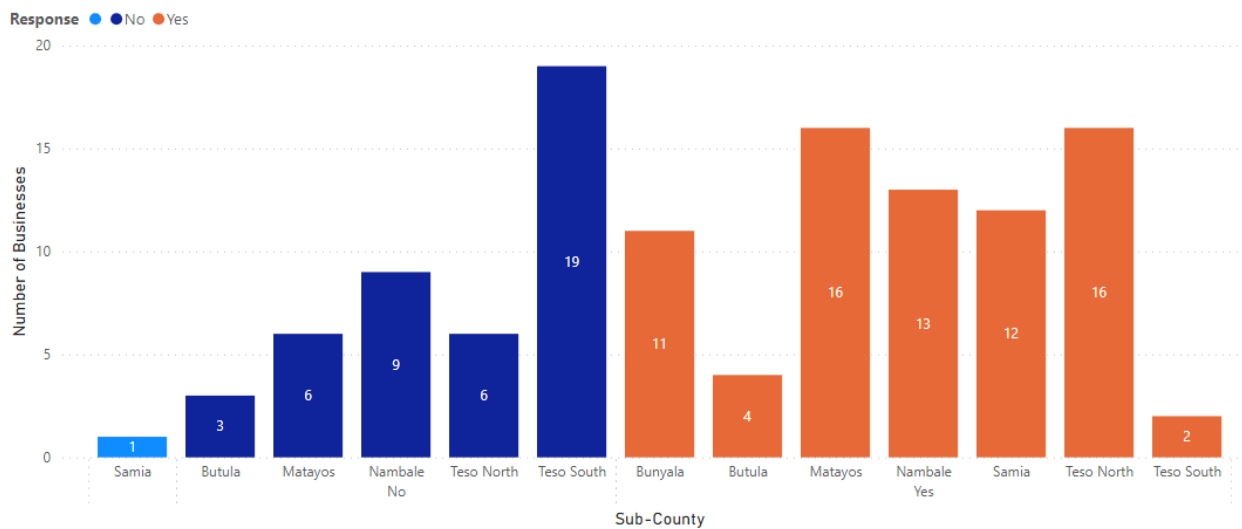


Figure 24: Businesses that would allow employees register for entrepreneurship training per sub-county

### Insights

The quantitative analysis brought some critical insights that were essential in understanding the research. These are illustrated below:

1. Gender Distribution per Sub County:

- Matayos had the highest percentage of female respondents (77%), indicating a potentially higher representation of women entrepreneurs in that area.

- Teso South had a higher percentage of male respondents (76.1%), suggesting a potential gender disparity in business ownership in that region.

## 2. Geographical Analysis:

- Teso North had the highest average altitude, indicating that businesses in this area may face different environmental factors compared to those in Samia, which had the lowest average altitude.
- The positive correlation between average altitude and median altitude suggests consistency in altitude distribution across sub-counties.

## 3. Business Operation in Years:

- Matayos had the highest average period of operation, suggesting that businesses in this area may be more established compared to those in Teso North.
- The variation in the average period of operation across sub-counties indicates differences in the longevity of businesses in each area.

## 4. Business Internet Needs:

- Bunyala had the highest percentage of businesses indicating no need for the internet, which may reflect the availability or perceived necessity of digital connectivity in that region.
- Matayos had the highest percentage of businesses expressing a need for the internet, highlighting a potential demand for digital infrastructure in that area.

## 5. Business and Age Range:

- The majority of businesses were owned by individuals in the 20-35 age range, suggesting a younger demographic involved in entrepreneurship.
- There seems to be a correlation between age range and internet needs, with a higher percentage of younger entrepreneurs expressing a need for the internet compared to older age groups.

6. Period of Operation Distribution over Age Range:

- The distribution of business operation periods varied across age ranges, with younger entrepreneurs having businesses with shorter operation periods on average compared to older entrepreneurs.

7. Technology Usage and Relation to Age Groups and in the different Sub Counties:

- There are correlations between the usage of different types of technology and age groups, as well as across different sub-counties, indicating varying levels of technology adoption based on demographic and geographic factors.

### ***Qualitative Findings***

The qualitative analysis presented here offers valuable insights into the understanding and utilization of digital technology among Micro, Small, and Medium Enterprises (MSMEs) in Busia and Siaya Counties, Kenya. Through thematic analysis of the collected data, several key themes emerged, shedding light on the respondents' perceptions, experiences, and challenges related to digital technology adoption in their businesses. The analysis reveals a spectrum of understanding among respondents, ranging from a clear appreciation of digital technology's benefits to varying levels of familiarity and utilization. Moreover, insights into the specific digital platforms and technologies employed by MSMEs in the region provide a nuanced understanding of the digital landscape and its impact on business operations. By examining the successes, failures, lessons learned, and policy perceptions, this qualitative analysis contributes to a comprehensive understanding of the role of digital technology in supporting MSMEs' growth and resilience in Busia and Siaya Counties.

### **Understanding on the use of digital technology for business**

A majority of respondents, representing a diverse range of businesses, expressed a clear understanding and appreciation for the use of digital technology in enhancing business operations. For example, a female Mitumba salesperson from Busia town in Matayos sub-county had this to say: "I can use it to improve my business and market it online to people widely". They recognize its significance in advertising, marketing, and customer engagement, highlighting its role in expanding business reach and improving productivity. These individuals

emphasize the importance of digital platforms for streamlining operations, reducing costs, and enhancing the overall customer experience. For them, digital technology is seen as a valuable tool for business growth and efficiency, with a keen awareness of its various applications and benefits. Another group of respondents demonstrated a moderate level of understanding and engagement with digital technology in business. For instance, a male Posho mill operator in Teso North said that it helps him with financial transactions. While they acknowledge its importance and benefits, their understanding may be somewhat limited, primarily associating digital technology with basic functions such as communication and payment processing or just mentioning what they have heard others say about it. Furthermore, they recognize its usefulness in facilitating transactions and customer interactions, albeit with a less comprehensive grasp of its potential for marketing and business expansion. This group sees digital technology as a helpful tool but may not fully exploit its capabilities beyond fundamental uses.

A subset of respondents appears to have minimal understanding or experience with digital technology in the context of business. Their responses indicate a lack of familiarity with the breadth of digital tools and platforms available for business operations and marketing. These individuals typically mention basic functions like making calls or receiving messages, showing limited awareness of digital marketing strategies or online business management tools. A female salonist from Bunyala said it's "very expensive", while a male mechanic from Samia only called it a platform without any further elaboration. While they may recognize the importance of digital technology in principle, their practical knowledge and utilization are notably limited, suggesting a need for further education or exposure to digital business practices.

### **Digital platforms/technologies available for use by MSMEs in Busia County**

Based on the responses provided, respondents had varying reasons for the different technologies they use, as illustrated below:

- a. Mobile Apps. Respondents who selected mobile apps referenced Wasili taxi apps to access customers for their taxi services.
- b. Paybill, Till numbers, Pochi la Biashara: Respondents who selected these Safaricom Mpesa services considered them easier modes of sending and receiving payments for

goods and services preferred by them, their customers, and service providers, including electricity payments, county government services such as parking, and local taxes.

- c. Others mentioned ETR machines and online job adverts as reasons for them to use digital technologies.
- d. Respondents therefore utilized social media, the worldwide web, telecommunication services, and banking services for various activities, though at varying levels.

### **Experience with the digital technologies used in businesses**

Based on the responses provided, the respondents' experiences with digital technologies in their businesses vary widely. Some express satisfaction, describing the technologies as convenient, easy to use, and effective in streamlining operations. They highlight benefits such as enhanced communication, efficient money transfer, and improved customer service. However, there are also challenges reported, such as difficulties in accessing learning sites, marketing strategies, and occasional hitches in technology usage. Overall, while some respondents have had positive experiences, others are still learning to navigate digital tools, and a few encounter issues or limitations in their usage. Nonetheless, many acknowledge the overall benefits and effectiveness of digital technologies in supporting and growing their businesses.

### **Employees lack of necessary digital skills**

Based on the responses provided, some respondents identified areas where their employees lack necessary digital skills, while others did not specify any particular areas of deficiency. The areas mentioned include basic training in digital skills, internet access, and overall inadequacy in digital proficiency. To address these skill gaps, several steps have been taken by respondents, including providing training sessions, purchasing smartphones for employees to access the internet, and giving them opportunities for capacity-building. However, a significant number of respondents mentioned that no specific actions have been taken to support their employees in gaining digital skills. For example, a cereals shop owner from Matayos stated that it would help him learn:

“How to grow the business fast  
How to use modern ways of technology in business  
How to smoothly run the business”

*-Busia town respondent*

Overall, while some respondents are actively taking steps to address skill gaps through training and access to technology, others have not yet implemented specific measures to support their employees in acquiring necessary digital competencies.

### **Success of the digital technologies mentioned**

Based on the responses provided, the use of digital technologies mentioned by respondents has generally been successful, with various successes reported. Some of the successes include:

- a. Increase in the number of customers and reaching customers who can't come to the market easily.
- b. Easy allocation of capital.
- c. Wider target market reach for crafts.
- d. Easy transactions and communication with customers, particularly through SMS and phone calls.
- e. Improved customer service leading to an increase in customers.
- f. Efficient and safe mobile money transfer.
- g. Expansion of the market and increased demand for products.
- h. Enhanced communication with clients and improved customer relationships.
- i. Easy and instant payment, faster communication, and order tracking.
- j. Increased productivity and smoother business operations.
- k. Successful advertising and marketing of products/services.
- l. Revenue generation and business growth.
- m. Accessibility to customers and improved customer service skills.
- n. Job application facilitation and income generation.

- o. Reliable communication and effective payment methods for cashless customers.
- p. Availability of more customers in the business and the ability to run errands for customers easily.
- q. Better customer service and business management skills.
- r. Easy connectivity with customers and reliable online services.

However, some failures and challenges were also mentioned, including:

- a. Security concerns, such as M-Pesa reversals by customers.
- b. Connectivity issues and lack of internet access in some locations.
- c. Lack of digital literacy among some respondents.
- d. Lost phones impacting digital operations.
- e. Occasional difficulties due to lack of network or power.
- f. Limited customer reach through digital channels.

Despite these challenges, the overall success of the mentioned digital technologies suggests their effectiveness in enhancing business operations, customer service, and market reach for the respondents.

### **Lessons learned from successes or failures of using these technologies**

Based on the responses provided, respondents presented several valuable lessons from both the successes and failures of using digital technologies in their businesses:

Lessons from Successes:

- a. Adapting to digital technology can significantly benefit businesses.
- b. Social media marketing can be highly effective in reaching a wider audience and attracting customers.
- c. Improved communication with clients leads to better customer service and business growth.



- d. Access to online resources can enhance skills and knowledge in various aspects of the business.
- e. Digital technologies facilitate efficient business operations, such as mobile money transfer and online advertising.
- f. Embracing digital platforms can lead to increased productivity and income generation.
- g. Technology enables businesses to adapt to changing dynamics and remain competitive in the market.

#### Lessons from Failures:

- a. Security concerns, such as the risk of losing money or experiencing M-Pesa reversals, highlight the importance of safeguarding financial transactions.
- b. Connectivity issues, including network problems and lack of internet access, can hinder business operations and customer reach, necessitating strategies to mitigate these challenges.
- c. Digital technologies may not always reach certain demographics, underscoring the importance of maintaining alternative means of reaching customers.
- d. Technology reliance requires patience, trust, and following instructions for effective utilization.
- e. Despite its benefits, digital technology can incur high costs, especially in rural areas or for businesses with limited resources.

Overall, these lessons underscore the need for businesses to carefully navigate the opportunities and challenges presented by digital technologies, leveraging successes to drive growth while addressing and learning from failures to improve future outcomes.

#### **Public or private policies that support digital integration**

The responses suggest a lack of understanding or awareness regarding public or private policies supporting digital integration or the use of digital technology in SMEs within the county. Many respondents did not mention any specific policies and seemed to misunderstand the concept of policies in this context. Instead, their responses included references to infrastructure

development, mobile banking apps like the KCB app, private companies like Davis & Shirtliff, and vague mentions of county or sub-county governments, without specifying any related policies. This indicates a need for clearer communication and education regarding the existence and importance of policies supporting digital technology adoption in SMEs.

### **Online learning programs by entrepreneurs/businesses**

The responses indicate a significant interest among respondents in signing up for online learning platforms to acquire digital skills beneficial for themselves or their teams. Many expressed a desire to enhance their business management abilities, particularly in areas such as marketing, advertising, and financial management. Digital marketing skills were commonly cited, reflecting a recognition of the importance of online presence and customer engagement. Additionally, there was interest in learning about leveraging modern technology to streamline business operations and attract more customers. Some respondents also expressed interest in specific skills relevant to their industries, such as entrepreneurship, beauty services, or bodaboda business improvement. Overall, the responses underscore a strong willingness to invest in continuous learning to stay competitive in the digital landscape and drive business growth. However, there were also several respondents who indicated a lack of interest or need for online learning platforms. Some provided vague responses or expressed uncertainty about what they would like to learn, while others outrightly stated a lack of interest. This suggests varying levels of awareness or motivation among respondents regarding the potential benefits of digital skills development. Nonetheless, the overall trend highlights a growing recognition of the importance of digital proficiency in navigating modern business environments, with a significant portion of respondents eager to acquire relevant skills through online education.

### **Summary**

-In conclusion, this qualitative analysis is essential for gaining a deeper understanding of the challenges and opportunities surrounding the integration of digital technology in MSMEs within Busia and Siaya Counties. By elucidating the perceptions, experiences, and needs of business owners and entrepreneurs, it offers valuable insights that can inform policy

development, capacity-building initiatives, and support programs aimed at fostering digital literacy and innovation in the local business community. Understanding the nuances of digital technology adoption and its implications for MSMEs is crucial for promoting economic development, enhancing competitiveness, and fostering inclusive growth in Busia and Siaya Counties and beyond.

### **Insights**

The qualitative analysis provides valuable insights into the understanding, utilization, and experiences of Micro, Small, and Medium Enterprises (MSMEs) regarding digital technology adoption in Busia and Siaya Counties, Kenya. One key insight is the varying levels of understanding and engagement with digital technology among respondents, ranging from clear appreciation and utilization to limited familiarity and minimal experience. This highlights the importance of tailored capacity-building initiatives to address the diverse needs and skill levels of MSME entrepreneurs. Additionally, the analysis underscores the role of digital platforms and technologies, such as mobile apps, mobile money services, and online job adverts, in supporting business operations and facilitating customer interactions. However, challenges such as connectivity issues, security concerns, and limited digital skills among employees pose barriers to fully leveraging the potential of digital technology for business growth. Overall, the qualitative findings emphasize the need for targeted interventions to promote digital literacy, address skill gaps, and enhance the enabling environment for MSMEs to thrive in the digital era.

## CHAPTER 4: DISCUSSIONS AND RECOMMENDATIONS

This discussion chapter shall focus on the findings of the study, aligning them with each of the items of the scope of the study. The digital needs assessment exercise aimed to understand the key challenges faced by MSME entrepreneurs, particularly those led by youth and women, across Busia County and parts of the Western region. Through robust qualitative research involving in-person interviews with over 100 MSMEs, several key insights have emerged.

Firstly, the study revealed a multitude of challenges encountered by MSME entrepreneurs, including limited access to resources, inadequate digital skills, and difficulties in navigating regulatory frameworks. Specifically, early-stage MSMEs often struggle with financial management, market access, and adapting to technological advancements. Women-owned enterprises face additional hurdles, including gender biases, limited access to finance, and societal expectations. Secondly, the research shed light on the MSMEs' understanding of the implications of digital platforms and technologies for their businesses. While some entrepreneurs recognized the potential benefits of digitalization for streamlining operations and reaching new markets, many expressed uncertainty about how to effectively leverage these tools. Moreover, there was a notable gap in knowledge regarding available financial services, such as mobile money offerings and government loans, highlighting the need for greater financial literacy among MSMEs. Thirdly, the assessment uncovered significant gaps in knowledge on guidelines and norms related to business registration and identity verification. Many entrepreneurs expressed confusion about the registration process and compliance requirements, hindering their ability to formalize their businesses and access essential services. Additionally, the study identified shortcomings in business practice and management skills among MSMEs, particularly in areas such as financial management and personal productivity. Lack of access to training and mentorship programs further exacerbated these skills gaps, limiting the potential for business growth and sustainability. Lastly, the research highlighted the importance of designing training tools on the digital platform that are user-friendly and interactive, catering to the literacy levels of the target entrepreneurs. This underscores the importance of adult-learning principles in effectively imparting digital skills and knowledge to MSMEs.

In summary, the findings of the study underscore the pressing need for targeted capacity-building interventions to address the digital support needs of MSMEs in Busia and Western Kenya. By addressing the identified challenges and gaps, the digital platform has the potential to facilitate market linkages, enhance financial inclusion, and drive increased productivity and income streams for MSME entrepreneurs in the region.

## *Discussions*

### **Key Challenges Faced by MSME Entrepreneurs**

The study identified several key challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in Busia County. One predominant challenge observed was the issue of budgeting for businesses, particularly among early-stage MSMEs. Many entrepreneurs, especially those aged between 20 to 35, expressed difficulties in managing their finances effectively. This challenge was further compounded by a lack of adequate business management skills, including financial management, which hindered the growth and sustainability of their enterprises. Additionally, there were notable disparities in internet access and infrastructure across different sub-counties, with some regions experiencing limited connectivity, thereby impeding digital operations and market reach. These findings underscore the urgent need for targeted interventions aimed at enhancing financial literacy, promoting digital infrastructure development, and providing capacity-building support to address these challenges effectively.

### **Unique Challenges of Women-Owned Business Enterprises**

Women-owned businesses in Busia County faced distinct challenges compared to their male counterparts. Despite comprising a significant proportion of MSMEs, women entrepreneurs encountered barriers such as limited access to financial services and resources, as well as gender-based discrimination in business environments. The study revealed that women-owned enterprises often struggled to access loans and financial support, with fewer female entrepreneurs being members of Savings and Credit Cooperatives (SACCOs) compared to their male counterparts. Moreover, there were disparities in internet usage between male and female

entrepreneurs, with women experiencing lower levels of digital connectivity and familiarity with digital platforms. Addressing these unique challenges requires targeted interventions focused on promoting gender equality, enhancing financial inclusion, and providing tailored capacity-building programs to empower women entrepreneurs in Busia County.

### **Understanding the Implications of Digital Platforms and Technology**

The study examined the perceptions and experiences of MSMEs regarding the implications of digital platforms and technology for their businesses. While some entrepreneurs demonstrated a clear understanding of the benefits of digital technology, others exhibited varying levels of familiarity and apprehension. Positive attitudes towards digital technology were prevalent among respondents who recognized its potential for enhancing business operations, expanding market reach, and improving productivity. However, there were also concerns raised regarding the cost, accessibility, and security of digital platforms, particularly among businesses in rural areas. Moreover, disparities in internet access and digital literacy highlighted the need for targeted interventions to bridge the digital divide and ensure equitable access to technology among MSMEs in Busia County.

### **Familiarity with Loans and Financial Services**

Access to loans and financial services emerged as a significant concern among MSMEs in Busia County, with many entrepreneurs facing challenges related to financial literacy, access to credit, and understanding of loan application processes. The study found that while a considerable proportion of respondents were members of SACCOs, there were disparities in membership and access to loans between male and female entrepreneurs. Furthermore, limited understanding of financial guidelines and norms, coupled with low levels of digital literacy, posed barriers to accessing financial services and leveraging digital payment platforms effectively. To address these challenges, there is a need for targeted financial education programs, improved access to credit facilities, and the promotion of digital financial services to enhance financial inclusion and support the growth of MSMEs in Busia County.

### **Gaps in Knowledge on Guidelines and Norms**

The study identified gaps in knowledge on guidelines and norms among MSMEs in Busia County, particularly concerning business registration, identity documentation, and compliance with regulatory requirements. Many entrepreneurs lacked awareness of the necessary procedures and regulations governing business operations, leading to challenges in obtaining licenses, permits, and certifications. This lack of understanding hindered the formalization of businesses and limited access to government support programs and financial services. Moreover, disparities in literacy levels further exacerbated these challenges, with some entrepreneurs struggling to navigate complex bureaucratic processes. Addressing these knowledge gaps requires targeted capacity-building initiatives, simplified regulatory frameworks, and enhanced outreach efforts to educate MSMEs about their rights and responsibilities as business owners.

### **Business Practice and Management Skills Gaps**

The study revealed significant gaps in business practice and management skills among MSMEs in Busia County, with many entrepreneurs lacking essential competencies required to effectively manage and grow their businesses. Common challenges identified included limited understanding of budgeting, financial management, marketing strategies, and business planning. Entrepreneurs, particularly those in the early stages of business development, expressed a need for training and support to enhance their business acumen and managerial capabilities. Additionally, there were disparities in skills development opportunities, with women-owned enterprises facing additional barriers to accessing training programs and mentorship initiatives. To address these skills gaps, targeted capacity-building interventions, mentorship programs, and entrepreneurship training initiatives are essential to equip MSMEs with the knowledge and skills needed to succeed in today's competitive business environment.

### **Personal Productivity Gaps**

The study highlighted personal productivity gaps among MSME entrepreneurs in Busia County, with many individuals struggling to optimize their time, prioritize tasks, and manage work-life balance effectively. Entrepreneurs cited challenges such as time management,

multitasking, and stress management as significant barriers to personal productivity and business success. Moreover, there were disparities in productivity levels across different age groups, with younger entrepreneurs exhibiting higher levels of productivity compared to older counterparts. Factors such as access to technology, digital skills, and support networks also influenced personal productivity levels among MSMEs. Addressing these productivity gaps requires targeted interventions focused on time management training, stress management techniques, and the promotion of healthy work habits among entrepreneurs. Additionally, providing access to digital tools and resources can help enhance efficiency and productivity in business operations.

### **Literacy Level of Target Entrepreneurs for Training Tool Development**

The study assessed the literacy levels of target entrepreneurs in Busia County to inform the development of training tools on digital platforms. Findings indicated varying levels of literacy among MSME owners, with some individuals demonstrating higher proficiency in literacy skills compared to others. However, there were significant gaps in digital literacy, particularly among older entrepreneurs and women-owned enterprises. Many entrepreneurs expressed a need for user-friendly and interactive training tools tailored to adult learning needs. Additionally, there were disparities in access to education and training opportunities, with rural areas facing greater challenges in accessing quality educational resources. To address these literacy gaps, targeted capacity-building programs, digital skills training initiatives, and community-based education efforts are essential to empower MSMEs with the knowledge and skills needed to leverage digital platforms effectively for business growth and success.

### ***Recommendations***

Based on the comprehensive discussion of the findings presented above, several key recommendations can be proposed to address the challenges and capitalize on the opportunities identified in the study. These recommendations aim to foster the growth and resilience of Micro, Small, and Medium Enterprises (MSMEs) in Busia County, Kenya, while promoting inclusive economic development and digital transformation.



### **Enhancing Financial Inclusion and Access to Credit**

- Implement targeted financial literacy programs to empower MSME entrepreneurs with the knowledge and skills needed to manage their finances effectively, including budgeting, financial planning, and accessing credit.
- Facilitate partnerships between financial institutions, SACCOs, and MSME support organizations to increase access to affordable credit and financial services tailored to the needs of small businesses, particularly those owned by women and marginalized groups.
- Promote the use of digital financial services, such as mobile money platforms and digital lending solutions, to improve financial inclusion and facilitate convenient access to credit for MSMEs in remote areas.

### **Strengthening Digital Infrastructure and Literacy**

- Invest in the expansion of digital infrastructure, including broadband connectivity and affordable internet access, to bridge the digital divide and ensure equitable access to digital platforms and technology for all MSMEs, regardless of their location or size.
- Develop targeted digital literacy programs and training initiatives to equip MSME entrepreneurs with the necessary skills and knowledge to leverage digital tools effectively for business growth and innovation.
- Foster partnerships with technology companies, educational institutions, and civil society organizations to provide accessible and user-friendly training materials and resources that cater to the diverse learning needs of adult entrepreneurs.

### **Promoting Gender Equality and Women's Empowerment**

- Implement policies and initiatives aimed at addressing the unique challenges faced by women-owned enterprises, including limited access to finance, digital technology, and market opportunities.

- Establish women-focused entrepreneurship support programs, mentorship initiatives, and networking platforms to provide women entrepreneurs with the resources, skills, and networks needed to succeed in business.
- Encourage private sector investment in women-owned businesses through targeted funding schemes, business development services, and capacity-building programs aimed at enhancing the competitiveness and sustainability of women entrepreneurs.

### **Streamlining Regulatory Processes and Business Support Services**

- Simplify regulatory procedures and licensing requirements to reduce barriers to formalization and facilitate the registration and compliance of MSMEs, particularly in rural and underserved areas.
- Strengthen the capacity of business support institutions, including chambers of commerce, trade associations, and business development centers, to provide tailored advisory services, mentorship, and technical assistance to MSMEs at every stage of their business journey.
- Foster collaboration between government agencies, private sector stakeholders, and civil society organizations to create an enabling environment for MSMEs to thrive, including access to markets, procurement opportunities, and business incentives.

### **Fostering Innovation and Entrepreneurship Ecosystems**

- Encourage entrepreneurship and innovation through targeted capacity-building programs, incubation centers, and startup accelerators that provide aspiring entrepreneurs with the skills, resources, and networks needed to launch and scale their ventures.
- Support the development of local innovation hubs, co-working spaces, and technology parks to nurture a culture of creativity, collaboration, and knowledge exchange among MSMEs and aspiring entrepreneurs.

- Promote public-private partnerships and cross-sector collaboration to drive innovation-led economic growth, create job opportunities, and address social and environmental challenges through entrepreneurship.

In conclusion, the recommendations outlined above provide a roadmap for policymakers, development practitioners, and stakeholders to support the growth and resilience of MSMEs in Busia County, Kenya. By prioritizing financial inclusion, digital transformation, gender equality, regulatory reform, and innovation ecosystem development, stakeholders can create an enabling environment that empowers entrepreneurs, fosters economic prosperity, and builds a more inclusive and sustainable future for all.

## CHAPTER 5: CONCLUSION

In conclusion, the discussions and recommendations presented in this chapter underscore the urgent need for targeted interventions to address the challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in Busia County, Kenya. The findings of the study highlight the multifaceted nature of these challenges, including limited access to resources, inadequate digital skills, gender biases, regulatory complexities, and gaps in business practice and management skills. The digital needs assessment revealed significant disparities in digital literacy, access to financial services, and understanding of regulatory frameworks among MSME entrepreneurs, particularly those led by youth and women. These challenges not only hinder the growth and sustainability of businesses but also perpetuate economic inequalities and limit opportunities for inclusive development.

To address these challenges, a comprehensive approach is needed, focusing on enhancing financial inclusion, strengthening digital infrastructure and literacy, promoting gender equality and women's empowerment, streamlining regulatory processes, and fostering innovation and entrepreneurship ecosystems. By implementing targeted capacity-building interventions, promoting public-private partnerships, and creating an enabling environment for MSMEs to thrive, policymakers, development practitioners, and stakeholders can unlock the full potential of entrepreneurship as a driver of economic growth and social progress in Busia County and beyond. In essence, the recommendations outlined in this chapter provide a roadmap for action, guiding efforts to build a more resilient, inclusive, and digitally-enabled economy that empowers MSMEs to succeed in today's rapidly changing business landscape. By working together to address the identified challenges and capitalize on the opportunities presented, we can create a brighter future for MSME entrepreneurs, their communities, and the broader economy of Busia County, Kenya.



