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Government Business Advisory Strategies and SME Performance: Evidence from Kenya's South Rift Region

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Abstract: ***Small and medium enterprises (SMEs) play a crucial role in job creation and economic development, yet many continue to struggle with structural constraints. This study investigates the influence of government business advisory strategies—such as training, mentorship, and regulatory guidance—on the performance of SMEs in Kenya's South Rift Region. Drawing on data from 229 SMEs certified by the Kenya Bureau of Standards, the study employs a resource-based theoretical framework and correlational design. Descriptive results reveal a generally neutral perception of advisory service availability, while regression analysis confirms a statistically significant relationship between advisory strategies and SME performance (B = 0.245, p < 0.001), explaining 46.8% of performance variation. The findings emphasize the need for better-designed, more accessible advisory programs tailored to regional dynamics. Recommendations include leveraging expert networks and digital tools to enhance government-led support for SME growth and innovation.***

Keywords: Business Advisory Strategy, SME Performance, Resource-Based View, South Rift Region, Business Development Services

1. Introduction

Small and medium enterprises (SMEs) are widely recognized as key drivers of economic growth, employment creation, and innovation across both developed and developing economies. Their contribution to national output, job opportunities, and poverty reduction has positioned them as a central focus of government policy and development agendas (Songling, 2018). In many emerging economies, SMEs provide most non-farm employment and form a critical foundation for industrialization, value addition, and inclusive development. Despite their importance, SMEs continue to face long-standing constraints that limit their growth and competitiveness. Common barriers include limited access to finance, weak managerial capacity, inadequate market information, regulatory challenges, and insufficient technological capabilities (Yahaya, 2023). To address these obstacles, governments and development agencies have increasingly invested in non-financial support mechanisms such as business advisory services, mentorship programs, skills training, market linkages, and regulatory guidance. Evidence indicates that when these advisory interventions are well designed and appropriately targeted, they can significantly enhance managerial capabilities, operational efficiency, and market access, ultimately improving firm performance (Agarwal, 2021).

Government business advisory strategies generally seek to strengthen entrepreneurial decision-making, improve business planning, enhance regulatory compliance, and support market expansion. Empirical studies show that such interventions improve survival rates, increase productivity, and enhance profitability for SMEs, particularly when they are continuous, context-specific, and supported by follow-up engagement (Chikweche, 2023; Nyadida, 2021). However, the effectiveness of advisory services varies considerably, influenced by factors such as program delivery models, the nature of firms receiving the services, and regional business environments. In Kenya, government-led SME support initiatives delivered through national agencies, county governments, and specialized institutions aim to mitigate structural challenges faced by small businesses. Studies in the Kenyan context indicate that government support programs can positively influence SME performance, though the impact varies by region, firm size, and sector (Njeru, 2018; Nyanumba, 2018). Additionally, constraints such as limited awareness of available services, disparities in geographic service distribution, and inadequate monitoring and evaluation systems continue to limit the full impact of government advisory interventions.

The South Rift Region presents a unique socio-economic environment characterized by a mix of rural and urban enterprises, strong agricultural value chains, and diverse micro and small enterprises. Despite its economic potential, little empirical research has examined how government business advisory strategies influence SME performance in this region. This gap is significant because advisory programs may not produce uniform outcomes across different localities; instead, local infrastructure, institutional capacity, and entrepreneurial ecosystems play a crucial role in shaping program effectiveness (Agarwal, 2021; Nyadida, 2021). Therefore, there is a clear need for region-specific empirical studies to determine how government business advisory strategies relate to SME performance within the South Rift Region. Such localized evidence is essential for informing county-level policies, enhancing service design, and improving the targeting and delivery of advisory interventions. This study responds to this need by examining the relationship between government business advisory strategies and the performance of SMEs in Kenya's South Rift Region, thereby contributing to both scholarly discourse and practical policy recommendations.

1.1 Statement of the Problem

SMEs are central to Kenya's economic growth and employment creation, yet their performance remains constrained by persistent challenges, including limited managerial capacity, inadequate market information, and regulatory constraints (Songling, 2018; Yahaya, 2023). To address these barriers, the government has implemented

business advisory strategies, training, mentorship, regulatory support, and market linkage initiatives intended to enhance SME capabilities and competitiveness (Njeru, 2018). Although evidence shows that well-designed advisory services can improve firm growth and survival, their effectiveness remains uneven due to variations in program design, delivery, uptake, and contextual conditions (Agarwal, 2021; Chikweche, 2023; Nyadida, 2021).In Kenya, studies report mixed outcomes regarding the influence of government support on SME performance, with some noting positive effects and others highlighting low awareness, irregular access, and inadequate follow-up structures (Njeru, 2018; Nyanumba, 2018). These inconsistencies underscore the need for closer examination of advisory interventions within specific regional contexts where local factors shape program impact. The South Rift Region features diverse enterprise environments — rural, agro-based, and service-oriented — that may require tailored advisory approaches. However, empirical evidence on how government business advisory strategies affect SME performance in this region is lacking. This knowledge gap limits policymakers' ability to design context-responsive advisory interventions and hinders scholarly understanding of how regional dynamics mediate advisory outcomes. Therefore, an empirical investigation is necessary to establish the relationship between government business advisory strategies and SME performance in Kenya's South Rift Region.

1.2 Objective of the study

The objective of the study was to determine the relationship between government business advisory strategy and the performance of small and medium enterprises in Kenya's South Rift Region.

1.3 Research Hypothesis

There is no statistically significant relationship between the government's business advisory strategy and the performance of small and medium-sized enterprises in Kenya's South Rift Region

1.4 Significance of the study

This study is significant in several important ways. First, it contributes to the empirical understanding of how government business advisory strategies influence the performance of SMEs within a region that has received limited scholarly attention. By focusing on Kenya's South Rift Region, the study addresses a critical knowledge gap. It provides evidence that can guide both national and county governments in designing context-appropriate advisory interventions. Second, the findings will be valuable to policymakers and government agencies responsible for SME development. Insights from this research will inform the refinement of advisory programs, improve resource allocation, and support the development of tailored strategies responsive to the unique operational environments of SMEs in the South Rift. This will enhance the effectiveness, reach, and impact of government-led interventions. Third, the study will benefit SME support organizations, including business development service providers, financial institutions, and non-governmental agencies involved in enterprise capacity building. By identifying which advisory components most strongly influence firm performance, the study offers practical guidance for strengthening program design, delivery mechanisms, and follow-up support. Fourth, SMEs themselves stand to benefit from an improved understanding of how government advisory services can enhance operational efficiency, competitiveness, and growth. The study's findings can raise awareness among entrepreneurs about the value of advisory programs and encourage greater uptake of available services. Finally, the study contributes to academic literature by expanding theoretical and empirical knowledge on the role of government advisory strategies in SME development. It provides a basis for comparative studies across regions and sectors while offering insights that may inform future research on enterprise development and public policy in emerging economies.

2. Literature Review

This section reviews the existing literature on government business advisory strategies and SME performance. It examines the key theories that explain how advisory support influences firm outcomes and analyzes empirical studies that have investigated similar relationships in different contexts. By integrating both theoretical and empirical perspectives, the section establishes the foundation for the study and highlights the knowledge gaps that justify the focus on SMEs in Kenya's South Rift Region

2.1 Theoretical Review

This study is grounded in Resource Based View (RBV) theory. Wernerfelt (1984), as an alternative perspective for understanding why firms achieve different performance outcomes, first introduced RBV. Wernerfelt argued that organizations should be viewed as bundles of resources whose strategic value determines their competitiveness. The theory was later refined and firmly established by Barney (1991), whose contribution shaped RBV into one of the most influential frameworks in strategic management. Barney emphasized that a firm's resources and capabilities primarily drive its performance and the efficiency with which it deploys them to create value. RBV posits that firms can achieve sustained competitive advantage when they acquire or develop resources that meet four key criteria: valuable, rare, inimitable, and non-substitutable, commonly referred to as the VRIN attributes (Barney, 1991). Resources include both tangible assets, such as technology and financial capital, and intangible ones, such as managerial expertise, knowledge, organizational culture, and strategic routines. The theory argues that differences in resource endowments explain why some firms outperform others, even when operating under similar market conditions. Several scholars have made significant contributions to the development of RBV. Prahalad and Hamel (1990) expanded the perspective by introducing the concept of core competencies—organizational strengths that integrate knowledge and technology into difficult-to-replicate capabilities. Grant (1991) further argued that competitive advantage arises from the effective coordination and integration of internal resources, while Peteraf (1993) explained how resource heterogeneity and imperfect mobility sustain competitive advantage over time. These contributions collectively

enriched RBV and solidified its theoretical foundation. Despite its strengths, RBV has attracted several critiques. Priem and Butler (2001) criticized the theory for being tautological, arguing that resource value is often inferred from firm success rather than objectively measured. Others contend that RBV insufficiently accounts for external forces such as industry dynamics, rapid technological change, and regulatory shifts, which also shape firm performance. Moreover, RBV has been criticized for its static nature, prompting later scholars to propose the Dynamic Capabilities View to explain how firms adapt, reconfigure, and renew their resources in changing environments. RBV is particularly relevant to the present study because government business advisory strategies serve as critical external inputs that enhance SMEs' internal capabilities. Advisory services, such as training, mentorship, regulatory guidance, and market information, build managerial skills, improve decision-making, strengthen planning competencies, and enhance operational efficiency —resources that are often scarce among SMEs in the South Rift Region. When SMEs internalize these capabilities, they become valuable and difficult for competitors to imitate, thereby improving firm performance. Consequently, RBV provides a strong theoretical lens for understanding how government business advisory strategies contribute to SME performance, as the theory links enhanced internal capabilities directly to improved outcomes.

2.2 Empirical Review

Business advisory strategies are widely recognized as critical drivers of SME performance. Arabska (2017) views business advisory strategies as structured forms of support provided to SMEs, while Otengo (2016) explored the determinants influencing SMEs' utilization of advisory services and conceptualized business advisory as the assistance offered to enterprises to enhance their performance. According to these scholars, business advisory services influence SME performance by strengthening innovation, production efficiency, and human resource management, which are key predictors of organizational performance. For example, Niewoehner, Asmar, and Wortmann (2019), Kiende, Mukulu, and Odhiambo (2019), and Singh and Hanafi (2020) all posit that innovations relating to products, processes, and services have a positive and significant impact on SME performance. Within the Ghanaian context, Oteng, Emmanuel, and Ackah (2016) examined the role of business advisory services on SME performance and noted that such services, particularly those provided through government support, are designed to build business capacity and improve performance outcomes. They argued that business advisory interventions enhance SME performance by equipping enterprises with essential skills and technical expertise that stimulate innovation in business operations. Their study further observed that advisory services positively influence managerial functions within SMEs, leading to improved performance indicators. Additionally, the authors reported that advisory services enable SMEs to tap external expertise and resources, which strengthens overall operational efficiency. Business advisory services can be deployed across multiple functional areas to address diverse performance needs among SMEs. Jovin, Eremic-Djodjic, Laban, and Milic (2017) examined the deployment of financial and business advisory services and found that such interventions mitigate skill deficiencies among SME owners. Their findings indicated that advisory services enhance access to expert knowledge in marketing, finance, and productivity management—all of which are associated with improved performance.

Songling, Ishtiaq, Anwar, and Ahmed (2018) further observed that government-supported advisory programs enhance the competitive positioning of SMEs by enabling them to access new markets and stay informed about market dynamics. Several scholars, including Min and Kim (2021) and Rois, Kartika, Budiman, Komarudin, and Hadi (2021), emphasize that access to new markets enhances SME performance by increasing sales and generating revenue. Nakku, Agbola, Miles, and Mahmood (2020), in a study focusing on government support services in developing countries, found that advisory interventions often facilitate the development of new products that enable SMEs to enter new markets. Market penetration—identified as a key performance indicator—has been linked to improved SME outcomes by studies such as Adamu (2020) and Otieno, Momanyi, and Omari (2020), who argue that it enhances market share and strengthens firms' competitive positions globally. Further evidence from East Africa highlights similar trends. In Rwanda, Barungi (2017) examined the influence of business development services on SMEs' financial access. Using a mixed-methods approach with structured questionnaires, the study conceptualized business advisory as assistance aimed at improving enterprise performance. The findings revealed that advisory services improve production methods, expand market opportunities, and enhance technical capacities. Barungi also concluded that business advisory services facilitate access to credit by equipping SMEs with the knowledge required to meet financing criteria. The study further emphasized that advisory interventions support SMEs in solving managerial and operational problems and in identifying and exploiting new business opportunities.

In Kenya, Muiruri (2020) analyzed the effect of business advisory services offered through university incubators on SME performance. These services included capacity building in business planning, financial management, mentorship, coaching, and sales and marketing. The study reported that these advisory components significantly enhanced SME performance, particularly through improved financial management, business proposal development, marketing strategies, record keeping, and presentation skills. The existing literature supports these findings: Rugui and Omagwa (2018) and Sunday et al. (2020) found strong links between financial management skills and SME performance, while Chepkoech and Nassiuma (2019) and Aladejebi and Oladimeji (2019) reported that effective record-keeping enhances access to credit and improves business management. Evidence from the wider African region also underscores the value of mentorship as a business advisory tool. In a study examining SMEs supported by the Tony Elumelu Foundation, Gikabu (2020) established that mentorship positively influences SME performance. The study found that mentorship improves decision-making, stimulates new product development, and encourages the adoption of innovative business solutions. Additionally, mentorship programs have been shown to help entrepreneurs

refine business ideas and strengthen operational strategies, thereby enhancing overall performance.

2.3 Conceptual Framework

The conceptual framework illustrates the hypothesized relationship between the study variables. It provides a visual and theoretical basis for examining how government business advisory strategies influence the performance of small and medium enterprises. It integrates insights from the Resource-Based View (RBV), which posits that external support enhances a firm's internal capabilities, thereby improving performance. Guided by empirical literature, the framework identifies business advisory strategy as the independent variable and SME performance as the dependent variable, outlining how specific advisory components are expected to shape firm outcomes. This framework, therefore, serves as the foundation for the study's hypotheses and guides subsequent data collection and analysis.

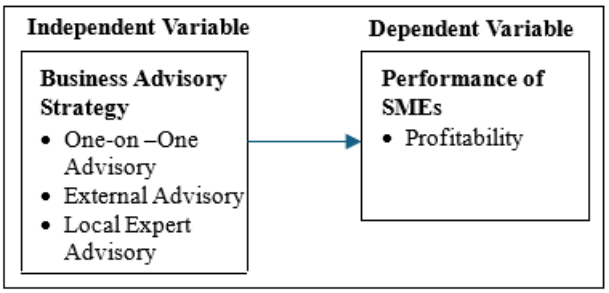

Figure 1: Conceptual Framework

3. Research Methodology

This study was anchored on a positivist research philosophy, which assumes that reality is objective, measurable, and best understood through empirical observation. Positivism was appropriate because the study sought to test the relationship between business advisory strategy and SME performance using quantifiable data. Guided by this philosophy, a correlational research design was adopted to examine the direction and strength of the relationship between the variables without manipulating the study environment, in line with Creswell and Creswell's (2018) recommendations for studies seeking statistical associations. The target population comprised 939 SME owners operating in Kenya's South Rift Region, specifically in Baringo, Bomet, Kericho, Laikipia, Nakuru, Narok, and Nyandarua counties, and certified by the Kenya Bureau of Standards. A stratified sampling technique was used to ensure proportional representation across counties, as stratification is suitable where populations are heterogeneous (Kothari, 2014). Using Yamane's (1967) sampling formula at a 95% confidence level, a sample of 280 respondents was obtained.

Data collection relied on a structured questionnaire that captured demographic details, business advisory strategy indicators, and SME performance measures, consistent with recommendations by Mugenda and Mugenda (2019). Instrument validity was enhanced through a pilot test involving 28 SME owners in Nairobi's Central Business District (10% of the sample), whose feedback informed refinements in clarity and content. Reliability was assessed using Cronbach's alpha, with a minimum threshold of 0.70 adopted in line with Nunnally and Bernstein (1994). Prior to data collection, the researcher obtained authorization from the Institute of Postgraduate Studies, ethical clearance from the Kabarak University Research Ethics Committee (KUREC), and a research permit from the National Commission for Science, Technology and Innovation (NACOSTI). Additional permissions were secured from county authorities and SME administrators. Respondents were provided with informed consent statements, ensuring they understood the study purpose, voluntary participation, and potential risks, as recommended by Portney (2020). Data were collected through Drop-Off and Pick-Up (DOPU), online Google Forms, and telephone interviews. The DOPU method was particularly effective as it allowed respondents to complete questionnaires at their convenience, thereby improving response rates and data quality (Kanika, 2015; Gathii *et al.,* 2019a). Confidentiality was strictly maintained by storing data in locked cabinets and ensuring it was archived and later destroyed in accordance with ethical requirements.

Data analysis was conducted using SPSS and involved both descriptive and inferential techniques. Descriptive statistics, including means, standard deviations, frequencies, and percentages, were used to summarize respondent characteristics and variable patterns. Inferential analysis entailed correlation tests to establish the strength and direction of the relationship between business advisory strategy and SME performance, and simple linear regression to assess the predictive influence of the independent variable. The regression model employed was $Y = \beta_0 + \beta_1 X_1 + \epsilon$, where SME performance was regressed on business advisory strategy. ANOVA was used to test the model's statistical significance. Throughout the study, ethical principles were upheld, including voluntary participation, informed consent, confidentiality, and compliance with approvals from KUREC and NACOSTI.

4. Findings of the Study

This section presents the study's key findings, based on data collected from SME owners in Kenya's South Rift Region. The results were organized according to the study objectives and include both descriptive and inferential statistics. Descriptive findings highlight respondent characteristics and the distribution of responses to business advisory strategy and SME performance, while inferential analyses, including correlation and regression, examine the nature and strength of the relationships between the variables. The findings are presented in tables accompanied by brief interpretations to support a clear understanding and linkage to the study objectives.

4.1 Response Rate

This section presents the response rate achieved in the study, which reflects the proportion of questionnaires completed and returned by the targeted SME owners. A high response rate enhances the credibility, representativeness, and generalizability of the findings, making it an important indicator of data quality in survey-based research. The response rate obtained in this study is summarized in Table 1.

Table 1: Response Rate

Description	Distributed Questionnaires	Responses Received	Response Rate (%)
Total	280	229	81.8

A total of 280 questionnaires were distributed to SME owners across the South Rift Region. Of these, 229 were completed and returned, yielding a response rate of **81.8%**. According to Mugenda and Mugenda (2019), a response rate above 70% is considered excellent for survey research; therefore, the achieved response rate was adequate for reliable data analysis and interpretation

4.2 Descriptive Statistics for Government Business Advisory Strategy

The study sought to assess the extent to which SMEs in Kenya's South Rift Region benefit from government-led business advisory services and the perceived effectiveness of these advisory strategies. Respondents were asked to indicate their level of agreement with various statements describing government support, using a five-point Likert scale where 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A), and 5 = Strongly Agree (SA). The descriptive statistics for each item, including the mean and standard deviation, provide insights into SME owners' perceptions of the accessibility, relevance, and usefulness of government business advisory initiatives. These results are presented in Table 2.

Table 2: Descriptive Statistics for Business Advisory Strategy

Statements	SD Freq. (%)	D Freq. (%)	N Freq. (%)	A Freq. (%)	SA Freq. (%)	Mean	Std. Dev
The government provides business advice to diverse SMEs.	42 (18.3%)	65 (28.4%)	48 (21.0%)	49 (21.4%)	25 (10.9%)	2.78	1.279
The government provides business advice within the SME premises.	48 (21.0%)	72 (31.4%)	51 (22.3%)	41 (17.9%)	17 (7.4%)	2.59	1.182
The government often utilizes area experts to provide SMEs with business advice.	41 (17.9%)	68 (29.7%)	46 (20.1%)	50 (21.8%)	24 (10.5%)	2.77	1.259
Government business advisory services often lead to the tapping of external resources for SMEs.	44 (19.2%)	70 (30.6%)	52 (22.7%)	44 (19.2%)	19 (8.3%)	2.66	1.196
Government business advisory services often lead to tapping experts on diverse business aspects for SMEs.	46 (20.1%)	74 (32.3%)	49 (21.4%)	42 (18.3%)	18 (7.9%)	2.61	1.208
SMEs can make better decisions because of government business advisories.	45 (19.7%)	69 (30.1%)	50 (21.8%)	45 (19.7%)	20 (8.7%)	2.67	1.226
Government business advisory services help develop new products and services.	43 (18.8%)	67 (29.3%)	47 (20.5%)	49 (21.4%)	23 (10.0%)	2.74	1.264
Government business advisory helps adopt innovative business processes.	44 (19.2%)	69 (30.1%)	49 (21.4%)	46 (20.1%)	21 (9.2%)	2.69	1.212
Government business advisory is useful in addressing business challenges.	45 (19.7%)	68 (29.7%)	48 (21.0%)	46 (20.1%)	22 (9.6%)	2.7	1.239
Average	—	—	—	—	—	2.69	1.229

The descriptive findings presented in Table 2 indicate generally low to moderate levels of agreement among respondents regarding the provision and effectiveness of government business advisory strategies. Across all nine statements, the mean scores ranged from 2.59 to 2.78, with an overall average of 2.69, suggesting that respondents tended to be neutral or slightly disagreeing with most statements. This implies that government advisory support is perceived as inadequate or inconsistently delivered among SMEs in the South Rift Region.

The statement *"The government provides business advice to diverse SMEs"* recorded a mean of **2.78**, the highest in the category, though still below the midpoint of 3.00. This suggests that while some SMEs acknowledge receiving advisory support, a substantial proportion do not consistently experience it. Similarly, the perception that the government utilizes area experts to provide business advice (M = 2.77) and that advisory services help develop new products and services (M = 2.74) indicates only modest agreement, suggesting limited expert engagement and limited innovation facilitation.

Statements relating to onsite support and access to external resources scored lower, with means of 2.59 and 2.66, respectively. These low scores suggest that SMEs rarely receive advisory services on their premises and that government programs may not adequately facilitate access to external expertise and resources. The perception that advisory services aid in the adoption of innovative processes (M = 2.69) and assist SMEs in addressing business challenges (M = 2.70) also reflects moderate effectiveness.

The consistent pattern of relatively high standard deviations (ranging from 1.182 to 1.279) indicates considerable variability in respondents' experiences with business advisory services. This variability suggests that while some SMEs may benefit from government support, others receive little to none, pointing to uneven distribution or inconsistent implementation of advisory programs across the region.

Overall, the descriptive findings suggest that government business advisory strategies are not strongly felt or consistently implemented among SMEs in the South Rift Region. The relatively low item means, combined with the overall mean of 2.69, indicate that respondents generally held neutral to slightly negative perceptions of the availability and usefulness of government advisory services. Additionally, the overall standard deviation of 1.229 points to substantial variability in responses, suggesting that while some SMEs

may have benefited from advisory interventions, many others experienced limited or no support. This pattern highlights the need greater accessibility and consistency in business advisory service delivery across the region.

4.3 Correlation Analysis

A correlation analysis was conducted to assess the strength and direction of the relationship between the government business advisory strategy and SME performance in Kenya's South Rift Region. The Pearson correlation coefficient (r) was used to measure the linear association between the variables. This analysis helps determine whether changes in the effectiveness of government business advisory support are associated with corresponding changes in SME performance, thereby providing a foundation for subsequent regression analysis.

Table 3: Correlation Matrix

Variables	Business Advisory Strategy	SME Performance
Business Advisory Strategy	1	0.684**
SME Performance	0.684**	1

Note: Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis revealed a strong positive relationship between government business advisory strategy and SME performance, with a Pearson correlation coefficient of r = 0.684, statistically significant at the 0.01 level. This indicates that SMEs receiving more effective business advisory support—such as expert guidance, managerial assistance, on-site support, and decision-making facilitation—tend to perform better. The strong positive correlation suggests that improvements in the quality, availability, and relevance of government advisory services are associated with significant gains in SME growth, competitiveness, innovation, and operational efficiency.

This relationship also implies that government advisory interventions contribute meaningfully to building internal capabilities that enhance SME outcomes, consistent with the Resource-Based View (RBV), which emphasizes the role of strategic resources and competencies in firm performance. Although the correlation is strong, it does not imply that business advisory support is the only determinant of performance; other factors, such as credit access, market linkages, technology adoption, and entrepreneurial orientation, may also influence SME outcomes. These findings align with existing empirical studies indicating that advisory support positively affects managerial decision-making, innovation, and strategic planning, thereby improving SME performance. Overall, the strong and significant correlation underscores the importance of government business advisory strategies in strengthening SME capacity and enhancing business performance across the South Rift Region.

4.4 Model Summary

The simple linear regression model was estimated to examine the predictive relationship between government business advisory strategy and SME performance. The results are presented in Table 4.

Table 4: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.684	0.468	0.465	0.521

Note: Dependent Variable: SME Performance; Independent Variable: Business Advisory Strategy

The Pearson correlation coefficient (R) of 0.684 indicates a strong positive relationship between business advisory strategy and SME performance, consistent with the earlier correlation analysis. The coefficient of determination (R^2 = 0.468) shows that government business advisory strategy explains approximately 46.8% of the variance in SME performance. The Adjusted R^2 of 0.465, which accounts for sample size, provides a nearly identical value, confirming the model's robustness. The standard error of the estimate (0.521) indicates the average distance between observed SME performance scores and the regression line. These results suggest that business advisory strategy is a strong predictor of SME performance; however, the remaining 53.2% of unexplained variance implies that other factors, such as credit access, entrepreneurial skills, market linkages, and business environment, also influence SME outcomes. This underscores the need for a multidimensional support framework for SMEs in the South Rift Region.

4.5 Analysis of Variance (ANOVA)

The Analysis of Variance (ANOVA) was conducted to determine whether the regression model significantly predicts SME performance based on business advisory strategy. The results are presented in Table 5.

Table 5: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	75.321	1	75.321	200.72	0.000**
Residual	85.463	227	0.377	—	—
Total	160.784	228	—	—	—

Note: Dependent Variable: SME Performance; Independent Variable: Business Advisory Strategy
Significance level: p < 0.01

The ANOVA results show that the regression model is statistically significant, F (1, 227) = 200.72, p < 0.01, indicating that business advisory strategy significantly predicts SME performance in Kenya's South Rift Region. The regression sum of squares (75.321) reflects the variation in SME performance explained by business advisory strategy, whereas the residual sum of squares (85.463) represents variation not explained by the model. The significant F-value confirms the model's predictive validity and the positive association observed in the correlation analysis.

4.5 Regression Coefficients

Regression coefficients were estimated to determine the influence of business advisory strategy on SME performance. The results are presented in Table 6.

Table 6: Regression Coefficients

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (β)	t	Sig.
Constant	1.257	0.121	—	10.39	0
Business Advisory Strategy	0.245	0.017	0.684	14.17	0

Note: Dependent Variable: SME Performance; Significance level: $p < 0.01$

The regression results show that the business advisory strategy has a positive, statistically significant influence on SME performance ($B = 0.245$, $p < 0.01$). This indicates that for every one-unit increase in business advisory strategy, SME performance increases by 0.245 units, holding other factors constant. The standardized coefficient ($\beta = 0.684$) indicates a strong effect size, suggesting that business advisory strategy is a major contributor to SME performance. The t-value ($t = 14.17$) confirms the predictor's statistical significance, reinforcing earlier findings from the correlation ($r = 0.684$). These results emphasize that improving the availability, quality, and consistency of government advisory support can substantially enhance managerial decision-making, innovation, and competitiveness among SMEs. From a policy standpoint, strengthening mentorship programs, expert advisory networks, and on-site technical support could significantly improve SME performance across the region.

4.6 Hypothesis Testing

The study tested the null hypothesis that the government business advisory strategy has no statistically significant relationship with SME performance in Kenya's South Rift Region. The correlation analysis revealed a strong positive relationship between the two variables ($r = 0.684$, $p < 0.01$). This indicates that improvements in government business advisory services are associated with increases in SME performance. Further analysis supported this finding. The ANOVA results showed that the regression model significantly predicts SME performance, with $F(1, 227) = 200.72$, $p = 0.000$, indicating a significant model. The regression coefficients also confirmed the predictive influence of business advisory strategy. The unstandardized coefficient for the independent variable was $B = 0.245$, with a p-value of 0.000, demonstrating that business advisory strategy has a statistically significant effect on SME performance. The standardized coefficient ($\beta = 0.684$) further indicated a strong effect size, although the decision to accept or reject the hypothesis is based on the p-value associated with the unstandardized coefficient. Since all the reported p-values, including those from the correlation, ANOVA, and regression analyses, are below the 0.05 threshold, the study rejects the null hypothesis. It concludes that the government business advisory strategy has a strong, positive, and statistically significant relationship with SME performance in Kenya's South Rift Region. This underscores the importance of strengthening government advisory interventions to enhance SME decision-making, innovation capacity, competitiveness, and overall business.

5. Summary, Conclusions, and Recommendations

5.1 Summary of Findings

The study examined the effect of the government's business advisory strategy on the performance of SMEs in Kenya's South Rift Region, using both descriptive and inferential statistical analyses. Descriptive results revealed generally low to moderate levels of agreement regarding the availability, accessibility, and usefulness of government business advisory services. The overall mean score for this variable was 2.69, with a standard deviation of 1.229, indicating that most SME owners were either neutral or slightly disagreed that advisory services were effectively provided. This suggests variability in how different SMEs experienced advisory support, with many reporting limited or inconsistent access to expert guidance, onsite support, and decision-making assistance. Inferential statistics further illuminated the relationship between the variables. Correlation analysis revealed a strong, statistically significant positive relationship between the government business advisory strategy and SME performance ($r = 0.684$, $p < 0.01$). Regression analysis supported this finding, with the model explaining 46.8% of the variance in SME performance ($R^2 = 0.468$, Adjusted $R^2 = 0.465$). The ANOVA results confirmed that the model was statistically significant ($F(1, 227) = 200.72$, $p = 0.000$). Regression coefficients confirmed a strong positive influence of business advisory strategy on SME performance ($B = 0.245$, $p = 0.000$), indicating that improvements in advisory support lead to meaningful increases in SME performance. The hypothesis test further confirmed these results. Since the p-values from the correlation, ANOVA, and regression analyses were all below the 0.05 significance threshold, the study rejected the null hypothesis. This established that the government business advisory strategy has a statistically significant and positive effect on SME performance in Kenya's South Rift Region.

5.2 Conclusions

Based on the findings, the study concludes that the government business advisory strategy is a critical determinant of SME performance in the South Rift Region. SMEs that receive structured advisory support —including expert consultation, managerial guidance, on-site technical assistance, and decision-making support —tend to perform better in terms of growth, efficiency, innovation, and competitiveness. However, the descriptive results reveal that many SMEs still face challenges in accessing these advisory services. The relatively low mean scores suggest that delivery of business advisory services is uneven, inconsistent, or insufficiently accessible to SMEs across the seven counties. Despite these limitations, the strong inferential results demonstrate that when advisory services are effectively implemented, they can significantly enhance SME outcomes. Therefore, the study concludes that strengthening the design, coordination, and delivery of government advisory programs can produce substantial benefits for SMEs and contribute to broader regional economic development.

5.3 Recommendations

Based on the study's findings, the following recommendations are proposed to strengthen government business advisory strategies and improve SME performance in Kenya's South Rift Region. The suggestions arise from evidence indicating that advisory services positively influence performance, though their delivery remains inconsistent. The recommendations, therefore, highlight key policy and practical actions to enhance the reach, quality, and effectiveness of advisory support, as well as areas where further research is needed to deepen understanding and inform future interventions.

5.3.1 Policy and Practice Recommendations

The study recommends that both national and county governments strengthen the delivery of business advisory services by establishing well-structured, adequately resourced advisory units capable of providing continuous support to SMEs. Building partnerships with universities, professional bodies, and business development organizations would enhance access to sector-specific expertise, while expanding digital and onsite advisory platforms—such as mobile clinics and online portals—would improve accessibility across the region. Integrating advisory services into existing government credit programs would ensure SMEs receive both financial and technical support, increasing the effectiveness and sustainability of funded initiatives.

On the practical side, SMEs are encouraged to actively participate in advisory programs to improve their managerial and technical competencies. Strengthening internal capacity through staff development will improve the application of advisory insights, while involvement in mentorship networks and industry associations can enhance knowledge sharing and collaborative problem solving. SMEs should integrate advisory recommendations into strategic decisions across planning, budgeting, marketing, and innovation to strengthen performance and competitiveness.

5.3.2 Recommendations for Further Research

The study identifies several areas that require further scholarly exploration. Future research should examine moderating or mediating variables, such as entrepreneurial orientation, technological adoption, and the business environment, that may influence the relationship between business advisory strategies and SME performance. Longitudinal studies are recommended to assess the long-term effects of advisory interventions on enterprise outcomes. Comparative studies across regions or sectors would help determine whether the effectiveness of advisory strategies varies across economic contexts. Qualitative research methods, such as interviews and case studies, could provide deeper insights into SMEs' experiences with advisory services. Finally, further research should investigate how business advisory services interact with other government interventions, such as credit access, training, and market linkages, to shape SME performance collectively.

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