

An Analysis of Entrepreneurship Aspects of Current Training Programs Conducted on Practicing Micro and Small Enterprises (MSEs): A Case Study of Roysambu

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Abstract

This study sought to analyze entrepreneurial aspects of current training methods administered to micro and small enterprises (MSEs) in Roysambu. More specifically, the study aimed at understanding the mode of training conducted to MSEs within Roysambu (a suburb in Nairobi) in an effort to increase its entrepreneurial aspects. Descriptive research design was employed and the population was sampled through stratified random sampling. Structured questionnaires and observation schedules were used to collect data. Data gathered was analyzed and presented using descriptive statistics, processed by Microsoft Office Excel and SPSS and presented using graphs, pie charts, tables and percentages. Results of this study indicated that MSEs owners/managers lack key entrepreneurial traits and capabilities, most training conducted on MSEs did not cover key entrepreneurial areas and methods used were less practical and had poor feedback mechanisms. In a bid to solve above issues, the study recommended that a vibrant entrepreneurship training program must be established at Roysambu.

Keywords: Micro and Small Enterprises, Roysambu, Training Needs Analysis, Training Program

Introduction

In recent years, many industrialized countries have suffered from economic recession, high unemployment rates and fluctuation in international trade cycles to a degree not experienced since World War II" (Garavan and O'Kinneide , 2004). As a result, the attention paid by policy makers and political decision makers to entrepreneurs as a possible solution to rising unemployment rates and as a way of ensuring economic prosperity has increased. Particularly, emphasis is being laid on the role of SMEs as they have the ability to adapt to the changing environment and the fact that their structures allow them to adjust to technical changes at a rate that is fast enough for their survival. Many countries have realized this and are preparing new policy measures to support small firms and entrepreneurship in general. Efforts are also being directed at promoting entrepreneurship training in an effort to enhance and sustain innovative activities and capabilities.

Small and Micro Enterprises (MSEs) play an important role in the economy. In Kenya, for example, the MSE sector created 390,000 jobs out of a total of 446,000 new jobs in 2009 (Mwaura, 2010). Despite their significance, MSEs are faced with the threat of failure. Past statistics indicate that 60% of these businesses fail within their early stages of operation (Kenya National Bureau of Statistics, 2009). According to Mutai (2011), "it is now recognized that promotion of the MSE sector is a viable and dynamic strategy for achieving national goals, including employment creation, poverty alleviation and balanced development between sectors and sub-sectors." The health of the economy as a whole has a strong relationship with the health and nature of micro and small enterprise-the main segment of the informal sector" (Mead, 1998). If the micro enterprises sector is to continue absorbing more people and give a modest, but reasonable return on their labor, it is crucial to increase its skill levels. The pool of local entrepreneurial talent must be expanded in order to widen and run existing and new ventures.

Most training is still based on small business training rather than entrepreneurship. Courses offered focus on training the traditional manager and not the entrepreneur (Antonites, 2003). Lack of training on skills for growth-oriented business is thus evident. Furthermore, there is a deficiency in models directly addressing creativity, innovation and opportunity findings as part of entrepreneurship training. Therefore, the trained are not able to differentiate between a business idea and an opportunity. "Effective entrepreneurship training depends on knowing what results are required for the individuals involved" (Tolentino, 1995). Consequently, analyzing training needs is a vital prerequisite for any effective entrepreneurship training program. Indeed, sustaining employment in the informal sector is pegged on entrepreneurial skills.

Statement of the Problem

The government of Kenya, through its Sessional Paper Number 2 of 2005 on "Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction," recognizes the need to undertake skills upgrading for MSEs (Government of Kenya, 2005). This is in partial recognition of the fact that owners of small businesses have to manage complex and diverse interactions within their business. Consequently, they have to possess certain competences to manage their businesses. Some of these competences are acquired naturally but most are gained through training. Despite these efforts, in Kenya and most Sub-Saharan countries, the training sector has generally proven to be incapable of responding to the changing needs of the MSEs (Haan, 2001).

In Kenya, the problems within the MSE sector are partially related to the fact that existing training programs do not provide an appropriate response to their training needs. Much of the training provided to MSE's is on normal business functions rather than entrepreneurship. Consequently, knowledge and skills levels gained during these trainings cannot help the MSEs move from survival to growth. Excellent entrepreneurship training depends on knowing what outcomes are required for the targeted individuals. The design and content of specific training intervention in the micro enterprise sector is only truly effective when promoters tailor it to the social and economic circumstances of the targeted MSEs (Garavan and O'Cinneide, 2004). Consequently, analyzing training needs is a vital prerequisite for any effective entrepreneurship training program. Establishing an effective training program in Kenya will go a long way in increasing their sustainability and

competitiveness. Thus, this study emphasized the need for a proper entrepreneurship training model in Roysambu. For that reason, it aimed at analyzing MSEs trainings in Roysambu in an effort to enhance their entrepreneurial aspects.

Research Objectives

1. To perform training needs analysis for MSEs operators in Roysambu.
2. To assess the current MSEs training programs vis-à-vis the identified training needs in 1 above in Roysambu.
3. To make recommendations on how to enhance entrepreneurship aspects in the current MSE training programs in Roysambu.

Research questions

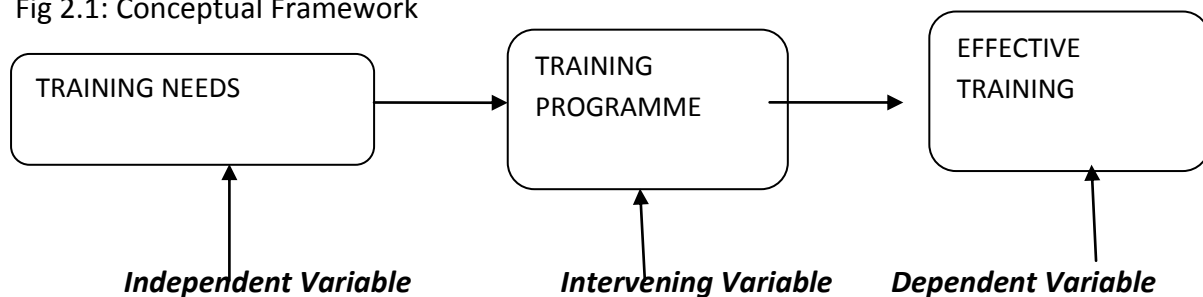
- a) What are the training needs for MSEs Operators in Roysambu?
- b) How does existing MSE straining programs meet the training needs indentified in (a) above in Roysambu?
- c) How can entrepreneurship aspects be enhanced in the current MSEs training programs?

Literature Review

Conceptual Frame Work

This research takes entrepreneurship training needs as the independent variable, training programs as the intervening variable end effective entrepreneurial training as the dependent variable.

Fig 2.1: Conceptual Framework

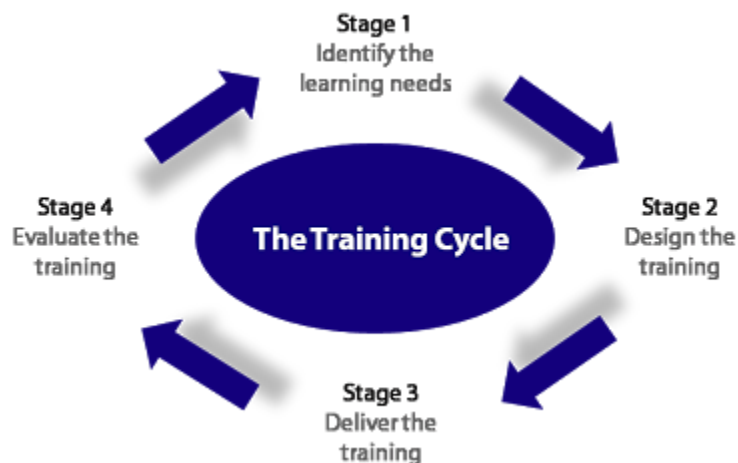


Training Programs

In his study, McPolin (2009) found out “designing a training program involves a sequence of steps that can be grouped into five phases: needs analysis, instructional objectives, design, implementation and evaluation.” Therefore, to be effective and efficient, all training programs must start with a needs analysis. According to **Tolentino** (1995), effective training depends on knowing what the training wants to achieve and the results required. Hence, analyzing training needs is a vital prerequisite for any effective training program. A training needs analysis is primarily conducted to determine where training is needed, what needs to be taught, and who needs to be trained (Anderson, 2000). Anderson (2000) adds that this analysis tells where and what kind of training programs are needed, who needs to be included, conditions under which training will occur, and criteria to guide training program..

If a training program exists and some training gaps have been identified, it should be reviewed in a way that addresses the discovered loops (Brown, 2002). On the other hand, selection of a new training component must be based on applicability, capability to meet the training requirements, and value versus cost of incorporating the new training program component. Most importantly, any recommendations made in a training program must add value, be feasible, and more likely accomplish the goals or aims of the training (McPolin, 2009).

Fig 2.2: Training Cycle (McPolin, 2009).



Effective Training: Entrepreneurship Training Verses Small Business Training

In his study, Gross (2005) argued that methods of training entrepreneurship should emphasize reality and experiments. Entrepreneurs learn through application, doing, experiences, examples and mistakes-their training must be practical in nature. Hence, Entrepreneurship training involves training on ways of introducing a new good, new method of production, opening a new market, conquering a new source of raw materials, and reorganizing an industry in a new way. Gross (2005) suggested that the critical factor distinguishing small business and entrepreneurial

owners is innovation. Entrepreneurs show more innovative combination of resources to achieve a profit, while small businesses focus on stability. According to Katz & Green, (2006), training in small businesses is less likely to plot growth strategies and is mostly interested in income generation rather than wealth creation. Entrepreneurial training, on the other hand, focuses on birth and growth of ideas. It also aims to create wealth, promote innovation and creativity and seek to form, where possible, strategic alliances.

Methodology

The MSEs owners or managers interviewed were arrived at by use of simple random procedures. In specific, stratified random sampling was used to sample the population. In this regard, the population was segregated into several mutually exclusive subpopulations or strata according to the sub-location where the MSE was located. To come up with the sample in each stratum, this research applied proportionate stratification based on the stratum's share of the total population. To come up with the appropriate training institution for the study, purposive/judgmental sampling was used. Structured questionnaires and observation schedules were used to obtain all the primary data. To ensure validity and reliability of the data collection instruments, a pre-test whose Cronbach alpha yielded a coefficient of 0.905 was conducted. Data gathered in the main research was analyzed using MS Excel and SPSS and presented through graphs, pie charts and tables.

Findings

The findings seemed to indicate that most businesses that participated in this research are faced with various challenges, which if not well-managed can lead to business failure. For instance, when the study inquired on the age of the MSEs, most of them were start-ups. Table 1 summarizes the results. 71% were less than three years old while only 29% were older. This either shows that there is a high failure rate or businesses are cropping out in Roysambu.

Table 1: Age of the SMEs

Age of the MSES	<3 years	>3years	Total
Frequency	50	20	70
Percentage	71	29	100

In addition, most owners/managers sampled were youths (as summarized in table 2). According to the results, 69% of the respondents fell in the 18-35 years age bracket while 31% were more than 31%.

Table 2: Age of the Sampled MSEs Owners/Managers

Age bracket	Frequency	Percentage
18-35 years	48	69
Over 35 years	22	31
Total	70	100

The study sought to find out which gender owned SMEs in Roysambu. Surprisingly, more females owned these businesses than men. As summarized by table 3, 40% of the businesses were owned by men and 60% by women.

Fig 3: Gender of the sampled MSEs owners/managers

	Frequency	Percentage
Male	28	40
Female	42	60
Total	70	100

After the respondents were asked to estimate the worth of their business, the following results were obtained. 60% of the businesses were worth less than 50,000 Kenyan shillings while 40% valued more than 50,000 (table 4).

Table 4: Worth Sampled MSE

Worth in Kshs	< 50,000	>50,000	Total
Frequency	42	28	70
Percentage		40	100

Data collected also seemed to indicate that majority of the respondent performed poorly in some sampled entrepreneurial traits and capabilities. Table 5 summarizes these finding. The sampled traits and capabilities included business planning, innovation, marketing, record keeping, understanding of business environment, customer care, risk taking, need for achievement and drive and determination.

Table 5: Entrepreneurship Capabilities/Traits of the Respondents

Capability/ Trait	Yes		No	
	Frequency	Percentage	Frequency	Percentage
Performs business planning	4	6%	66	94
Ability to offer customer care services	42	60%	28	40
Are innovative	16	23%	54	77
Have high need for achievement	70	100%	0	0
Willing to take calculated/reasonable risks	66	94%	4	6
Understands the market concept	0	0	70	100
Have drive and determination	50	71%	20	29
Keeps business records	31	44%	39	56
Understands business environment	9	13%	61	87

The results of this study further indicated that training is mainly conducted by non-governmental organizations in Roysambu. Table 6 provides this summary. The government conducts only 10% of the training.

Table 6: Type of Training Institution

Type of Training Institutions	Government	Non-governmental Organizations	Total
Frequency	1	9	10
Percentage	10	90	100

The results of this study appeared to show that the majority of training institutions did not convincingly train the businesses on the key entrepreneurial areas (table 7). Areas mainly trained by all the institutions were financial management and business financing. A few or none trained in the other areas.

Table 7: Type of Training Offered by the Training Institutions.

TYPE OF TRAINING	NUMBER OF TRAINING ORGANIZATION	PERCENTAGE
Financial Management	10	100%
Business Financing	10	100%
Human Resource Management	1	10%
Marketing	2	20%
Customer Relations	2	20%
Business Planning	9	90%
Quality Control and Research	0	0%
Business development stages	10	30%
Innovation in MSEs	0	0%

All training institutions interviewed principally used the tradition methods such as lecturing during their training while 70 % applied mentorship programs (table 8). Only a handful (10%) used interactive methods such as demonstrations, exchange programs, exhibitions and common interest groups.

Table 8: Training Methods Used

Training method	Number of trainers using the method	Percentage
Lectures	10	100
Demonstrations	1	10
Exchange programs	1	10
Mentorship programs	7	70
Exhibitions	1	10
Common interest groups	1	10

After the training institutions were asked to estimate the worth of businesses they trained, the following results were obtained. 10% of the training institutions trained businesses worth less than 50,000 Kenyan shillings while 90% trained businesses valued more than 50,000 Kenyan shillings (table 9).

Table 9: Worth of Initially-Trained MSE

Worth in Kshs	< 50,000	>50,000	Total
Frequency	42	28	70
Percentage		40	100

Finally, the study revealed that less than half of the training institutions did follow-ups on the training they undertook as shown in table 9. For that reason, only 40% of these institutions obtain feedback on the usefulness of their training as compared to 60% who did not. Consequently, a few owners/managers are corrected on mistakes made in their day to day running of their business.

Table 9. Number of Training Organizations Doing Follow Up After Training

	Does follow-up	Doesn't do follow-up
Frequency	4	6
Percentage	40%	60%

Summary and Discussion of Research Findings

To analyze the current MSEs' training programs in Roysambu with the aim of enhancing their entrepreneurial aspects. Several variables were put to test and varied results were obtained. Just like most parts of Kenya, businesses studied were found to be young. Given that Roysambu is a busy area (located in an urban setting); this is an indication of high failure rates or budding businesses. Most businesses standing are, thus, at their infant stage and are yet to stand the test of time. Such businesses require more support than older business to survive. Therefore, this research confirms there is need to train their owner/managers in the earliest stage possible in order to save them from collapse.

Most people who run MSEs in Roysambu are either youths or women. Women and youths are members of the special groups of entrepreneurs who require exceptional treatment. There is a common belief that younger founders appear to inspire waves of innovation, as is the case with Facebook and Google (Ressi, 2011). Offering training is, hence, a sure way of sustaining youth-managed enterprises. Female-owned businesses are less successful than male-owned because women have limited experience and know-how in business management (Fairlie & Robb, 2009). Fairlie & Robb (2009) continued to state that female business owners may have different preferences for their businesses' goals from men, which may have implications on business outcomes. This means that men are prone to running businesses as lifestyles. Therefore, necessary entrepreneurial skills must be instilled in women to help them resist other temptations and concentrate on their businesses.

According to the research study, most of the training organization do not train majority of businesses in Roysambu. This is because businesses are seemingly micro in terms of their worth-most were valued at less than 50,000 Kenyan shilling. In most instances, larger companies are selected and given priority over small businesses in training and other business development services. Citing Amyx (2005), Bowen, Morara and Mureithi (2009) reiterated that one of the most serious challenges facing the MSEs is the negative perception towards them. This research confirms Bowen, Morara and Mureithi (2009) fears. Training is one of the business development services that SMEs are discriminated against

From the results, it is evident that the majority of respondents were poor in some sampled entrepreneurial traits and capabilities. Sadly, the study also confirmed that majority of training institutions did not satisfactorily train businesses on the key entrepreneurial areas. For that reason, training institutions do not focus their training on key entrepreneurial areas. An entrepreneur is differentiated from a business man by entrepreneurial skills. Research shows

that entrepreneurship training should involve training on ways of “introducing a new good, new method of production, opening a new market, conquering a new source of raw materials, and reorganizing an industry in a new way” (Gross, 2005). This statement distances entrepreneurship training from small business training that is apparently the main type of MSE training practiced in Roysambu. Entrepreneurship training must help the trained in generating ideas and transforming them into viable growth-oriented business. This philosophy must form an unconditional and integrated necessity in entrepreneurship training programs. Traditional methods such as lecturing, although favored over demonstrations, exchange programs, exhibitions and common interest groups in Roysambu, lay little emphasis on practice and are less interactive

From the findings, almost all training programs are run by the private sector. Although Levin and Tedelis (2010) indicate that the private sector run public services more effectively, in Kenya the government runs training meant for the common citizens better. Success in the Ministry of Agriculture is enough proof that the government must increase its presence in training the SMEs. Finally, it is fair to state that majority of the trainers did not do follow-ups after training. As a result, there is no sensible method of getting feedback and correcting the wrongs made by the MSEs after the trainings. Liudmila, Velichko & Romanenkov (1996) reiterated that training in the micro enterprises sector should be tailored for specific target groups and should meet particular needs. In addition, the training process must be based on a stage-by-stage progress plan taking into account trainees’ response and their motivation since what is taught is meant to be applied sooner or later.

Conclusions

The Micro and Small Enterprises Sector (MSEs) in particular, plays a significant role in the economy of Kenya as reflected in its contribution to the GDP and fulfilling aspirations of Vision 2030 through the economic pillar. Promotion of this sector is an opportunity for the informal sector to contribute towards industrialization and creation of decent jobs and wealth (Amenya, 2007). The very essence of small business is the entrepreneur’s personal day to day handling of transaction and other relationships with customers, marketing channels, suppliers, bankers, workers, regulatory authorities, peers, friends, family and other stakeholders in the business environment (Gibb, 1997). Thus, it must be assured that SMEs in Roysambu have the capability to handle their transaction efficiently. In other words, necessary training must be instilled in them based on a good analysis of their training needs. The more a business knows about its operations, the better it meets its own need and those of its customers. Therefore, training is indispensable to any business desiring success. Maundu (1997) stated “employment is majorly sustained in the informal sector through training on entrepreneurial skills” (p.23). Entrepreneurship training is indispensable to an SME. Nonetheless, from this research, it can be concluded that training programs in Roysambu cannot respond to the needs of SMEs. Firstly, the content is not entrepreneurial. In other words, SMEs are not trained on key entrepreneurial areas. What is taught is the usual small business training. Secondly, methods used to train MSEs are neither interactive nor creative. Entrepreneurs learn through application, doing, experiences, examples and mistakes (Gross, 2005). Methods such mentorship programs, demonstrations, exchange programs, exhibitions and common interest groups that generate

waves of innovation in the SMEs are foregone in favor of lectures in Roysambu. The poor training methods can be associated with Roysambu's SMEs lack of entrepreneurship capabilities/traits. Though the government and the private sector are trying to promote this sector, little has changed in its operations. This is because trainers from the government and the private sector forget that all entrepreneurs are business people, but not all business people are entrepreneurs. Hence, their approach to entrepreneurship training does not yield the more complex outcomes associated with experiential learning.

Recommendations

This study recommends an integration of the MSEs main entrepreneurial weaknesses, as brought out in this study, and the conventional business operations into the training manuals. In addition, training methods must be practical and interactive because entrepreneurs learn from doing. For that reason, trainers must strive to include demonstrations, exchange programs, exhibitions, common interest groups and other handy methods in their programs. After these trainings, there should be follow ups on the trained MSEs to find out how they are fairing and whether training is yielding the desired results. Training practiced in Roysambu has also been discriminative to MSEs. Hence, all MSEs must be given relevant training regardless of their age, gender and worth. Youths and Women businesses are more vulnerable to failure. The study also urges the government to decentralize training by the line ministries to the grassroots. The Ministry of Agriculture is successful because of its officers are constantly felt at the location level. Therefore, for any meaningful growth in entrepreneurship, the magic performed in the Agriculture Ministry must be replicated by the Ministry of Commerce, Tourism and East African Affairs. Lastly, Roysambu location is an urban suburb located in Kenya's capital city, Nairobi. Therefore, further studies are required to establish whether rural areas will yield the same results. Rural areas have unique challenges-they do not share problems with their urban counterparts. Therefore, the study can be duplicated in a rural setting and results used to help policy makers in coming up with a training program for the entire country.

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