

## **THE EFFECT OF ENTREPRENEURIAL EDUCATION AND TRAINING ON DEVELOPMENT OF SMALL AND MEDIUM SIZE ENTERPRISES IN GITHUNGURI DISTRICT- KENYA**

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### **ABSTRACT**

Entrepreneurship Education and Training has been found to be a major determinant in the growth and survival of enterprises. According to the human capital theory, investment in knowledge, skills and the abilities enhance the productive capacity of the individual. While the studies have shown mixed relationship between entrepreneurship training and entrepreneurial development, they have not highlighted the effect of entrepreneurship training on the growth of enterprises. The aim of this study was to determine the effect of entrepreneurship training on the entrepreneurial development in Kenya. This was an exploratory research design. The target population was all the 1670 legally registered SMEs in Githunguri district. The study used simple random sampling in which 167 SMEs were sampled. Data was collected using structured questionnaire. The study established that the entrepreneurs were able to market their products within the district but not around the country. The results of the study revealed that the entrepreneurs were able to do simple daily book keeping of business transactions but were not able to do complex financial statements. This leads to the conclusion that even though the entrepreneur may be reporting an increase in sales and profits, and may seem to be registering growth, lack of training on financial, strategic management and marketing will mean that the SME will not grow beyond the first stage of enterprise development to other stages and will hence eventually fail within its first five years of existence. The study recommended that the government through the Ministry of Trade should formulate and implement training programs aimed at equipping SME owners with entrepreneurial skills.

**Keywords:** Entrepreneurial training; entrepreneurial behavior, entrepreneurial intentions, learning environment; Business incubators.

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## **INTRODUCTION**

In developing countries such as Kenya the economic landscape is changing, with a move from foreign direct investment to self-employment and entrepreneurship. This is noted in the increase in the number of individuals considering self-employment as a career option due to the high rate of unemployment in those Economies. Analyzing the levels of enterprising activity in Ireland, the Global Entrepreneurship Monitor (2005) found that the number of individuals starting and planning new businesses increased to 9.8 per cent up from 7.7 per cent in 2004 which is equivalent to almost a quarter of a million individuals in 2005. Furthermore, the report also suggested that there is an increase in the proportion of the population in the 25-44 age groups considering entrepreneurial activity (Ita and Briga, 2008).

The key to the success of establishing a culture of entrepreneurship in Africa is education and training, which depends on all the stakeholders, including state, educators, and learners themselves. Apart from the educational impact and influence, the school can be regarded as the place where the most (holistic) profound impact can be brought about in the development of the youth. One of Africa's greatest limitations to economic development can be ascribed to its lack of entrepreneurs. The ratio of entrepreneurs to workers in Africa is approximately 1 to 52, while the ratio in most developed countries is approximately 1 to 10 (Acs, & Armington, 2004). Furthermore, their research presents disturbing findings which shows that young Africans believe significantly less in themselves as business starters, compared with similar developing countries such as Argentina, India, Brazil, and Mexico.

The small and medium enterprise (SME) sector plays a pivotal role in creating innovation, wealth, employment and economic growth in industrialized and developing countries (Robson and Bennett, 2000). For example, in the UK, SMEs account for 99.8 per cent of enterprises and 52.4 per cent of employment (Small Business Service, 2008). The encouragement of entrepreneurial behavior is therefore critical for the economy (Gray, 2006) especially given its contribution to economic prosperity within knowledge-based economies (Hannon, 2005). Harrison and Leitch (2010) have noted that researchers, governments, and policy makers are recognizing the significant role that the education sector in particular must play in economic development. The need for more entrepreneurship in particular has been noted as important.

The report by the Expert Group on Future Skills Needs, (2004) identified the key role of the education sector in the process of increasing the levels of graduate entrepreneurship. More particularly, Dana (2001) notes that countries as diverse as Brazil, India, Malaysia, Singapore and the UK have introduced entrepreneurship education programs since 1990. The previous decade has therefore witnessed a global increase in entrepreneurship education program provision aimed at encouraging entrepreneurial activity, business start-ups and entrepreneurial mindsets (Fayolle, Gailly & Lassas- Clerc, 2006).

### **Entrepreneurial education and training programmes in Kenya**

Education and training interventions have been used in other countries to impact

entrepreneurial culture within their population, entrepreneurial education and training is supposed to reinforce knowledge skills and attitudes. An attitude which is the psycho-social forces of the individual and cultural context is of prime importance in influencing innovative and entrepreneurial behavior patterns. Most economics give support to entrepreneurship education and training so as to achieve objectives such encouraging their citizens to demonstrate positive attitude towards, self-employment, identify viable business opportunities portray a desire to venture into business, demonstrate managerial skills for running successful enterprises encourage new start-ups and other entrepreneurial ventures.

In Kenya entrepreneurship training has been recognized during Kenya's economic planning in a number of government economic instruments and strategies. Jua kali voucher support program of 1995 – 2001 (Riley and Steel 2000) is such strategy where micro and small entrepreneur were offered training programmes. The Government of Kenya recognized the potential of small enterprises to support job creation and economic growth requirements of the country by establishing an inter-ministerial unit on Small Enterprise Development (SED) within the Ministry of Planning and National Development (King, 1997). In a report developed collaboratively with the United Nations Development Program (UNDP) and the International Labor Organization (I. L.O), Kenya was encouraged to develop a training capacity in entrepreneurship that could lead to the creation of an "enterprise culture" in the country (Republic of Kenya, 1990). Within the same time frame, a new Ministry of Research, Technical Training and Technology was established; with one of its goals being to harness and develop the entrepreneurial efforts in the country.

One of the first efforts to move in the new direction to entrepreneurial development in Kenya involved introducing entrepreneurship education into all technical training institutions in the country. In 1990, the Ministry of Research, Technical Training and Technology (MRTT&T) initiated a four-year project to implement a new policy requiring all vocational and technical students to complete a course in entrepreneurship education. Departments of Entrepreneurship Education were initiated in most technical training institutions in Kenya. In addition, each institution was encouraged to develop a *Small Business Center* (SBC) whose mission (as described by the Ministry of Research, Technical Training and Technology) was to "facilitate the development of small and 'Jua Kali' enterprises (small artisan-run manufacturing and service enterprises).

The centers were also to promote an entrepreneurial culture within the institution and the local community (Republic of Kenya, 1993). Initially, Small Business Centers were attached to seven technical training institutions to promote linkages between education and business and to facilitate entrepreneurship development at the local community level. One of the primary objectives was to assist people in initiating entrepreneurial activities. It was expected that Small Business Centers would be created in all technical training institutions in Kenya (Nelson and Johnson, 1997).

Recently the government of Kenya started laying more emphasis on youth and women affairs and started two major funds namely Women Enterprise Fund (WEF) and Youth Enterprise Development Fund (YEDF) in 2007. WEF website reports that the fund which is channeled to target beneficiaries through financial intermediaries and direct through constituency women enterprise schemes is expected to play a catalytic role in mainstreaming women in

the formal financial services sector (Women enterprise fund 2012), Youth enterprise development fund is an strategy by the government to address increasing youth employment and poverty levels by mainly focusing on enterprise development to stimulate economic opportunities for and participation of Kenyan youth in nation building. The fund facilitates youth employment through enterprise development and structured labor export. One of the mandates of the fund is to offer entrepreneurship training to the youth across the country with the aim of empowering them.

### **Small and Medium-size Enterprises in Kenya**

According to the National Micro and Small Enterprise Baseline Survey in Kenya, (1999), SMEs are the driving force behind the economy. Data from the Ministry of Trade indicates that this sector provides employment to over 5 million of the Kenyan workforce and contributes to about 18.4% of the GDP. The survey further indicates that there were approximately 1.3 million MSEs, creating employment for 2.3 million people. An estimated 26 per cent of households were involved in some kind of non-primary business activity and approximately two-thirds of Kenyan MSEs are located in the rural areas which have over 80 percent of the population, (National Baseline Survey, 1999). Despite this, the SME sector has continued to experience several constraints that include limited access to markets; inhibitive legal and regulatory environment; inadequate skills and technology; poor quality of products, inadequate business skills; limited access to information; lack of institutional framework; and limited linkages with large enterprises, (National Baseline Survey, 1999).

Kenya's Vision 2030 identifies poverty and unemployment as major issues to be addressed under the Economic Pillar. The SMEs have a significant role to play in poverty alleviation, wealth creation and promotion and participation by the less privileged in society. In order to build a globally competitive and prosperous economy as envisaged in Vision 2030, the government is putting in place strategies aimed at strengthening SMEs to play a pivotal role in industrial transformation by improving their productivity and innovation. SMEs are universally acknowledged as effective instruments for employment generation and economic growth (Kenya Vision 2030).

Githunguri District is one of the four districts that form Kiambu County. It is in the rural set up where agriculture is the main activity. The SMEs in Githunguri therefore mainly sell agricultural products such as cereals and fresh produce and fast moving goods. They are mainly small scale retail shops. The enterprises are mainly run by one person whom in most cases is the owner and most of them hardly ever grow to be large in size.

### **Research Problem**

Academics, practitioners and governments worldwide increasingly recognized the role of education and training in providing entrepreneurs with the necessary business skills and acumen to plan, set up and grow their business ideas. This is because according to the human capital theory, investment in knowledge, skills and the abilities enhance the productive capacity, competencies to engage in a more enterprising, innovative and flexible manner in a changing workplace environment (Becker, 1964).

The SMEs in Kenya play an important role in the socio-economic development of the

country. Their significance can be seen in terms of contribution towards economic growth, employment creation, poverty reduction and development of an industrial base. However, despite the critical role played by the sector, it is faced with many challenges which make over 90% of the SMEs not to see their third birthday. Mullei & Bokea, as cited in Wambugu, (2005) stated that in Kenya, very few enterprises have grown into large formal organizations, an adverse scenario that is apparently common among youth owned business enterprises.

Entrepreneurship training has been found to be a major determinant in the growth of enterprises. This has been blamed on the entrepreneurs lacking the entrepreneurship skills to steer their business to growth. Limited studies have been done on entrepreneurship training and development in Kenya. Wambugu (2005) did a study on risks and investment in the provision of entrepreneurship training in which he targeted the training providers in Nairobi. Wambugu (2005) also identified low educational levels as factors that contribute to lack of growth in most business enterprises while these researches are of importance to the study, they were done on other established organizations and not on SMEs hence a knowledge gap.

This study therefore seeks to establish the relationship between entrepreneurship training and entrepreneurial development among SMEs in Kenya by providing answers to the following questions: what is the level of entrepreneurship training among the SMEs in Kenya? What is the effect of financial management skills on the development of small enterprises in Kenya?; What is the impact of marketing skills on the development of small enterprises in Kenya? ; To what extent do the entrepreneurs' strategic management skills affect the development of small enterprises in Kenya? And how does financial and management skills of the entrepreneur affect the development of small enterprises in Kenya?

### **Research Objective**

The objective of the study was to determine the effect of entrepreneurship education and training on entrepreneurial development in Githunguri District

## **LITERATURE REVIEW**

### **Theoretical Underpinning**

The concept of entrepreneurship from a personal perspective has been thoroughly explored in the recent past. In almost all of the definitions of entrepreneurship, there is agreement about the kind of behavior that includes: (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account, and (3) the acceptance of risk or failure. According to Amzad, Kamal, Asif & Rana (2009), an entrepreneur is one who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations, and a new order. To any psychologist, such a person is typically driven by certain forces such as the needs to obtain or attain something, to experiment, to accomplish, or perhaps to escape the authority of others. Entrepreneurship is the dynamic process of creating incremental wealth in innovative ways.

Entrepreneurs are individuals who assume the major risks in terms of equity, time and/or

career commitment or provide value for some product or service. The product or service may or may not be new or unique, but value must somehow be infused by the entrepreneur by receiving and locating the necessary skills and resources (Amzad, et al 2009). Timmons, Smollen & Dingee, (1990) says that entrepreneurship is the creating and building something of value from practically nothing. This implies that entrepreneurship involves creating and distribution of value to individual groups, organizations and society as a result of seizing an opportunity regardless of the resources currently controlled. Entrepreneurs must have a vision and a passion commitment and motivation to build an organization or enterprise, look for resources necessary, and take the necessary risks in order to pursue the opportunity

The role of entrepreneurship in economic development involves more than just increasing per capita output and income. It involves initiating and constituting changes in the structure of business and society. This change is accompanied by growth and increased output. In order to create economic growth, we must have innovation leading to investment in new products and ventures. Although these definitions views entrepreneurs from a slightly different perspective, they all contain similar notions, such as newness, organizing, creating, wealth, and risk taking.

### **Enterprise Training and Education**

Enterprise education is the process or series of activities which aims to enable an individual to assimilate and develop knowledge, skills, values and understanding which allow a broad range of problems to be defined, analyzed and solved. Enterprise training - can be defined as a more planned and systematic effort to modify or develop knowledge, skills etc. through learning experiences to achieve effective performance in an activity or range of activities. Entrepreneurial education incorporates both informal and formal methods. The methods used, content and delivery methods will vary depending on the student group. The formal aspects of entrepreneurship education focus on providing the theoretical and conceptual frameworks which underpin entrepreneurship. The educator acts as an expert by instructing and facilitating the learning process. The informal aspects of entrepreneurship education focus on skills building attribute development and behavioral change. The informal aspects of entrepreneurship education combine and integrate with the formal aspects of education.

**Table 2.1 Distinctions between entrepreneurial training and education**

<b>Comparison factors</b>	<b>Training</b>	<b>Education /formal</b>
Focus on activity	On knowledge skills ability and job performance	On structured development of individual to specified outcomes
Clarity of objectives	Can be specified clearly	Objectives stated in general terms
Time scale	Short term	Specified period
Values which underpin	Assumes relative stability	Emphasis on breakthrough
Activity	Emphasize improvement	
Nature of learning process	Structured or mechanistic	Structured or mechanistic
Content of activity	Knowledge, skills and attitudes relevant to specific job, basic competences	Imposed and specified curricula
Methods used	Demonstration, practice, feedback	Lectures, guided reading, debate, self-managed learning
Outcomes of process	Skilled performance of tasks which make up a job	External specified outcomes
Learning strategy used	Didactic tutor -centered	Combination of didactic, skill-building and inductive strategies
Nature of process	Outside in, done by others	Largely outside, in, done by others
Role of professional trainer	To instruct, demonstrate and guide	Act as an expert, instruct, facilitate and guide to learning resources
Document trainer philosophy	Instrumentalism: transferring knowledge using formal methods and measuring results	Combination of instrumentalism and existentialism
Process of evaluation	Evaluation against specific job performance standards	Evaluation in terms of pass/fail levels
Link with organization mission and strategies	Not necessarily linked to organization's mission and goals	Not necessarily linked to organization's mission and goals

### **Entrepreneurship education and training programmes;**

#### (1) Education and training for small business ownership

Small business education provides practical help in making the change from ordinary employment to self-employment. The help that startups needs appears easy for business educators to provide instructions on how to raise finance, legal regulations, choosing premises, taxation, book keeping and accounting and marketing problems. Devising programmes and accompanying teaching strategies should present. Those who come into a programme of this kind few problem because are usually highly enthusiastic and receptive. Gibb (1987) highlights a number of problems which have emerged from the evaluation of such programmes. Three key problems are: the differing perceptions of teachers and potential small business owners on what start-up programmes should ideally contain, indications of deficiencies in many current start-up programme and the length of such programmes.

#### (2) Entrepreneurial education

In terms of small business start -ups entrepreneurship education, in the sense of focusing on the creation of new economic entities centered on a novel products/service is not very helpful. While many social scientists have attempted to identify the conditions favorably to its occurrence, the conditions remain largely unfavorable. The one notable exception to this

arguments might be modern technological entities where the creation of small new enterprise is based largely upon scientific know how in areas such as electronics therefore because entrepreneurship is a highly creative economic process there are even doubts that conventional forms of education are always helpful or supportive.

### (3) Continuing small business education

This form of training is available through many business schools. It is more difficult to organize than the conventional start-up. Programme which has the politically attractive possibility of adding to the new venture starts ups population. Secondly marketing continuing small business education is an uphill struggle as many small business owners are very demanding and easily disappointing with what they regard as a programme too generalized for their needs.

### (4) Small business awareness education

This form of education is aimed at increasing the number of people who are sufficiently knowledgeable about small business as an economic activity to consider it as an economic alternative. This is the type of programme which is suitable for inclusion in secondary school syllabuses and undergraduate programme. Such education has the objective of increasing awareness of industry and making participants more sensitive to the small firm; Vesper (1982), contends that, despite the use of the term entrepreneur, most of the course is actually aimed at increasing student awareness of the small firms and providing basic information on setting up and running a business

## **Effect of Entrepreneurship Training**

In the classic Mincer cited in Kolstad & Wiig (2009) human capital model, education has a productive impact. Training reflects an investment decision by an agent who compares future net benefits and current costs of education, including forgone income. The optimal investment decision is where the marginal return of investment in education is equal to marginal costs and generally one assumes a concave return function. As there is heterogeneity across individuals according to marginal costs and marginal returns, the optimal decision varies across individuals. Mincer treats earnings as separable in years of schooling and experience and more schooling generally improve performance (otherwise it would not been initiated) (Kolstad et al. 2009). However, the theory does not provide any clear answer on the impact of training on performance of different occupational groups. The Mincer model focuses on income from wages and does not analyze the selection and performance decisions simultaneously.

The econometric evidences on the role training play for occupational choice and performance are mixed. However, generally training improves performance. The mixed results can partly be explained by differences in methodological approaches for dealing with selection and unobserved heterogeneity. Entrepreneurial training and education acts as a facilitator for entrepreneurial activities with the main focus being to stimulate entrepreneurial activity and performance. This fact acts as a base to ensure that the research that is necessary and conducive in this field to ensure economic growth, is in fact conducted. Training within this perspective is supported by the work of Hynes and Richardson, (2007) , where the training *per se* is defined as an intentional effort to teach specific abilities, which are

knowledge bearing, to complete the project better.

Hisrich & Peters (1998) argue that training creates new opportunities and possibilities as well as a consciousness to attempt and complete certain tasks in a different way. The trainability of entrepreneurs is accepted as a given in this study and is supported by Gibb (1985), Kuratko & Hodgetts (1998). Currently the problems of entrepreneurial training is seen in the lesser consensus that exists where the content of courses and curricula are involved. Rosa & McAlpine (1992) support this statement by pointing out that there is a big gap where substantial standardized components within the entrepreneurial training program exist. Their research further points out that more emphasis within the training situation should be placed on the complex and multi-disciplinary aspects of entrepreneurship.

Many researchers have compiled data on what they believe to be the most prominent business issues, for example research into the reasons for business failure by the European Federation of Accountants (2004) informed of a distinction between “internal” factors (i.e. those which are unique to the business in question), and “external” factors (i.e. factors within the trading environment in which the firm operates). They concluded that the most commonly found external causes of small business failure include the external price environment and inflation, interest rates, wage costs, declining markets, tax rates, bad debts and late payment and market competition. In regard to internal business issues, the European Federation of Accountants (2004) stated that the most commonly occurring internal factor in business failure is poor management, and also informed that other internal causes of business failure are often inevitably linked to poor management.

Likewise the Small Business Research Centre, (2008) commented that the most common causes of internal failure are “bad management”. Stating that a common feature of internal issues is the “one person” issue, whereby most if not all of the senior management responsibility is invested in one person who may not have the appropriate range of skills, or may not have the time to apply them appropriately. This one person, usually the entrepreneur, takes on many of the management functions including those related to, sales, marketing, financial control, resourcing, purchasing and planning.

### **Effect of entrepreneurship Training on Management of SMEs**

Research done by Zimmerer & Scarborough (1998) also revealed that internal issues especially those associated with management are most likely to cause business failure. Central to these issues are bad management skills which can often be due to a lack of experience on the entrepreneurs’ part.

Lack of experience in an entrepreneur can cause a number of issues, it can lead to poor financial control, the failure to plan, uncontrolled growth and other issues. Cornwall (2005) also acknowledged managerial incompetence to be a serious issue for enterprises. Equally Small Business Research Center, (2008) also informed that poor marketing, weak financial control, lack of strategic planning inadequate liquidity, and a lack of market awareness are commonly identified internal causes of small business failure. Taken further these can be attributed to personal characteristics of one person managers, such as their attitudes to risk and control, poor judgment, inexperience and narrow focus.

**Effect of Entrepreneurship Training on Financial Management of SMEs**

Poor financial control is rated by many researchers as a precursor to business failure. Issues occur with finance in different ways, some entrepreneurs may have trouble securing finance while other entrepreneurs may simply have trouble managing their finances. Cornwall (2005) acknowledged that the securing of inadequate capital, the misuse of capital and poor cost control are serious issues for many entrepreneurs. Poor cash flow management is amongst the most common internal causes of business failure, according to the European federation of accountants (2004).

The European Federation of Accountants (2004) also stated that among start-up businesses a frequent cause of business failure is a lack of adequate and appropriate market research. Market research is required to help businesses to identify their customers and inform them of the size of the potential customer base, to determine what price customers might be prepared to pay and to suggest how demand for the product or service will change according to the price charged. Research will also inform them about their competitors and their likely reaction. Poor financial control was one of the main issues encountered by the entrepreneur (Hisrich et al. 1997). Their research also stated that sound management is the key to the success of a small business and effective managers should realize that any successful business venture requires proper financial control. Cornwall (2005) also stated that entrepreneurs and small businesses can often suffer from issues and issues associated with financing.

Timmons et al (1990) also posits that the largest investment the small business manager must make is usually inventory, yet inventory control is one of the most neglected managerial responsibilities. While both Cornwall (2005) and Zimmerer & Scarborough (1998) viewed failure to plan as a reason for small business failure. Timmons et al. (1990) stated that too many small business managers neglect the process of strategic planning because they think strategic planning only benefits larger companies.

**Effect of Entrepreneurship Training on Planning in SMES**

Too many small business managers neglect the process of strategic planning because they think strategic planning only benefits larger companies. (Zimmerer & Scarborough, 1998), they stated it is important to not only create strategic plans but also perform other types of planning, for example, the production of business plans and marketing plans. Cornwall (2005) also stated that lack of an adequate viable business plan can lead to issues. These issues can be encountered at the start of the business and when planning is needed for growth or advancement. Cornwall (2005) stressed the need for entrepreneurs to produce a marketing plan, stating that production of a marketing plan is deemed to be essential in deciding marketing strategies, customer base and promotion of the company.

According to Hisrich & Peters ((1998), it is important to not only create strategic plans but also perform other types of planning, for example the production of business plans and marketing plans. Cornwall (2005) stated that absence of an adequate viable business plan can lead to issues that can be encountered at the start of the business and when planning is needed for growth or advancement. Timmons et al. (1990) asserted the need for entrepreneurs to produce a marketing plan. Producing a marketing plan is deemed to be essential in deciding marketing strategies, customer base and promotion of the company.

Likewise Hynes and Richardson, (2007) posits that planning is essential and cited research which identified a link between planning and small business failure, stating that those businesses who had prepared business and strategic plans were less likely to fail.

While many entrepreneurs make it over the initial “entrepreneurial start-up hump”, success does not guarantee long-term prosperity, (Zimmerer & Scarborough, 1998). Zimmerer and Scarborough, (1998) continued that this inability to make the entrepreneurial transition, from a startup entrepreneur to a business manager can lead to issues. Zimmerer & Scarborough also state that after the initial start-up, growth usually requires a radically different style of management. Growth requires entrepreneurs to delegate authority and to relinquish hands-on control of daily operations something that many entrepreneurs simply cannot accomplish.

Likewise Hanushek & Woessmann, (2008) stated entrepreneurs are often good at starting businesses, but poor at running them and many entrepreneurs believe that they have an obligation to run their businesses and become great managers. Hanushek & Woessmann, (2008) concluded that while many entrepreneurs are successful at starting up a business they are not as skilled at running or managing a business. The European Federation of Accountants (2004) stated that as most small businesses are established by one entrepreneur or, or a small group of them, who have an idea for creating a specific product or providing a particular service.

These entrepreneurs may not have skills and experience in areas such as business planning, financial reporting, marketing, customer relations and financial management. Suffering from one or many of the issues previously outlined may lead to business failure, an issue which is obvious in the small business and enterprise world. It’s widely perceived that throughout the world small businesses have a high rate of failure. European Federation of Accountants, (2004) reported that the U.S Small Business Administration had noted that fifty percent of small businesses fail in the first year and ninety-five percent fail within the first five years..

Holland (1998) also pointed out that entrepreneurs can avoid some of the pitfalls of small business failure by engaging in good marketing practices which include, the profiling of target customers, the profiling of competitors, and the assessing of changes in customers tastes and preferences. Overall there are a number of actions which an entrepreneur can take to avoid business failure, such as business planning, market research and the delegation of management duties to others.

### **Assessing the entrepreneurship Education Programme (EEP)**

Educational institutions offer a wide range of entrepreneurship awareness and education activities. Since the goal of entrepreneurship education is not necessarily for all participants to create a business in the short term, the simplest and the most obvious indicators are not generally the most appropriate. The evaluation criteria used should be adjusted to the educational level, the goals of the education programme and the target audience all of which need to be clearly identified. The measuring methodology issues and measurement biases can rise from both time and contextual effects (Block & Stumpf, 1992).

**Table 2.2: Assessing the entrepreneurship Education Programme (EEP)**

<b>Timing of measurement</b>	<b>Relevant evaluation criteria</b>
During the <b>EEP</b>	Courses, general awareness and /or interest in entrepreneurship intention to act.
Number of students enrolled, number of Shortly after the <b>EEP</b>	Intention to act, acquisition of knowledge and knowhow, development of entrepreneurial self- diagnosis abilities.
Between zero and five years after the <b>EEP</b>	Number of venture created Number of buyout.
Between three and ten years- after the <b>EEP</b>	Sustainability and reputation of the firms level of innovation and capacity for change exhibited by the firms.
More than ten years after the <b>EEP</b>	Contribution to society and the economy Business performance

### **Development of Small and Medium Enterprises (SMEs)**

There are many different definitions of business growth and ways of measuring this growth (Small Business Research Centre, 2008). The Small Business Research Centre pointed that business growth is typically defined and measured, using absolute or relative changes in sales, assets, employment, productivity, profits and profit margins. Sales data are usually readily available and business owners themselves attach high importance to sales as an indicator of business performance (Small Business Research Centre, 2006). In addition, sales growth is also easier to measure compared with some other indices and is much more likely to be recorded. Sales are a good indicator of size and growth. Sales may also be considered a precise indicator of how a firm is competing relative to their market (Barringer, Jones, Neubaun & Donald, 2005). According to Churchill and Lewis (1983) as a new small firm starts and develops, it moves through some growth stages, each with its own distinctive characteristics. Churchill and Lewis (1983) identified five stages of growth: existence, survival, success and take-off and resource maturity. In each stage of development of a business a different set of factors is critical to the firm's survival and success. The Churchill Lewis model gives an insight into the dynamics of SME growth, including the distinguishing characteristics, problems, and requirements of growing SMEs and explains business growth processes amongst SMEs.

However, the idea of business survival could be equated with a firm that has fully completed the transaction to stage-two organization in the five stages of small business growth. The real issue in new firm growth is that most new SMEs in Africa do not move from the first stage (existence) to other stages such as survival, success, take off and resource maturity. Growth according to Roomi, Harrison & Beaumont-Kerridge, (2009) is also a complex process and can be demonstrated by a range of SMEs in different sectors and of different maturities. This view until recently was expressed by Burns cited in Roomi, et al. (2009) that most firms grow in their early years, but then growth levels off.

Recent evidence suggests that growth is a very complex process and is just as likely in mature firms as in new firms (Roomi, et al. 2009). Churchill and Lewis cited in Roomi, et al. (2009) have postulated that any small firm, that experiences growth, will go through a life-cycle process of growth stages. This approach is analogous to life-cycle approaches to products, implying an early growth stage, following birth, then maturity and eventually

decline and death (Roomi, et al. 2009). Roomi et al. noted an implication of such an approach is that growth of small firms should be linked to the age of firms. However, such life-cycle approaches have been criticized as too simplistic and postulated that the growth process is far from cyclical, but instead may consist of a series of disconnected “jumps” or spurts of growth, which may be interspersed with relative periods of stability. (Roomi, et al.2009).

Enterprise growth can be measured in sales and profits that may give a more accurate estimation of growth. However, the entrepreneur may not give accurate figures (Churchill and Lewis, 1983) so using the measurement of employment growth becomes more practical and prudent. Several studies have used the number of employees as a proxy for the size of the firm. The growth is determined by the entrepreneurial characteristics of the entrepreneur and the enterprise characteristics, where the latter are partly determined by the environmental factors and the sector in which the business operates, (Bruder, Neuberger, Rathke-Doppner, (2011).

### **Models for Evaluating Entrepreneurship Education**

Models are used as frameworks of thinking within subject matter. They serve as a guideline for the compilation of entrepreneurship education programmes. Understanding the elements and their influences on the development of entrepreneurial potential is crucial to the internalization of entrepreneurship theory and the developing and implementation of policy initiative to enhance entrepreneurship education. Two models that have been used in many countries are highlighted as follows:-

#### **Entrepreneurial Performance Education Model (E/P Model)**

This model was developed by Vuuren & Nieman (1999) and it is concerned with the elements that drive entrepreneurial performance. It was developed to guide syllabi and curriculum development. The relevance of this model is that being a mathematical model and having constructs that are multiplicative, there is an indication that the absence of any one of the elements such as motivation, entrepreneurial skills or business skills will lead to zero or extremely low levels of entrepreneurial performance as measured by the involvement and execution of startup <sup>activities</sup> by the student. Vuuren & Nieman (1999) observed that those students who had completed their Bachelor of Commerce degrees and choose to go into employment rather than work for themselves in a small business, lacked motivation to do so and those with motivation started their own business. The direct linear model suggests that entrepreneurial performance is a function of motivation, entrepreneurial and business skills.

#### **Entrepreneurial Education Model (E/E model)**

This model was developed by Pretorius (2001) and it considers not only the content of Entrepreneurial education programmes but also the context wherein such programmes are operated by the facilitators and the approaches that they use. The model identifies five constructs relevant for entrepreneurial education to increase start-ups and also indicates the relevance of the programme context. The relevance of the model is that the facilitator is the key construct and based on his skills, knowledge, experience and methodology application should govern the construct but also govern the variable mix and changes it according to

varying demands during the programme. The model has an associated measurement instrument to evaluate existing entrepreneurial programmes.

**Summary**

The review of the literature has shown that entrepreneurship training is necessary for the development of the enterprises. Education was linked to the growth of an enterprise. Poor management was found to be the main cause of enterprise failure which could be enhanced if one had the right training. The review further revealed that entrepreneurial performance could be enhanced by improving the entrepreneur's management skills. Other factors which were found to influence the performance of most enterprises were poor financial management. While the literature review highlighted the importance of the training and education, there was no literature that highlighted the importance of introducing entrepreneurship training in secondary schools in Kenya, hence a knowledge gap.

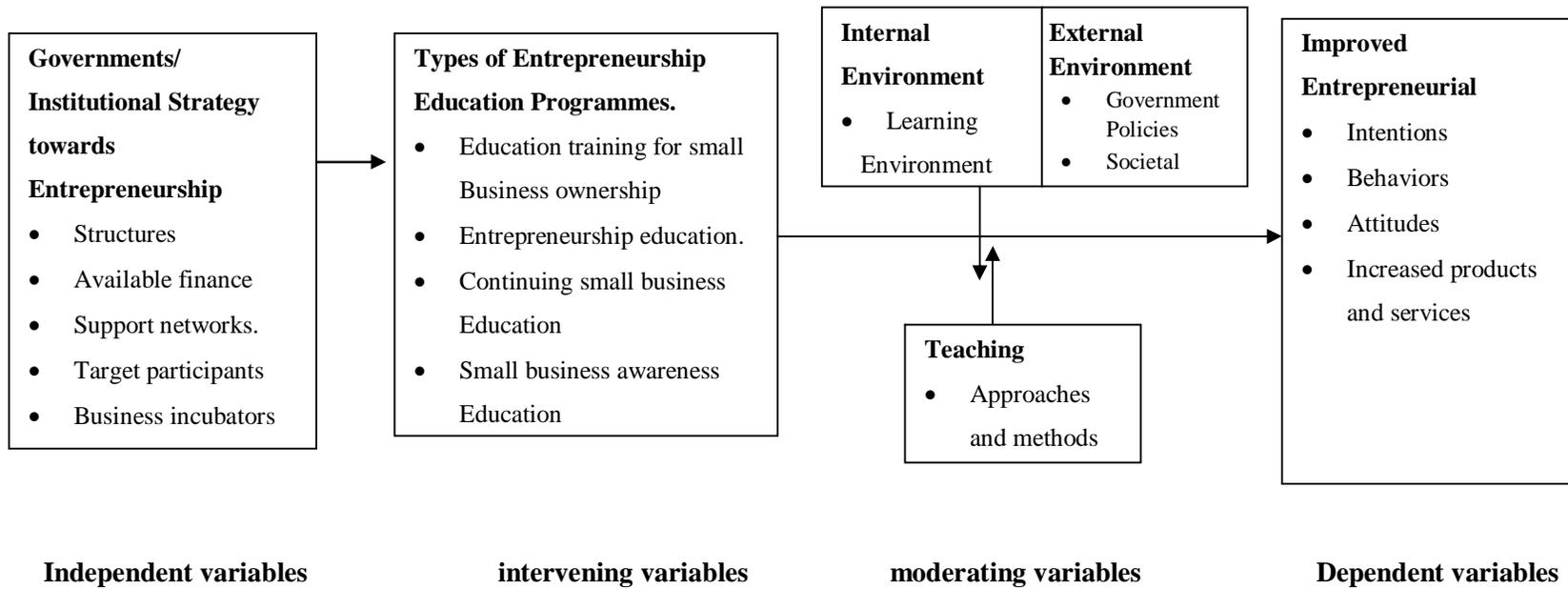
**Conceptual framework**

The entrepreneurship education and training programmes model is used to assess the impact of EETP shown in the conceptual model figure 2.1. The EETP is assessed based on its impact on participants' attitudes and intentions regarding entrepreneurship behavior through Ajzen (1991) theoretical framework of planned behavior. In the model, the independent variables are institutional strategies to be achieved by EETP. They include internal culture, entrepreneurship structures, resources, available finance, support; networks, business incubators and libraries.

The intervening variables are the types of entrepreneurship education programmes such as education and training for small business ownership, entrepreneurial education continuing small business education and small business awareness education. The moderating variables are the internal and external environment and also teaching approaches and methods.

The dependent variables in the model relate to the antecedents of entrepreneurship behavior as defined using Ajzen's theory that is measures of attitude is towards the behavior, subjective norms, perceived behavior control and entrepreneurial intentions. Using different time frames and controlling for environment factors are key elements regarding assessment issues. Variations in attitudes perception and intentions should be measured using longitudinal methodology to allow the capture of positive and negative perspectives of the participants.

**Figure 2.1: Conceptual model of entrepreneurship education Training Programme**



## **METHODOLOGY**

This was an exploratory research design. According to Cooper and Schindler, (2001) exploratory research is concerned with finding out who, what, where and how of a phenomenon. It provides data about the population being studied and is used when the objective is to provide a systematic description that is as factual and accurate as possible (Mugenda & Mugenda. It is appropriate for this study because it intends to find out the effect of entrepreneurship education and training on entrepreneurial development in Kenya 2003). The population of interest in this study was SMEs in the Githunguri District. According to the report from the Githunguri County Council as at May 2012 there were 20,063 registered SMEs in Githunguri district, out of which 1,670 are Githunguri town center and its environs. The study used simple random sampling to select 167 SMEs in the Githunguri Town Center and its environs. Primary data for the study was collected by the use of structured questionnaire. The respondents were the owners/managers of these enterprises.

## **RESULTS**

### **The Level of Entrepreneurship Training among the SMEs in Kenya**

The study sought to determine the level of entrepreneurship training among the SMEs in Githunguri District. The respondents were therefore asked to indicate the extent to which they agree with the statements regarding the entrepreneurship training they have received. According to the results presented in Table 4.1, all the respondents run enterprises that are legally registered by the government. The results show that 71% (mean score 2.29) of the respondents indicated that they have never had any training on entrepreneurship. The results show that 79% (mean score 4.00) of the respondents indicated that their businesses have witnessed tremendous growth. According to 89% (mean score 1.39) of the respondents, there are no entrepreneurship trainings organized within the year.

Majority of the respondents (85%, mean score 4.07) indicated that their businesses have been doing well in terms of sales turnover. The results show that 50% (mean score 3.36) of the respondents are able to generate new clients every day. However, 75% (mean score 2.32) of the respondents do not attribute the improved sales to the entrepreneurship training they received. This is because the previous results showed that the entrepreneurs have never received any entrepreneurship training. The results show that only 40% of the respondents are able to prepare marketing plan for their businesses. Majority of the respondents (68%, mean score 2.32) do not attribute their ability to market their products to entrepreneurship training.

The study results show that 71% (mean score 3.82) of the respondents indicated that they are able to carry out daily book keeping of their business transactions. However, only 28% of the respondents are able to prepare a profit and loss account. The results show that 96% (mean score 4.36) of the respondents are able to separate working capital from other moneys. Majority of the respondents (68%, mean score 2.29) do not attribute their financial skills to the training received. The study results showed that 47% (mean score

3.25) of the respondents are able to prepare business plans for their businesses. The study findings revealed that 64% of the respondents indicated that they are able to conduct market research for their businesses.

The findings of this study agree with those of the study by Tushabombwe-Kazooba (2006) that revealed that most SMEs fail due to poor record keeping and basic financial skills. This is due to the fact that these entrepreneurs are not able to prepare a profit and loss account and a balance sheet. These findings also agree with the European Federation of Accountants (2004) view that one of the most common internal causes of business failure is the poor control of cash flow. The study established that 79% (mean score 3.86) of the respondents indicated that they are able to manage their employees well. The results however show that 82% (mean score 4.25) indicated that they sometimes attend some form of informal entrepreneurship training. Majority of the respondents (97%, mean score 4.57) were aware of their customers' needs. All the entrepreneurs indicated that their customers are very happy due to services they offered. The study established that according to 54% of the respondents, they do not attribute their success or failure to the entrepreneurship training received.

**Table 4.1: The Level of Entrepreneurship Training among the SMEs in Kenya**

	Strongly disagree (%)	Disagree (%)	Undecided (%)	Agree (%)	Strongly agree (%)	Mean	Std. Dev
My business is legally registered (n=109)	0	0	0	57	43	4.32	.670
I have had training on entrepreneurship (n=109)	25	4	4	25	0	2.29	1.117
My business has witnessed tremendous growth (n=109)	0	4	18	54	25	4.00	.770
Trainings on entrepreneurship are organized at least once an year (n=109)	75	14	7	4	0	1.39	.786
My business is doing well in terms of sales turnover (n=109)	0	0	14	64	21	4.07	.604
Am able to generate new clients everyday (n=109)	4	11	36	46	4	3.36	.870
The improved sales is attributed to the training received (n=109)	21	54	0	21	4	2.32	1.156
I am able to prepare a marketing plan for my business (n=109)	7	18	36	36	4	3.11	.994
I am able to market my products due to training received (n=109)	32	36	4	25	4	2.32	1.278
I carry daily book keeping of the business transaction (n=109)	4	4	21	50	21	3.82	.945
I am able to prepare a profit and loss account (n=109)	7	29	36	21	7	2.93	1.052
I separate my working capital from other moneys (n=109)	0	4	0	54	43	4.36	.678
My financial skill are attributed to the training received (n=109)	36	32	4	25	4	2.29	1.301
I am able to prepare a business plan (n=109)	11	4	39	43	4	3.25	1.005
I am able to conduct market research for my business (n=109)	4	4	29	50	14	3.68	.905
I am able to manage my employees well (n=109)	0	4	18	68	11	3.86	.651
Sometime I attend informal entrepreneurship training (n=109)	7	7	4	18	64	4.25	1.266
I am aware of my customers' needs (n=109)	0	0	4	36	61	4.57	.573
My customers are very happy due to the services	0	0	0	29	71	4.71	.460
I attribute my business success/failure to the entrepreneurship training received (n=109)	29	25	18	25	4	2.50	1.262
From my experience in business, I feel it's necessary for the government to train entrepreneurs (n=109)	0	0	0	0	100	5.00	.000

**Discussion**

According to the study all the participating enterprises were legally registered with the government. The results show that 71% (mean score 2.29) of the respondents have never had any training on entrepreneurship. Majority of the respondents (79%, mean score 4.00) indicated that their businesses have witnessed growth. According to 89% (mean score 1.39) of the respondents, there are no entrepreneurship trainings organized within the year.

Majority of the respondents (85%, mean score 4.07) indicated that their businesses have been doing well in terms of sales turnover. Most respondents 50% (mean score 3.36) are able to generate new clients every day. The results revealed that 75% (mean score 2.32) of the respondents do not attribute the improved sales to the entrepreneurship training they received. The results show that only 40% of the respondents are able to prepare marketing plan for their businesses. Majority of the respondents (68%, mean score 2.32) do not attribute their ability to market their products to entrepreneurship training.

The study results revealed that 71% (mean score 3.82) of the respondents are able to carry out daily book keeping of their business transactions. Only 28% of the respondents are able to prepare a profit and loss account. The results show that 96% (mean score 4.36) of the respondents are able to separate working capital from other moneys. Majority of the respondents (68%, mean score 2.29) do not attribute their financial skills to the training received. The study results showed that 47% (mean score 3.25) of the respondents are able to prepare business plans for their businesses. The study findings revealed that 64% of the respondents indicated that they are able to conduct market research for their businesses.

The study established that 79% (mean score 3.86) of the respondents are able to manage their employees well. The results also show that 82% (mean score 4.25) of the respondents sometimes attended informal entrepreneurship training. Majority of the respondents (97%, mean score 4.57) were aware of their customers' needs and as such, all the entrepreneurs indicated that their customers were happy due to services they offered. The study established that 54% of the respondents did not attribute their success or failure to the entrepreneurship training received, since they had not received any training.

**Conclusion**

The study established that majority of the entrepreneurs did not have skills and experience in areas such as business planning, financial reporting, strategic planning and financial management. All the respondents expressed the desire for training that would enable them improve their businesses. However, most enterprises have experienced growth, even though the respondents have never received any training on entrepreneurship. The study further established that the entrepreneurs were able to market their products and do a market research. They were also able to meet the needs of their consumers. However, this was not attributed to training because they have never received entrepreneurial training. This contradicts previous research on the field of entrepreneurship training conducted by Hynes and Richardson, (2007) which established that for their businesses to grow, entrepreneurs must be taught marketing, management and basic financial skills.

The results of the study also revealed that the entrepreneurs were able to do daily book

keeping of the business transactions. However, most of the respondents were not able to prepare serious accounting practices such as preparation of a profit and loss account and a balance sheet. Suffering from any of these issues may lead to business failure, an issue which is obvious in the small business enterprise world (The European Federation of Accountants, 2004). This leads to the conclusion that even though the entrepreneur may be reporting an increase in sales and profits, and may seem to be registering growth, lack of training on financial, strategic management and marketing will mean that the SME will not grow from the first stage (existence) to other stages such as survival, success, take off and resource maturity and will hence remain micro or small stagnate and enterprise.

### **Policy implications**

The results of this study indicate that the Kenya government's encouragement of indigenous entrepreneurship among its rural population could be helped by marketing of entrepreneurial development programmes. The country's level of entrepreneurial activity and consequent economic prosperity can be enhanced by raising the youth's level of achievement motivation through education and training. Entrepreneurs who have some form of entrepreneurial education and training are able to prepare and understand their financial documents which they can use for financial control of their enterprises.

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