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Effectiveness of Kenya's Entrepreneurship Training Programs

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Abstract:

Although entrepreneurial training plays an instrumental role in enterprise performance, there has been a tendency to over-emphasize finance, legal and regulatory aspect and environmental factors. This study examined the effects of entrepreneurial training on Enterprise performance in Bungoma County. It was justified on the basis that Bungoma County was identified as one of the Millennium Districts in 2006 owing to high poverty and unemployment levels. The twin problems of extreme poverty and unemployment have been attributed to undeveloped entrepreneurial culture and lack of entrepreneurial skills among the local people, despite efforts by stakeholders to build entrepreneurs' capacity through a host of training programs. The objective of this study was to investigate these trainings have influenced enterprise performance or not. The study was based on the Kirkpatrick's Improved Model of Training planning and evaluation. Data for the study was analyzed using correlation analysis. Arising from the study findings, it comes out clearly that the trainings led to insignificant improvement in the MSE performance. There was no indication of graduation from micro and small sizes to medium and large sizes along the enterprise continuum, signaling the need to improve to address the specific needs individual of entrepreneurs and small business operators. The government and enterprise development agents need a standard model to evaluate the impacts of training and improve them subsequently so to help the sector grow.

Keywords: Entrepreneurship training, entrepreneurial culture, MSE growth, Bungoma county

1. Background

Entrepreneurship training is critical for developing entrepreneurial skills, attitudes and behaviors that are the basis for economic growth. Access and exposure to entrepreneurship within educational systems at different levels are important as they are the outreach to target audiences outside of traditional educational systems (World Bank 2014 & World Economic Forum 2009). Entrepreneurial competence development is a product of training provided to entrepreneurs to enhance their ability in managing their firms for growth. Entrepreneurs skilled in both technical and customer related areas are able to obtain and recombine resources into a bundle that is valuable, rare, and inimitable (Hisrich *et. al.* 2009 in Sangurah 2013).

The enterprises whose owner-managers and their employees have gained these skills therefore respond through enhanced performance, since they anticipate problems and solve them with certainty to steer their enterprises to grow. Improved performance/ growth is reflected in the key indicators of; increase in sales, the number of customers served, market size covered geographically, increase in capital investment, increase in branches opened and increase in the number of employees, among other indicators.

Although entrepreneurship education and training (EET) programs continue to mushroom, touting their promise and potential to promote entrepreneurial skills and attitudes (World Bank 2014), successive government development plans and sessional papers have revealed high MSE start-up mortality rates, low entrepreneurial index and poor credit repayment (KIPPRA (2009). On skills development, a high percentage of the Kenyan labor force has not attained basic education and skills or requisite technical skills and knowledge for improved productivity, competitiveness and innovation. The highest level of education acquired by the majority, of Kenyans is primary (over 86 percent), followed by secondary (25 percent) (KIPPRA 2009).

This structure of educational attainment led to policy changes in the 1980s with the introduction of the 8-4-4 system for a more technical approach to cater for the small enterprises and informal sectors' development (Tairus and Lager 2004). Similarly, the Government recommended that entrepreneurship training be introduced in technical institutions and university level as per Sessional Paper No 2 1992 and Sessional Paper No 1 1998 (GOK, 1992 and 1998). According to Obura (1996), the objectives of the 8-4-4 system of education failed to achieve its objectives due to under-funding hence its theoretical instead of the intended practical approach.

The informal sector/ MSEs remain the major employer in Kenya however, the level of management training accorded to the sector is still very low as pointed out in the Baseline Survey (1999) where the majority (85 percent) of entrepreneurs have not received business management training (GOK, 1999). The low levels of training by the firms were

attributed mainly to lack of awareness of available training programs and lack of government support (World Bank, 2000). This lack of entrepreneurial skills has hindered adjustment to and greater participation of Bungoma SMEs and entrepreneurs in the "new world of work" brought about by increased digitalization and fragmentation of production processes (OECD 2017). The scenario has resulted in high mortalities of MSEs and poverty levels.

In 2006, the joint UNDP/ROK research report on district poverty indices classified Bungoma as a millennium district owing to high poverty levels. Since the county is well endowed with human and natural resources, poverty was attributed to undeveloped entrepreneurial culture. The UNDP/ROK entrepreneurship development programs were launched on pilot basis in the county (UNDP/ROK: 2006.). Massive trainings followed and we have not had information if professional training cycles are followed, nor reports on programs evaluation using standard models to ascertain if the intended goals are being achieved. This study therefore sought to answer the question; to which extent has entrepreneurship training influenced enterprise performance in Bungoma County?

2. Methods

The objective was to assess the extent to which training influenced enterprise performance. The study was based on the Kirkpatrick's Improved Model of Training planning and evaluation (Clark 2009: <http://bdld.blogspot.com/2008/12/flipping-kirkpatrick.html>). Training is planned backwards to ensure there is a circular causality, as shown in Figure 1 below.

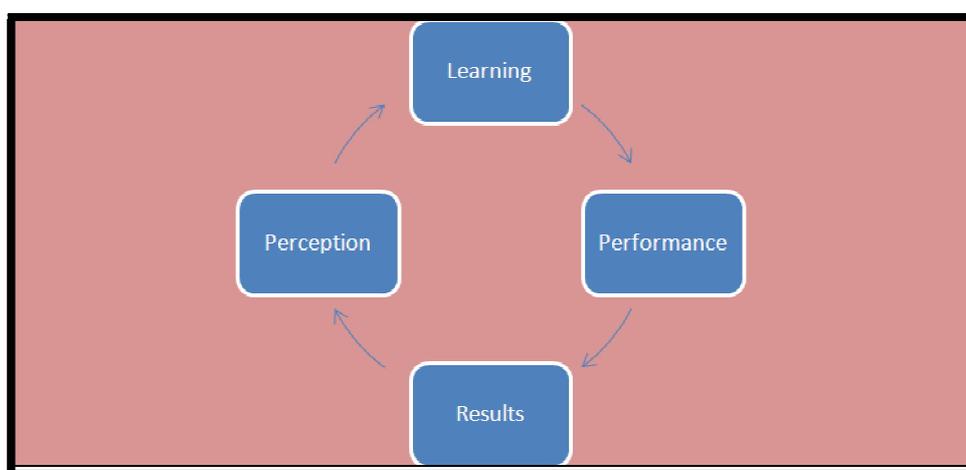


Figure 1: Kirkpatrick's Improved Model of Training Evaluation
Showing a Causal Relationship

Source: Clark, D. (2008; 22), *Flipping Kirkpatrick*

The model has four levels of evaluation: reaction, learning, behavior and results. The *reaction level* measures satisfaction; what the trainees thought and felt about the training. Evaluation here focuses on the reaction of individuals to the training (Kirkpatrick 1998, in UN 2008; 12). *Learning level evaluation* measures the learning that occurred; the resulting increase in knowledge or capabilities. It assesses what has been learned as measured with end of course tests. The *behavior level* measures the behavior change that is, extent of behavior and capabilities improvement and application). Evaluation at this level measures the transfer of what has been learned back to the workplace. The *results level* measures the effects on the institutional environment resulting from the trainees' performance; evaluation here measures the impact of the training on overall organizational results/growth (Kirkpatrick 1998, in UN 2008; 12). In the framework above, levels 1 and 2 form formative evaluation, whereas levels 3 and 4 are associated with summative evaluation (UN 2008; 13). The model emphasizes the need for evaluating training for impact and future program improvement. A survey research design was adopted. It is a popular and common strategy in business research where it is used to answer who, what, where, how much and how many questions (Saunders *et al.*, 2009: 144). Participants were entrepreneurs who had operated for two or more years and participated in three or more trainings. The target population was 450 entrepreneurs obtained from the trainers' and MSE facilitation officers' data banks in Bungoma County. The sample size for the respondents from the entrepreneurs was determined using the coefficient of variation formula developed by Nassiuma (2000 in Sangurah 2013). The study used coefficient of variation strategy because it is objective in sample size determination. See the formula:

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where: - n = sample size

N = population

e = tolerance level

C = coefficient of variation

A coefficient of variation less than 30% is recommended in determining the sample size. A sample size of 41 respondents participated in this study and individual elements in the study were selected using a simple random sampling technique. Primary data was collected using questionnaires, which were administered by the researcher. A pilot test was

carried out in Kitale and the findings were used to improve the data collection instruments. Data for the study was analyzed using descriptive statistics and correlation analysis.

3. Results

To the research question on whether training resulted in improved enterprise performance / growth or not, the Pearson Correlation results at 0.01 significance level indicated insignificant relationship. The p-values on the growth of capital invested ($r(41) = -.093, p > .05$) and increase in the number of employees engaged in the MSE firms ($r(41) = .165, p > .05$), as is with the number of branches opened ($r(41) = -.080, p > .05$) show weak relationship, even negative in some cases (Appendix 2 Tables). The trend was the same on changes in sales volume, units produced, profits, employee salary, supplier relations, quality improvement and reduction in accidents and wastes at places of work. The p-values indicated very low levels of correlation among most indicators of performance / growth, they (p -values) ranged between $-.005$ and $.086$. Arising from the study findings therefore, it is indicative that the trainings led to insignificant improvement in the MSE performance, exhibited by MSEs' failure to graduate from micro and small sizes to medium and large sizes along the enterprise continuum. This study therefore concluded that in order to enhance enterprise performance, training programs should be improved to address the specific needs individual of entrepreneurs and small business operators. The government and enterprise development agents need to apply a standard model to evaluate the impacts of training and improve them subsequently to help the sector grow.

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