

Importance of a Training Component to Micro and Small Enterprise Operators' Competencies

Dr. Sangurah Ramari Mukhebi Robbert (PhD)

Lecturer Entrepreneurship Development and Policy, School of Business and Entrepreneurship,
Bomet University College- Kenya

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.804004>

Received: 25 October 2023; Accepted: 14 March 2024; Published: 25 April 2024

ABSTRACT

Training as a BDS component improves Enterprisers' competencies which are critical in the success of their firms. The objective of this study was to assess the relationship between the training status and entrepreneurs' operational competencies. A sample of 252 respondents for the study was drawn from the Western Kenya counties of Uasin Gisu, Bungoma, Trans Nzoia, Kisumu and Kakamega. The study was guided by the entrepreneurial competency model. Primary data was collected using questionnaires while document analysis was employed for secondary data. The Statistical Package for Social Sciences (SPSS v.21) was utilized in analyzing data, basing on split file, paired t-test and multiple sets. The results revealed that training enhanced entrepreneurs' competencies, more so to those with secondary education and above. There is therefore need to investigate the relationship between levels of entrepreneur education and entrepreneurial performance.

Keywords: Entrepreneurial Competencies, Micro and Small Enterprise, Enterprise Performance

INTRODUCTION

Stakeholders interested in economic growth want to ensure that Micro and Small Enterprises access business development services they need in order to thrive, especially given that smaller firms frequently lack in-house skills in crucial functional management areas of accounting, bookkeeping, marketing, human resource, marketing and production efficiency. Business development services refer to all financial and non-financial support that an individual farmer or a small- or medium-sized agricultural enterprise needs to: Innovate, produce and market a particular product; Increase access to markets, revenue, profitability and productivity; Forecast, manage and mitigate risks; and Add value to or diversify production (Catholic Relief Services- USA 2015). Enterprisers' entrepreneurial competencies and environmental management skills have been considered important in the performance of small enterprises. This survey compared trained and untrained entrepreneurs in selected western Kenya counties. The MSEs play a crucial role in achieving Sustainable Development Goals, promoting inclusive and sustainable economic growth, creating decent jobs, promoting sustainable industrialization and fostering innovation and reducing societal inequities (OECD, 2017, cited in Kenya Association of Manufacturers-KAM 2019). The SMEs have been further recognized for providing goods and services, enhancing competition, fostering innovation and generating employment for poverty alleviation (KAM 2018).

The design of appropriate education systems to promote entrepreneurship and to prepare school leavers for self-employment has therefore been stressed in several studies as critical inputs to entrepreneurial success. The United Nation Education and Science Commission, for example advocates for Technical and Vocational Education and Training for youths and adults to have decent work and enhance entrepreneurship

as the way to inclusive society (Chang 2021). The training for entrepreneurship has been on the agenda of governments and donor agencies operating in most African countries for some time now (Sangurah 2013).

There is however limited information on effectiveness, efficiency, and impact of business management training in the MSE sector (Sangurah 2013; Nassiuma, 2011 and Voeten, 2002). The sector continues operating in a complex environment confronting an array of constraints (Sangurah 2018; Sangurah, Tubeyi & Omboto 2017), depending on sector, the region or country (Levy *et. al.*, 1994). Due to their limited understanding of the market economy, small-scale entrepreneurs struggle finding markets, preparing loan applications, keeping sets of accounts, and gaining a full knowledge of their profit position. Addressing some of their needs, especially those relating to the lack of basic skills, can bring about a structural change to their operations (KAM 2020; ILO / UNDP Program VIE/94/005).

Training is expected to fill a deficiency in enterprise performance to ensure success of an enterprise if undertaken correctly in light of the needs assessment (Sangurah, 2020 & 2013). Equally, the entrepreneurs understanding of the dynamic entrepreneurial environment is crucial in navigating the rough terrain to achieve enterprise performance. In Kenya there are a lot of efforts undertaken by the National and County Governments to enhance micro and small enterprise performance through a judicious mix of enterprise development interventions. There exist training programs through seminars, workshops and technical institutes, with the sole aim of enhancing performance (Sangurah 2013). However, there exists no discernible change in the way the trained MSE operators perform compared to the untrained. Most firms plateau at their small stages not graduating to middle level and eventually to large enterprises as is widely expected. Worst still a majority of these small enterprises don't live to see their sixth birthday.

This study therefore, compared the performance of enterprises owned by trained and untrained entrepreneurs in order to establish the link between entrepreneurial management skills development and MSE performance in western Kenya counties. It was guided by the objective; examining the entrepreneurial operation competencies. Its significance and justification lies in an enhanced understanding on the importance of entrepreneurial competency as an outcome of entrepreneurial training. The study is beneficial to entrepreneurs, Business Development Service providers, employees, governments and researchers. The output propose policy areas in enterprise management skills development for MSEs and the development of market driven entrepreneurship development programs.

MATERIALS AND METHODS

The study area covered selected counties in western Kenya; Uasin Gishu, Trans Nzoia, Bungoma, Kakamega, Siaya and Kisumu. The study area has a diverse eco-climatic conditions coupled with substantial endowments of natural resources yet faces some of the major challenges of unemployment, poverty and general stagnation of enterprises that is manifested in under development of the region.

The study was based on the positivism paradigm. It focused on the learning perspective of entrepreneurial research. The research design of this study was comparative survey. The independent variable constituted the entrepreneurial profiles, and the entrepreneurial operational competencies. The researchers discerned to establish the relationship between the entrepreneurial competencies and enterprise performance and compared the performance of trained and untrained entrepreneurs. Data collection instruments were administered by the researcher with the assistance of the research assistants in the respective study areas.

The target population consisted entrepreneurs in the MSE sector covering the service, Trade and Manufacturing sectors. The researcher accessed the records of trained and untrained licensed entrepreneurs from the municipal council registries in the respective counties and compiled sampling frames of trained and untrained entrepreneurs and the service providers. Eligible participants in the study were required to be operating licensed enterprises. A sample size was drawn from the target population using stratified random

sampling strategies. The sampling strategy was focused on entrepreneurs and service providers.

Data for the study was collected from trained and untrained entrepreneurs in the study region. The data analysis strategy was based on the research objectives. Data measurement scales ranged from nominal, ordinal to interval and ratio scales. Data analysis was based on split file, paired t-test and multiple sets analysis.

RESULTS DISCUSSION

The entrepreneurial orientation competencies results in Table 1 below were analyzed on the basis of training status, reading, writing, listening, critical and analytical skills, speaking, numerical skills and science and technology. The results indicate that respondents who had undergone training constituted 27.9% excellent compared to 18.7% for similar responses for those not trained. This implies that training enhanced the competencies of the respondents.

It also emerged that the trained respondents had not demonstrated competencies as indicated by 25.4% of the respondents who felt that it was fair. It equally emerged that Bungoma (32%) and Trans Nzoia (33%) had the highest frequencies for the trained within that category whilst Uasin Gisu (48%) and Trans Nzoia (20%) had highest frequencies in the untrained cohort. This suggests that training assisted in improving the competencies of the entrepreneurs.

Operational Competencies

Entrepreneurial operational competences were analyzed basing on functional skills, industry specific knowledge, resource competences, determination competences and opportunity competences. The analysis was based on skill needs development, needs refinement, competent, and excellent. The results showed that the majority (72%) of the untrained respondents needed development and refinement of industry specific skills while 28% ranked themselves in competent and excellent. The results for the trained entrepreneurs show that the majority (68%) needed development or refinement while 32 per cent considered themselves competent or excellent. This results imply that entrepreneurial competence development was required in all counties for both the untrained and the trained entrepreneurs. Even though the trained had a better industry specific knowledge compared to the untrained.

Resource Competences

The results on resource competence analyzed on the four scale level shows that the respondents who had not been trained had a needs development of 24.8%, while the trained constituted 50%. Needs refinement for the untrained was 69.4 % while trained was 60%. The competence aspect the un-trained was 23% while the trained 18%. On the excellent competences the untrained had only 0.8 % while the trained had 6% of the respondents. The implications of this results are that training is vital for the performance of an enterprise. Sometimes the trained may have a higher need for more training basing on the perceived benefits of the training provided earlier.

Determination Competences

The results on the determination competences based on the four level scale is presented in Table 5. The results show that on overall analysis that the needs development component for the untrained constituted 17% while the refinement was 56%, the competent 22% and the excellent 6%. On the part of the untrained respondents the results show that the needs development category was 33%, needs refinement 38%, competent 28% and excellent 7%. In the category of untrained the results show that 72% of the respondents needed development or refinement while 28% were either competent or excellent. The results on the trained

shows that 65% of the respondents needed development or refinement while 35% were either competent or excellent. The results imply that training was vital for the enhancement of enterprisers’ competences.

Opportunity Competences

The results show that the needs development component for the untrained constituted 19% while the refinement was 62%, the competent 18% and the excellent 1%. In respondents of the untrained the results show that 81% of the respondents needed development or refinement while 19% were either competent or excellent. The results on the trained show that 70% of the respondents needed development or refinement while 30% were either competent or excellent. The results imply that training on opportunity competence was vital for the performance of small enterprises.

A summary of entrepreneurial competencies is presented in Table 1. They show that Business Development Service providers should undertake focused training derived from assessment of training needs in all operational competencies. The results show deficiencies among the trained and the untrained even though the trained had a better competency rating than the untrained.

Table 1. Summary of Entrepreneurial Operational Competencies

Competencies	UNTRAINED		TRAINED	
	Development & refinement (%)	Competent & excellent (%)	Development & refinement (%)	Competent & excellent (%)
Functional	77.5	22.5	75	25
Industry specific	72	28	68	32
Resource	80	20	18	82
Determination	72	28	65	35
Opportunity	81	19	70	30

The operational competencies fall in the domain of entrepreneurial and management skills. The findings of this study support those by Sangurah (2013) and Barbazette (2000) with respect to the fact that the benefits of conducting training should outweigh the problems caused by the training deficiency. The results further support the scenario presented by the sessional papers number 2 of 1992 and 2005 with respect to challenges faced by Micro and small enterprises (GOK 1992 & 2005).

CONCLUSIONS AND RECOMMENDATIONS

The study concludes that training provided to entrepreneurs enhanced their competencies with respect to reading, writing, listening, speaking and numerical skills. An integration of these competencies in school curriculum therefore, could improve the benefits derived from entrepreneurship training. Also, entrepreneurial training, especially on analytical and numerical skills has a higher impact on enterprisers with a higher level of education in comparison to those with a lower education level. Further, training needs assessment should be undertaken in order to impart appropriate enterprise operational competencies to entrepreneurs. All entrepreneurs should be trained with a focus on training needs identified. The study recommends for Entrepreneurship training, Business Development Services organizations refining their curricula and target Kenya Certificate of Secondary Education graduates and above in order to entrench entrepreneurship and drive the move to the creation of an entrepreneurial society.

REFERENCES

1. CHANG, Yoonseon (2021). *The Impact of Technical and Vocational Education and Training on Income Growth and Employment of Trainees* (Unpublished Masters Thesis- KDI School of Public

- Policy and Management)
2. Fogel, G., & Zapalska, A. (2001). *A comparison of small and medium-size enterprise development in Central and Eastern Europe*. *Comparative Economic Studies*, 43(3).
 3. Fogel, G. (2001). *An analysis of entrepreneurial environment and enterprise development in Hungary*. *Journal of Small Business Management*. Volume: 39. Issue: 1. Page Number.
 4. George, G. Shibanda, Jemymah Ingabo and Bernard Nassiuma (2001). *Training assessment among Kenyan smallholder entrepreneurs*. Academy of Human Resource Development. February 28-march 4th 2001.
 5. Hisrich, Robert D., (2003). "A Model for Effective Entrepreneurship Education and Research", *Entrepreneurship in Forghung and Lehre* (Frankfurt: Peter Lang Gmb H., 2003), 241-255.
 6. ILO/UNDP VIE/94/005 (2003). *Impact of start your Business (SYB) Training on women entrepreneurship*. International labour organisation. Vietnam.
 7. Jean Barbazette, 2006, *Training Needs Assessment: Methods, Tools and Techniques*
 8. KAM (2020). *Manufacturing Priority Agenda 2020; Establishing a Competitive Manufacturing-Led Economy for Job & Wealth Creation*. Nairobi-Kenya
 9. (2019) *Manufacturing Priority Agenda 2020; Closing the Manufacturing Gap through the Big 4 Agenda for Shared Prosperity*. Nairobi-Kenya
 10. (2018) *Manufacturing Priority Agenda 2020; Sparking Kenya's Industrial Transformation for Job Creation*. Nairobi-Kenya
 11. King, K. & McGrath, S. (Eds.). (1999). *Enterprise in Africa: Between poverty and growth*. London: Intermediate Technology.
 12. Kerre, B.W. (1998). *The role and potential of technical and vocational education in formal education systems in Africa*, Paper presented at the conference "Enterprise in Africa: Between poverty and gro", Centre for African Studies, Univ. of Edinburgh
 13. Kent, D.W. & Mushi, P.S.D. (1995). *The education and training of artisans for the informal sector in Tanzania*, Overseas Development Administration, London
 14. Mead, D.C. & Liedholm, C. (1998). *The dynamics of micro and small enterprises in developing countries*. *World Development*, 26(1), 61-74.
 15. Nassiuma B.K. (2011). *Review of District Business Solution Centers and Promoting women in Business and Investment in Kenya projects*. UNDP and GOK Projects.
 16. Psilos, P., Galloway, T. (2018). *Entrepreneurship Programming for Youth: Evidence Report*. Washington, DC: USAID's YouthPower: Implementation, YouthPower Action
 17. ROK (1992). *Small Enterprise and Jua Kali Development in Kenya*, Sessional Paper No. 2. Nairobi: Government Printer.
 18. Sangurah R. M. R. (2019). *Growing Women-Owned MSEs in Kenya*. *International Journal Of Innovative Research & Development* DOI No. : 10.24940/ijird/2019/v8/i6/JUN19059
 19.(2019) *Effectiveness of Kenya's Entrepreneurship Training Programs*. *The International Journal of Business & Management* ISSN 2321–8916 www.theijbm.com Vol 7 Issue 7 DOI No.: 10.24940/theijbm/2019/v7/i7/BM1907-052 July, 2019
 20.(2020). *Are Entrepreneurship Theories from Developed Countries Applicable in Developing Countries?* *International Journal of Research and Innovation in Social Science (IJRISS)* |Volume IV, Issue VIII, August 2020|ISSN 2454-6186
 21.(2018) *Mediating Effect of Niche Policy in the Relationship Between Entrepreneurs' Profile and Women Entrepreneurial Activity in Selected Western Kenya Counties*. Unpublished PhD Thesis Presented to the School of Business and Economics, Moi University- Kenya.
 22. Sangurah R. M. R., Peter I. O. & Tubeyi R. (2017). *Resource Support and Women-owned MSEs' Growth in Western Kenya*. *The International Journal of Humanities & Social Studies* (ISSN 2321 – 9203) www.theijhss.com
 23. Sangurah R. M. R. & Tubey R. (2017). *Role of Women Entrepreneurs' Traits on New Venture Start-Ups In Western Kenya*. *International Journal of Entrepreneurship and Project Management* ISSN 2520-9108 (Paper) ISSN 2518-2838 (Online) Vol.2, Issue 3 No.4, pp 40 – 47, 2017

24. Sethuraman, S. V. (1997). *Urban Poverty and the Informal Sector: A critical Assessment of Current Strategies*: Geneva, International Labour Organisation.
25. United States Conference of Catholic Bishops (2015). *A Guide to Strengthening Business Development Services in Rural Areas*. Catholic Relief Services, 228 West Lexington Street, Baltimore, MD 21201-3413 USA