

## **The Role of Entrepreneurship Training and Education in Enhancing Growth of Small and Medium Enterprises in Kenya: A Case Study of Mombasa County**

George Njenga King'ori, Dr. Fridah Simba Theuri  
*Jomo Kenyatta University of Agriculture and Technology (JKUAT)-Kenya*

---

**Abstract:** *The research was centered on the role of entrepreneurship training and education in enhancing growth of small and medium enterprises in Kenya: a case study of Mombasa County. The research objectives were formulated to find out if Entrepreneurship skills, innovation skills, apprenticeship and business Skills have any role in enhancing the growth of SMES. Descriptive analysis was used to analyze the data collected, and come up with conclusion. it was found that Entrepreneurship training was found to have had a substantial impact on performance of enterprises thus influencing the growth of the businesses. The study recommends the need to adopt entrepreneurship education early in our education system to inculcate entrepreneurial culture in our country. It also recommends the training of entrepreneurs to empower them so that they can be able to acquire relevant skills.*

**Key Words:** *Apprenticeship, Entrepreneurship Training, Entrepreneurship Education, Innovation, SMEs*

---

### **I. Introduction**

According to the European Commission Report (2012), despite the lack of evidence on the effects of entrepreneurship education, the key role of entrepreneurship education must not be disregarded. In addition to equipping young people with the skills needed for the 21st century, entrepreneurship education is a means to increase social inclusion; it can increase the number of entrepreneurs – social and commercial, and it can be a gateway for a greater integration of the framework for key competences for lifelong learning.

Blenker, Dreisler & Kjeldsen (2008) argue that in the closing decades of the 20th century, entrepreneurship gained increased recognition among economists as a significant driver of improvements in societal welfare. Across the globe, governments have acknowledged the importance of their roles in motivating individuals, businesses and related stakeholders to perceive and develop new opportunities that can promote positive change and create economic growth in their societies. This entrepreneurial spirit is now seen as the main source of innovations in nearly all industries, leading to the birth of new enterprises and the growth and renewal of established organizations. Simon et al. (2012) says that given entrepreneurship's potential to support economic growth; it is the policy goal of many governments to develop a culture of entrepreneurial thinking. This can be done in a number of ways: by integrating entrepreneurship into education systems, legislating to encourage risk-taking, and national campaigns.

The importance of entrepreneurship education and training was stressed in a 2009 report by the Global Education Initiative (GEI) of the World Economic Forum (WEF): which noted that while education is one of the most important foundations for economic development, entrepreneurship is a major driver of innovation and economic growth. Entrepreneurship education plays an essential role in shaping attitudes, skills and culture—from the primary level up. We believe entrepreneurial skills, attitudes and behaviors can be learned, and that exposure to entrepreneurship education throughout an individual's lifelong learning path, starting from youth and continuing through adulthood into higher education—as well as reaching out to those economically or socially excluded—is imperative.

### **II. Statement Of The Problem**

According to the Session paper No.2 of 2005 (RoK, 2005), SMEs have high mortality rates with most of them not surviving to see beyond their third anniversaries. Session Paper No.2 of 2005 (RoK, 2005) and Ministry of Economic planning report on SMEs (RoK, 2007) show that three out of five SMEs fail within their first three years of operation in Kenya. Bawuah, Buame & Hinson, (2006) in spite of the critical importance of entrepreneurs in the economic development of a country, less developed nations especially Sub-Saharan African (SSA) countries have not fully developed strategies to take advantage of this resource. The MSMEs sector in Kenya and across much of Africa continues to underperform compared to its potential. Numerous factors contribute to sector and individual enterprise inefficiency, including low capital outlays, the use of labour intensive technology, low level of skills and organization, limited access to organized markets and formal credit, unregu-

lated and competitive markets, and limited access to services. In Kenya, the small business sector has both the potential and the historic task of bringing millions of people from the survivalist level including the informal economy to the mainstream economy. Béchar & Grégoire (2005), while there is extensive literature on entrepreneurship education and training, evidence demonstrating the influence of training on entrepreneurial activity is still lacking. Greater understanding is needed about how programs and learning strategies help develop skills that lead to the formation of new ventures (Garavan & O'Connell, 1994).

At the most basic level, low levels of education and training underpin several of these factors and a large percentage of African entrepreneurs have never undergone any formal business or entrepreneurial skills training, which limits their ability to plan, spend, save, and invest to support commercial success. The result is high relative levels of indebtedness, an inability to grow both service offerings and jobs, lack of adequate reinvestment, and unrealized earnings and profit, O'Neil & Mahadea, (2005). Practicing entrepreneurs expect entrepreneurial education to assist them in solving the unique problems in their businesses. For the aspiration to become a reality, effective support structures are required to harness local initiatives and nurture new enterprises that are capable of creating sustainable employment and business models. There is need to address the failures and non-performance in SME, Stacked up against such a choice are many examples of business failures in the community, negative attitudes towards business, and misconceptions about what makes a business succeed, the common view is that all you need to succeed is 'capital. While studies have shown mixed relationship between entrepreneurship training and entrepreneurial development, they have not highlighted the role of entrepreneurship training and education on the growth of enterprises. The aim of this study is to determine the role of entrepreneurship training and education on the Small and Medium enterprises growth in Kenya.

### **III. Objectives Of The Study**

- i. To find out if Entrepreneurial skills plays any role in enhancing Small and Medium Enterprises growth in Mombasa County
- ii. To establish if innovation plays any role in enhancing growth of small and medium Enterprises in Mombasa County
- iii. To find out the influence of apprenticeship in promoting Small and Medium Entrepreneurship growth in Mombasa County
- iv. To examine the extent by which business skills development enhances growth of small and medium enterprises in Mombasa Count

### **Significance and Scope of the Study**

The aim of this research was to find out the role of entrepreneurship training and education in enhancing small and medium enterprise growth. There has been the challenge of business failure and sustainability in Kenya. The research aimed at finding out if there is any relationship between the enterprises growth and entrepreneurship training and education of the entrepreneurs. The research was conducted within Mombasa County. The data was collected from the entrepreneurs who have invested within the county and has gone through entrepreneurship training.

### **Theoretical Frameworks**

**Human Capital Theory:** Ngugi (2014) in his thesis quotes Schultz (1961) who argues that both knowledge and skill are a form of capital, and that this capital is a product of deliberate enterprise growth, in terms of profitability, business expansion, among other measurable parameters in business. The concept of human capital implies an investment in people through education and training. Schultz compares the acquisition of knowledge and skills to acquiring the means of production which will have a key role in ensuring businesses continues to perform and grow over time. The difference in earnings between people relates to the differences in access to education and trainings. Ngugi (2014) further says that according to Schultz argument, investment in education and training leads to an increase in human productivity, which in turn leads to a positive rate of return and hence of growth of businesses. Skills development and education in general form part of human capital and according to human capital theorists, and hence these assets can improve SME productivity significantly (Honig, 2001). According to Hessels & Terjesen (2008), they define entrepreneurial human capital as an individual's knowledge, skills and experiences related to entrepreneurial activities.

Mungai (2012) in her thesis quotes Becker (2002) who argues that economic growth depends on the synergy between new knowledge and human capital, which is why large increases in education and training have accompanied major advances in technological knowledge in countries that have achieved significant economic growth. The same case can be argued about entrepreneurs who have acquired education and training as they run their businesses, one of the most important elements for example contributing to the economic success of Korea over the past decades has been the rapid rise in human capital, from seven years of education in the early 1970s to around 13 years later. As a result, the Korean per-capita GDP has risen as reported by (Deutsche

Bank Research 2005). She further argues that Formal education is not the only way to invest in human capital as workers can learn or train outside colleges and schools, especially on jobs. This applies to the employees in both large companies and the small enterprise sector. It is very important to focus on SMEs because according to African Development Bank Reports Micro, small, and medium enterprises are crucial drivers of economic growth across Africa, accounting for more than 45% of employment and 33% of GDP continent-wide and up to 90% of all businesses in some countries. According to a report by Equity Bank (2013) in Kenya alone, there are an estimated eight million micro-enterprises operating currently, contributing about 20% of GDP. A 2009 survey indicates that only 15% of all Kenyan entrepreneurs have accessed formal entrepreneurial skills training (GEM). They exhibit a very high rate of business failure that is attributed to inadequate knowledge, skills and attitude that are prerequisites to competitive and successful businesses. The Theory of Change in tackling these challenges is embedded in entrepreneurship training aimed at equipping the entrepreneurs with practical advice on how to successfully manage their business. It is anticipated that the outcome of adhering to good management practices would lead to improved sales, profits and income, as well as create employment opportunity, which would ultimately improve livelihoods after entrepreneurship training and education.

**Competence Based Theory:** Nteere (2012) quotes Wickham (2006) who argues that the entrepreneur's responsibility is to recognize what core competences are necessary to exploit a particular opportunity to innovate in their achievement and to sustain them. Nteere further argues that competitiveness ultimately comes from producing better products more quickly. To keep ahead of the market, a firm uses its core competencies, where a core competence is anything that allows access to a wide variety of markets, offers real and perceivable benefits to buyers, is difficult for competitors to imitate and is extendable to other products in the future. The ability of the entrepreneurs to continuously be ahead of the market depends largely to his competencies in running the enterprise. Karanja (2014) quotes Afuah (2003) who says that competences and assets are the function of technological and market knowledge as innovation is the use of new technological and market knowledge to offer a new product or service that customers will want.

### **Entrepreneurship Skill**

While there is extensive literature on entrepreneurship education and training, evidence demonstrating the role of training on entrepreneurial activity is still lacking as explained by (Bécharde and Grégoire, 2005). Greater understanding is needed about how programs and learning strategies help develop entrepreneurial skills that lead to the formation of new ventures (Garavan and O'Connell, 1994). In many research works, there appears to exist a consensus among scholars that entrepreneurship education and training has a vital role to play in the development of entrepreneurial attitudes, abilities and related skills as argued by (Li, Zhang and Matlay, 2003; European Commission, 2002). According to Erkilla (2000), about 93 percent of scholars are of the opinion that entrepreneurial skill can be developed via education and training. Thus, the establishment of entrepreneurial education is seen as a possible measure to promote entrepreneurship (Burger, O'Neil and Mahadea, 2005). Entrepreneurial education is the purposeful intervention by an adult in the life of a learner to impact entrepreneurial qualities and skills to enable the learner to survive in the world of business (Gouws, 2002). It aims at equipping learners with skills, knowledge and dispositions that can help them develop or implement innovative social or business plans (Nnazor, 2005). Ogundele (2005) argues that the Asia Tigers have developed and equipped their human assets with orientation and capacity for spontaneous responses to opportunities of wide ranging patterns both near and far. Because of appropriate entrepreneurial education, training and development, right from childhood every six out of ten people in Indonesia are entrepreneurs. The truth is that entrepreneurship has become a culture of that country and indeed all the Asian Tigers. That is why their economies are the fastest growing and developing ones in the world today. The lesson we learn from the Asian Tigers is that effective entrepreneurial education, training and development are the only sure path to national economic development. Entrepreneurship education and training plays very crucial roles in entrepreneurial development and skills acquisition.

Research evidence from different sources seems to suggest that individuals attending entrepreneurship courses have a higher tendency to start their own business at some point in their career that will survive than those attending other courses (Bawuah, Buame and Hinson 2006). Namusonge (2006) noted that entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment and that Lack of planning, improper financing, poor management, Poor access to markets and lack of market information have been posited as some of the main causes of failure of small enterprises and critical constraints to the growth and competitiveness of MSEs in Kenya. A 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. In particular, Dana (2001) notes that countries such as, Brazil, India, Malaysia, Singapore and the UK have introduced entrepreneurship education programs since 1990. The Asian Productivity Organization (2007) in its report on Entrepreneurship development for competitive small and medium enterprises mentioned that entrepreneurship training and education is regarding knowledge-based human capital investment as a prerequisite for sustained

economic growth and productivity of enterprises. It further explains that a firm's competitive advantage stems from its entrepreneurial capabilities, management abilities and technical know-how and its adaptability to the internal and external business environment. Basic education and continuing investment in on-the-job training, for developing entrepreneurial skills is therefore important.

Entrepreneurship skills are very important to the survival and growth of SMEs. Entrepreneurial development has been conceived by most governments as a program of activities to enhance the knowledge, skill, behavior and attitudes of individual and groups to assume the role of entrepreneurs. Entrepreneurship education has a positive impact on the entrepreneurial mindset of young people, their intentions towards entrepreneurship, their employability and finally on their role in society and the economy, (European Commission, 2012). From the various research works, it can be seen that entrepreneurship training and education is a prerequisite to many entrepreneurs gaining entrepreneurial skills. The skills enable the entrepreneurs to run their businesses better and may assist them to live a longer time.

### **Innovation And Sme Growth**

According to GEI report on innovation (2010) it states that while education is one of the most important foundations for economic development, entrepreneurship is a major driver of innovation and economic growth. The innovation process of the 21st century is radically different to that of the preceding one. Perhaps the most important difference is the new or renewed importance of new and small firms. According to Thurik (2009) the change can be resumed as a shift from the "Managed Economy" to the "Entrepreneurial Economy" (Audretsch and Thurik, 2004). In the former, science and systematic large firm R&D was the key. In the latter, entrepreneurship is one of the foundations of innovation. According to the OECD report (2010) the major function of SMEs and entrepreneurship in innovation is the introduction of advances in products, processes, organisational methods and marketing techniques into the economy. This occurs at different levels: making breakthrough innovations that push forward the technological frontier; and adopting incremental innovations that bring the economy closer to its technological frontier. The ideas for these innovations may be developed internally by the SME or start-up, or they may be accessed from external sources. Another function of SMEs and entrepreneurship in innovation is to provide ideas and inputs to ideas generation that are exploited by large firms, universities/research organisations and other small firms. According to European Commission report (2012) Development of the entrepreneurial competence is expected to lead to more innovative behaviour by individuals and consequently this would mean that the enterprises that these alumni are leading are more innovative than other enterprises.

Innovation is an important tool that provides opportunities to new inventions and building of new markets, when the entrepreneurs are sure about the markets, they will hold longer (Kuhn & Marisck, 2010). Crossan and Apaydin (2010) highlights that innovation is creation or acceptance, adaptation and utilization of a value-added novelty in trade and industry spheres, regeneration and expansion of product, services and markets, making of new ways of product development and establishing new management system. Innovation is considered as every day issue for members of organizations in defining their problems, responding to unforeseen events, creation of solutions and development of new ways and procedures to organize work, through the use of experience, skills, motivation and the knowledge accumulated is converted in to production of an innovative product or service (Tsoukas & Vladimirov, 2002; Wierdsma 2004, Kocher et al. 2011, Miettinen et al. 2009) When the SME competitive advantage is based on the knowledge as is the case in the knowledge economy, innovation and creativity becomes a decisive factor in the economic activity because knowledge tends to be developed in the actual contexts Mbizi and Hove (2013). Allocca and Kessler (2006), argues that the ability to develop and launch innovative new products by using the latest technology quickly before global competitors, or soon thereafter, is a key factor in gaining first-mover advantage, achieving product success, capturing market share, increasing return on investment, and long-term viability.

Entrepreneurs make critical contributions to a nation's economic development. They bring technology intensive, often risky, innovations to the commercial Market and in the process, even help to develop whole new industries. Even relatively advanced developing countries with a growing economy often have difficulties in capitalizing on new export opportunities, in assimilating technology transfer and in capturing the spillovers from subcontracting and related trade and investment linkages. According to the GEM report (2013) many countries in sub-Saharan Africa are becoming less reliant on raw material mineral extraction and agriculture and moving toward high technology innovations. The telecommunications, banking and retail sectors are flourishing. Construction is booming and private investment inflows are surging. The entrepreneurial landscape in sub Saharan Africa is changing rapidly and the region is now becoming a Mecca for business development and growth.

Bosire (2013) quoting the Schumpeter's innovation theory of entrepreneurship cited by Scudder (2011) explains that an entrepreneur is one having three major characteristics: innovation, foresight, and creativity. Entrepreneurship takes place when the entrepreneur creates a new product, introduces a new way to make a product, discovers a new market for a product, finds a new source of raw material, finds new way of making things

or organization. Innovative enterprises are able to respond within the bounds of the knowledge about existing products or services to changes required by the customer within their niche market (Levy and Powell 2005). Innovation which can be acquired through training and education therefore becomes a major determinant of growth and survival of SMEs. It's important to note that many successful enterprises are driven by how quick the entrepreneurs respond to the new technology and innovations within his area of operations. Innovation is important because it can lead to more high-value productivity chains and technological change, resulting in a wider range and better quality of goods and services. Entrepreneurs stimulate innovation as they are responsive to potential new markets and seek opportunities to create new ventures, products and services (Baumol, 2002). Entrepreneurship thus forms part of the process in shifting developing countries from factor-driven economies based on natural resources and unskilled labor, to innovation-driven economies which compete by providing new and unique products and services (GEM Report 2010). Jim Turley, Global chairman and CEO of Ernest & Young, in his speech at Monte Carlo 2012, said that over the past 26 years, entrepreneurs have done more than any other group to stimulate innovation, job creation, and prosperity during both times of growth and in challenging economic conditions. For a successful venture an entrepreneur must have the capability to give strategic direction by creating and turning business vision into business realities. It's clear from the various researches that Innovation then becomes an important aspect of business survival and as the entrepreneurs adopt new innovations their enterprises will eventually grow bigger and better.

### **Apprenticeship And Business Growth**

Apprenticeships as a career path are not given a high profile in schools and SMEs are often put off apprenticeships by a lack of coherent and consistent information. This is compounded by the fact that SMEs, more than large businesses, depend on responsive training providers and do not always receive good service (Jason Holt, 2012). He further explains that Apprenticeships are an efficient and cost-effective way of building a workforce with the exact skills you need for your business now and in the future. There is a widely held misconception that apprenticeships are only relevant for manufacturing or manual trades. In fact, nothing could be further from the truth and apprenticeships are now available in over 200 professions from accountancy and business admin to hospitality and floristry. Schools don't see apprenticeships as a realistic path into a career; only the failing students are encouraged to seek apprenticeships. Within an appropriate environment, apprenticeship training can impart entrepreneurial knowledge and skills and subsequently can facilitate smooth entry into self-employment.

The informal sector is estimated to provide the largest amount of training in Kenya (ILO, 1988, Tommecko, 1991). Many of these apprentices eventually become self-employed artisans, thus creating employment for themselves and others. The quality of training received by apprentices is directly related to the enabling environment in which the training is conducted. Apprenticeship programs need to provide entrepreneurship training in addition to the technical training. The entrepreneurship curricula that have been prepared for the technical training institutes could be used to train technical teachers to provide instruction in entrepreneurship. If entrepreneurship education is provided to apprentices, more trainees might start their own business. Having access to a social network is extremely important. According to Global Business School Network (2013) A social network can allow women to connect with their peers who have had similar experiences or interests in order to share ideas, gain emotional and technical support, and meet mentors who can provide advice, coaching and serve as role models. The kinds of practical competencies entrepreneurship training focuses on are as valuable to those seeking employment within existing organizations as they are to those seeking to start their own enterprise. Entrepreneurial training develops the right skills for the jobs being created, whether in formal employment or entrepreneurial self-employment. Mungai (2012) says that most entrepreneurs and artisans acquire skills through on-the-job training and apprenticeship.

The World Bank (1992) estimated that 40 percent of all trainees acquire their skills through apprenticeship. The duration of the training varies depending on the kind of trade or skill one is going in for (Twoli and Maundu, 1994). Mungai (2012) further says that there is urgent need for training in the MSE sector to be demand-driven in order to take care of the changing demand for skills in the labour market by employers. This can be done by introducing appropriate and relevant small business courses for the job market. Apprenticeships are not only good for the individual, they are also an extremely effective way for employers to tap into raw talent, up-skill their staff and grow their businesses. In 2012, the ILO released a new package to support the strengthening of informal apprenticeship systems. The package provides detailed practical guidance in overcoming some of the existing weaknesses in informal apprenticeship systems, which have been described in this brief, in areas such as financing, monitoring quality, strengthening gender equality, and improving linkages with formal systems.

### **Business Skills**

Basic managerial skills acquired through training programs are found to be important in the performance of micro and small-sized business in Peru and Ghana (Karlan and Valdivia 2009; Iddrisu, Mano, and Sonobe 2009). Furthermore, suggestive evidence of the importance of managerial skills in industrial development has been provided by many case studies conducted in Latin America and East Asia (e.g., Schmitz and Nadvi, 1999; Sonobe, Hu, and Otsuka, 2004; Sonobe and Otsuka, 2006). Osinde (2013) argues that business training can be classified into two categories: operational and strategic. In operational training start-up entrepreneurs can require basic operational business training in areas such as accounting, marketing, inventory control, costing, pricing and sales forecasting. Once entrepreneurs received basic operational training, they have an opportunity and increased skills to move their business forward. The formalized nature of the training allows them to learn the above business basics in a supportive learning environment. They become better-rounded business people and at least have a basic understanding of the business cycle (UNDP2004)

According to a report by the Global Business School Network (2013) In order to be successful, entrepreneurs need skills such as creativity, problem solving and communication skills. Many times these skills are learned through experience – often from entrepreneurial failures – that help an entrepreneur finally arrive at a successful venture. These skills can also be developed through entrepreneurship education and training programs specifically targeting enterprise founders and owners. Such programs focus on providing individuals with practical education and experiential learning that builds both soft skills, such as communication, social intelligence, and critical thinking, as well as hard skills like accounting and financial management. Additionally, such programs foster networks of like-minded individuals that support each other and can lead to the creation of entrepreneurial ecosystems which can promote increased entrepreneurial activity

According to Department of Business and Innovation in UK (2013) Reports, Skills of business owner-managers and employees within the firm provide the absorptive capacity for businesses to overcome ‘tipping points’. Skills have a positive effect on labour productivity and innovation activity and the evidence suggests there is a relationship between a country’s levels of skills and its economic growth. Twenty-eight per cent of SME employers reported that a general shortage of skills was an obstacle to their business success. The absorptive capacity of businesses and hence their ability to overcome tipping points, depends on the leadership and management skills of the business owner-managers and the skills embodied by employees. Skills have a positive effect on labour productivity, they enable innovations developed elsewhere to be adopted and provide the ability to generate new innovations

Poor basic skills are real issue for businesses, according to employers; poor basic skills of workers primarily result in poor customer service and low productivity. In turn, this is likely to have a detrimental impact on the performance of the business. There are also cost implications of poor basic skills due to high staff turnover and having to recruit externally rather than promote internally. Zuzana and Mokros (2007) say that Skills and knowledge belong to critical factors of production, Enterprises can gain competitive advantage by implementing continual and on-going innovations and the managerial skills and knowledge are in the centre of this process of innovations. One of the obstacles to business success relates to the internal capacity and capability of the business. It is the capacity and capability of businesses that enables them to overcome difficulties and hence makes business growth possible.

According to BIS Economics Paper No. 4 (2010) the absorptive capacity of businesses and hence their ability to overcome tipping points, depends on the leadership and management skills of the business owner-managers and the skills embodied by employees. Skills have a positive effect on labour productivity, they enable innovations developed elsewhere to be adopted and provide the ability to generate new innovations. Firms which employ skilled workers and provide training are less likely to go out of business. Other researchers have proven that Poor basic skills are a real issue for businesses. According to employers, poor basic skills of workers primarily result in poor customer service and low productivity. In turn, this is likely to have a detrimental impact on the performance of the business. There are also cost implications of poor basic skills due to high staff turnover and having to recruit externally rather than promote internally Gallup (1993). Employers need higher skills to improve on the quality of their products and services to innovate and to attract new customers.

### **Critique Of Existing Literature**

It is evident from literature review that Entrepreneurship training and education plays a major role in the growth of SMEs, however, some researchers have noted that only a few studies have investigated the role played and by entrepreneurship training and education in enhancing SMEs growth. In addition, most studies have tended to focus on a particular programme and its immediate outcomes (Hill and O’Cinne’ide 1998). There is limited information on the role played by apprenticeship in ensuring as new ventures comes up, they will live to see their fifth and more anniversaries. Most researches relate apprenticeship and career growth of students who are about to finish their studies.

#### IV. Research Methods

The research problem was studied through the use of a descriptive design. The researcher used both qualitative and quantitative research designs which are descriptive in nature. The researcher issued questionnaires and observed what was taking place at the ground level. He collected quantitative data, which was analyzed quantitatively using descriptive and inferential statistics. The descriptive survey was the strategy to fulfill the objectives of the study. The target populations in this study were the entrepreneurs who have gone through entrepreneurship trainings undertaken by the Equity Group Foundation and the Mombasa Training office of the Kenya institute of Business Training in Mombasa County.

#### V. Results And Discussions

Entrepreneurship training was found to have had a substantial impact on performance of enterprises thus influencing the growth of the businesses. The study recommends the need to adopt entrepreneurship education early in our education system to inculcate entrepreneurial culture in our country.

##### Descriptive statistics for main variable

Main Variables	Minimum	Maximum	Mean	S. Dev
Business Skills	3	4	3.67	.476
Innovation Skill	2	4	2.92	.647
Entrepreneurship Skills	2	4	3.17	.694
Apprenticeship	2	4	2.67	.859

The descriptive statistics for the respondents from various SMEs are presented in table above. Business Skills ranged from 3 to 4 with a mean of 3.67 meaning that most respondents agree that business skills are important in enhancing SMEs growth. The survey also shows that entrepreneurship skills are important with a mean of 3.17 followed by Innovation Skill with a mean of 2.92 and finally Apprenticeship at 2.67.

##### Multiple Regression Analysis

The relationship between Growth of SMEs and the independent variables were estimated using OLS (Ordinary Least Squares). As suggested in Coakes and Ong (2011), and Pallant (2007), basic assumptions underlying application of OLS analysis were evaluated because the violation of these assumptions may affect the integrity of the regression result. The regression results for the model are summarized below;

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818(a)	.669	.645	.31232

a. Predictors: (Constant), Entrepreneurship Skills, Innovation Skill, Apprenticeship and Business Skills

The Table above shows the results for variations between the dependent and independent variables.  $R^2$  is the coefficient of determination and shows how growth of SMEs is influenced by Entrepreneurship Skills (ES), Innovation Skill (IS), Apprenticeship (App) and Business Skills (BS). With  $R^2$  .669 for the model, this means that the independent variables in the model i.e. Entrepreneurship Skills (ES), Innovation Skill (IS), Apprenticeship (App) and Business Skills (BS) could offer about 66.9% explanation of the variance in the dependent variable growth of SMEs. This implies that variations in independent variables causes 66.9% change in dependent variable (growth of SMEs). This is a strong relationship such that the predictors identified in this study are great influencers of SMEs growth. The 33.1% remaining implies that there are other factors that affect the growth of SMEs in Mombasa County.

##### ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.412	4	4.103	3.242	.001 <sup>b</sup>
	Residual	10.463	37	.768		
	Total	19.875	41			

a. Dependent Variable: Growth of SMEs  
 b. Predictors: Entrepreneurship Skills, Innovation Skill, Apprenticeship and Business Skills

The ANOVA analysis investigated the variation in variables; the independent variables explain the observed variance of the outcome of the study and outcome Level of growth in SMEs. The coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables)  $R^2$  equals 0.669, that is, the independent variables. The ANOVA results indicate that the independent variables significantly ( $F=3.242$ ,  $p=0.001$ ) explain the variance in the growth of SMEs.

## **VI. Summary Of Findings**

Using a simple linear regression model of the form  $GS_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 IS_{it} + \beta_3 ES_{it} + \beta_4 App_{it} + e_{it}$  where GS=Growth of SMEs, ES is Entrepreneurship Skills, I.S is Innovation Skill, App is Apprenticeship, BS is Business skills and  $\epsilon$  = Error term, the study looked at factors that correlate with growth of SMEs among SMES in Mombasa County, Kenya. The study focused on role of entrepreneurial training and education in enhancing small and medium enterprises growth in Kenya, a case study of Mombasa County. All the independent variables correlate positively with growth of SMEs (the dependent variable) although at varying degrees. The independent variables are affected by other variables. Business Skills, Innovation Skills and Entrepreneurship Skills highly correlated with growth of SMEs while apprenticeship is related albeit to a low extent.

The strength of correlation between the variables was strong and weak ( $\pm 1$ ) in some instance and produce small effects. The association between other variables had a moderate effect ( $\pm .3$ ) and a high effect of ( $\pm .5$ ). Entrepreneurship Skills is related to the dependent variable to a certain level  $r = .077$ , Innovation Skill at  $r = .080$ , Business Skills at  $r = .086$  and Apprenticeship at  $0.045$ . This implies that the dependent variable i.e. growth of SMEs is influenced by the independent variables to a large extent although apprenticeship has an insignificant relationship with the dependent variable.

From the study findings entrepreneurship skills had a strong positive correlation with growth of SMEs at  $r=0.77$ . The respondents who had gone through the trainings were more self-reliant and were able to take more risks as compared with situation before the training. The entrepreneurs were able to spot more opportunities in areas of operations and had increased performance in their business performance. The trainings helped them to identify gaps that existed in their businesses and offered solutions that lead to better performances. The more knowledgeable the entrepreneurs are, the higher the chances of better performance of their enterprises. Most of attributes are acquired through practice and training.

The study found out that innovation is very important in attracting new customers and this translates into increased sales. Such things as new products, new processes, new markets, increased sales, increased profits and new branches resulted from training and education. Innovation relates more to developing new products, ways of tracking stock and business

The study also found that the entrepreneurship training and education encourages innovativeness in businesses. There was increased creativity after the training as evidenced by new products in the businesses, improvement in quality of existing products. Majority agreed that they were making informed decision as a result of improved ways of record keeping and stock control. They now know when to stock depending on the track records obtained from the businesses. The research found out that entrepreneurs were able to attract and retain new customers thus resulting to increased sales and profits. The results are in line with Becker (2002) in relation to Human Capital Theory who argues that growth of the economy depends on the synergy between new knowledge and human capital a factor related to innovation.

Apprenticeship had a weak positive correlation with growth of SMEs at  $r=.045$  pointing to the fact that it is less appreciated among startups in Mombasa County. In addition, the study found that many entrepreneurs acknowledge the role of apprenticeship in establishment of new enterprises and growth of businesses. They were of the opinion that one gets experience and is able to learn the art of running business. Many people learn by watching things being done. The respondents also pointed out that one is able avoid the same mistakes when one is attached in already existing businesses. It is imperative to note that SMEs are often put off apprenticeships by a lack of coherent and consistent information which does not add to their value (Jason Holt, 2012). Mungai (2012) says that most entrepreneurs and artisans acquire skills through on-the-job training and apprenticeship but most of them still record little success.

Acquiring business skills is important in running a successful business and this was evidenced by a strong positive correlation with growth of SMEs at  $r=.086$ . The study found that business skills training helped the entrepreneurs to be more efficient in their enterprises. This was evidenced by increased business performance in terms of profitability, sales, new enterprise establishment which was above average after the training. This also was evidenced by employment of new staffs showing clearly there was business expansion and growth. This study confirms the findings by (Karlan & Valdivia 2009; Iddrisu, Mano & Sonobe 2009) in Peru and Ghana that basic managerial skills acquired through training programs are found to be important in the performance of micro and small-sized business.

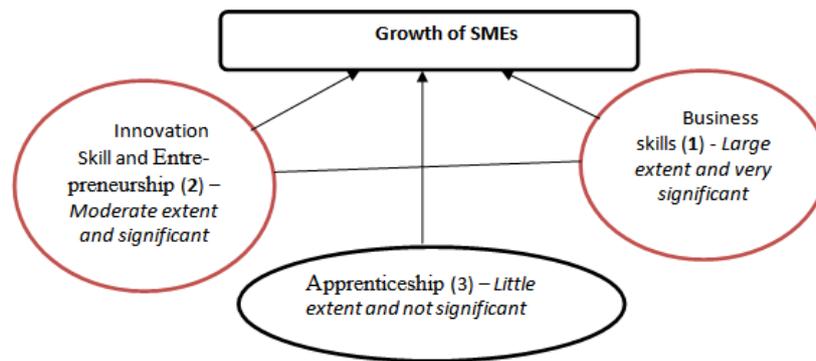
## **VII. Conclusions**

The intention of the study was to show that entrepreneurship training and education plays a role in enhancing growth of small and medium enterprises. The county level of entrepreneurial activity and consequent economic prosperity can be enhanced by raising the level of achievement motivation through entrepreneurship education and training. Entrepreneurs who have some form of entrepreneurial education and training are able run their enterprises progressively creating more job opportunities. The knowledge also enables them to prepare and understand their financial documents which they can use for financial control of their enterprises and to

access more financing for their enterprises. Entrepreneurship Training and education enables the entrepreneurs to understand their business and make sound financial decision, they become more creative and innovative with increased human capital which comes as a result of training and gains from entrepreneurship education.

The study showed that most entrepreneurs displayed limited knowledge in areas such as access to financial information, effects of such factors to conducting business, business planning and monitoring profitability. This therefore implies that there is need for increased training and development which could be a pointer to the negligence that the SMEs sector has experienced over the years. According to UNIDO (2001), constraints related to SMEs include: access to formal training, lack of skills and managerial expertise, lack of formal schooling among others.

Factors influencing Growth of SMEs i.e. entrepreneurship training and education as per this study are summarized in figure below with rankings from 1-3 where 1 is highest ranked variable that influences growth of SMEs while 3 is lowest ranked variable influencing growth of SMEs. The rankings are based on factor loadings and the level of significance



### **Recommendations**

On Entrepreneurship Skills there is need to adopt entrepreneurship training and education early in Primary education and Secondary Education apart from what is currently being offered in most institutions. This will help most of the entrepreneurs as they start up their businesses to have knowledge of most operations in the enterprises. The county government in solving unemployment crises can be able to adopt training programs in their county to empower the people who are already in business in order to improve on their businesses to promote their business expansion and growth which will enable them to improve and participate in reducing unemployment among the youths. Policy makers both at the county government and national government should know the importance of Entrepreneurship education and training in enhancing growth of SMES, thus come up with policies that enhance entrepreneurial culture in the counties and in the country at large. The government should support organizations which come up with entrepreneurship training programs and education, enhance production of books, journals and seminars to empower entrepreneurs. The trainings should be affordable and tailored toward the needs of the entrepreneurs.

On Apprenticeship, it should be encouraged and made a requirement for one to be attached to areas of their interest, to learn more and improve on employability skills. Entrepreneurs in Mombasa County should share experiences with other upcoming entrepreneurs in other towns and regions so that they can learn a lot from best practices of those entrepreneurs. There is a dire need for apprenticeship programs among graduates and students pursuing business as a career.

On Innovation the study recommends that trainings and education should have practical packages that will assist the entrepreneurs to improve in their business performances and growth.

On Business Skills, the study recommends the trainings and education system should come up with more technology based that will integrate the entrepreneurial skills and the business skills using modern technology with the great migration from analogue to digitalizing business records among other things in the business.

### **Recommendations**

In addition, the study recommends involvement of other methods like survey using structured questionnaire and an in depth interviews to solicit responses from entrepreneurs and secondary data from the SMEs. The research study was not able to cover all factors related to training entrepreneurs and business growth in Mombasa County. Due to limitation that the research faced like a small sample was used to represent the population as a result of lack of resources, a continuation on the same study should be done and cover a wider scope for example other the counties in Kenya. A study should be conducted on the role of apprenticeship in promoting more business start ups.

### References

- [1]. Blenker, P., Dreisler, P., Færgemann H. M., & Kjeldsen, J. (2013) A framework for developing entrepreneurship education in a university context, *International Journal of Entrepreneurship and Small Business*, 5(1), 45-63
- [2]. Government of Kenya (2005). Sessional paper No.2 of 2005 on Development of Micro and small enterprises for wealth and employment creation for poverty reduction, Government printer Nairobi
- [3]. Bawuah, K., Buame, S. & Hinson R. (2006) "Reflections on Entrepreneurship Education in African Tertiary Institutions *Acts Commercial* 1-8.
- [4]. Béchar, J. P., & Grégoire, D. (2005), Entrepreneurship education research revisited: The case of higher education. *Academy of Management Learning & Education*, 4(1), 22-43.
- [5]. Garavan, T. N., & O'Connell, B. (1994) Entrepreneurship Education and Training Programmes: A Review and Evaluation-Part 1. *Journal of European industrial training*, 18(8),3-12
- [6]. Ngugi, J. K. (2014). Influence of Intellectual Capital on the growth of small and Medium Enterprises in Kenya.
- [7]. Maseko, N., & Manyani, O. (2011), Accounting practices of SMEs in Zimbabwe: An investigative study of record keeping for performance measurement (A case study of Bindura). *Journal of Accounting and Taxation*,3(8), 171-181.
- [8]. Mugenda and Mugenda (1999), *Research methods: Quantitative and Qualitative Approaches*. Nairobi: Acts Press.
- [9]. Namusonge M. (2006). The role of entrepreneurship education and training in stimulating entrepreneurial careers. In 3rd International Entrepreneurship Conference organized by United States International University (USIU), Nairobi
- [10]. Alicia C. M. Jonathan L. Donna J. K., Rögnvaldur J. S. & Thomas S. (2010) , *A Global Perspective on Entrepreneurship Education and Training*
- [11]. Kennedy K.N (2012) *Entrepreneurship: A global Perspective*
- [12]. Neuman, W. L. (2006). *Social Research Methods: Qualitative and Quantitative Approaches* (6th ed). Sage, Allyn and Bacon, Boston.
- [13]. Burger, L., O'Neil C. and Mahadea P. (2005) "The Impact of Previous Knowledge and Experience on the Entrepreneurial Attitude of Grade Learners, *South African Journal Education*, 25 - 29
- [14]. Bwisa H. M (2011) *Entrepreneurship Theory and Practice: A Kenyan Perspective*
- [15]. Carlon, S, Loftus, J, Mladenovic, R., Kieso, D. E., & Weygandt, J. J. (2003) *Accounting: building business skills* Milton, Queensland: Wiley
- [16]. UNIDO. (2001), *Women Entrepreneurship Development in Selected African Countries*. Working Paper No.7.Legos
- [17]. Allocca, M.A. & Kessler, E. H. (2006) *Innovation Speed in the Small and Medium Sized*
- [18]. BIS Economics Paper No. 4 (2010) "Supporting analysis for "Skills for Growth: The national skills strategy""