Contribution of Entrepreneurial Education and Training to Performance of Small Enterprises Run by Women in Kenya

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Abstract
Women run Small Enterprises have become increasingly important in creating employment and wealth and in growth of many economies in the developing countries. However it is only a few of these enterprises that record consistent growth. Access to entrepreneur education and training is one of the challenges that women run small enterprises encounter leading to bleak performance and sluggish growth. This paper presents evidence on why small enterprises run by women experience low growth. The research set out to investigate the extent to which entrepreneurial education and training contribute to performance of women run small enterprises in Kenya. The paper is as a result of primary data collected from enterprises run by women in the vibrant Langata Business District in Nairobi Kenya. Through use of ordinary least squares regression model, the study has derived sufficient evidence in explaining the variation in performance of women run small enterprises. The paper posits that there is a positive relationship between entrepreneurial education and training and performance of women run small enterprises. The study recommends that women running small enterprises should be encouraged to seek more entrepreneurial education and training which would enable them to run their enterprises in an effective manner, usher in growth and lead to optimal performance.

Key words: Entrepreneurial education, Entrepreneurial training, Women run small enterprises

1 Introduction
Literature indicates that among Sub-Saharan African countries, the performance of women run small enterprises is dependent on access to finance, the level of entrepreneurial skills and access to entrepreneurial training and experience to effectively manage enterprises (Kazooba-Tushabonwe, 2006). Further the degree to which a government supports the businesses greatly influences the performance of small enterprises (SEs) (Mburu et al., 2016). Omwenga et al. (2013) argues that more women than men lack the requisite level of education and training, including business and technical skills and entrepreneurship training; further they contend that women have less access to training, are often unaware of training opportunities and may not afford to pay for the trainings even where available. Women also have difficulties travelling to a central location to participate in the trainings because quite often they may not afford time away from their enterprises and family. In addition, women fail to fully utilize government support programs including the training programs provided (Langowitz & Minniti, 2007).

There is an estimated 1.56 million licensed Micro, Small and Medium enterprises (MSMEs) in Kenya. Survey indicates that 5.85 million of the MSMEs are unlicensed businesses operating both in the formal and informal sectors (MSME Survey, 2016). MSME contribute 28.5 percent of the total Kenya economy (Kenya Economic Survey, 2017). Further the survey indicates that small establishments spend significantly high part of their net income on investment at 63.4%. The small enterprises operating licensed establishments provide 32.3% of all jobs in MSMEs sector. It is generally agreed that education qualification of business operators of small enterprises is low. Majority of small business owners adopt self-sponsored training which indicates that business owners are aware of their skills’ deficiency hence they seek training to improve their entrepreneurial competencies (Kenya Economic Survey, 2017).

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. Recognizing the critical role small businesses play in the Kenya economy, the Government of Kenya through Kenya Vision 2030 envisages the strengthening of SEs to become the key industries of tomorrow by improving their productivity
1.1 Women Run Small Enterprises in Kenya

The role played by women in the SE sector is significant. The Kenya government has adopted a number of strategies since independence to enhance economic development and the need to integrate women in the development process (Atieno, 2001). This fact is an acknowledgement that women should be integrated in the development process and their participation ensured in all sectors of the economy. A study carried out by Kithae, et al (2012), states that there are three profiles of women entrepreneurs operating SEs in Kenya, namely those in Jua kali micro-enterprises, “very small” micro-enterprises and “small-scale” enterprises. The enterprises are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation. According to the MSME survey Small enterprises are those that have hired the services of between 10 and 49 employees (MSME Survey, 2016). Most of the rural women provide for their families through subsistence farming and other agricultural activities supplemented by petty trade or micro enterprises. Additionally, women’s economic activities are most often undertaken in their homes, thereby escaping notice and recognition.

The Kenya Demographic and Housing Survey (KDHS, 2003) revealed that 75% of women receive cash for their work, while almost 5% of the total number of women are engaged in unpaid entrepreneurial activities. More than 32% of households are headed by women (Ongachi, 2013), and many of whom are beginning to venture into some form of small scale activities or self employment out of necessity. The participation of women in the informal sector of the economy is probably a great deal higher than these statistics indicate. Small and Medium Enterprises constitute over 70 per cent of manufacturing firms in Kenya. However, small sizes hinder access to human capital and technology. Micro, small and medium enterprises (MSMEs) are the biggest contributors to wholesale and retail trade, and if the pertinent issues affecting their existence and growth can be addressed, they will be able to transit into the formal sector.

Small enterprises have increasingly become important in providing employment, in wealth creation, and in development of innovation assert Ongachi (2013). The challenges encountered by women run small enterprises result in many of the firms performing dismally and registering low grow levels. There is high mortality rate of these enterprises within the first two years, meaning, most of them fail immediately after they start. Literature on women entrepreneurship in Africa (Hassan & Mugambi, 2013; Kithae et al., 2012; Mahbub, 2000; Mburu et al, 2016; Ongachi, 2013) depicts poor performance of women run and owned small enterprises as being influenced by low levels of entrepreneurial education and training (EET).

The Organization for Economic Cooperation and Development (2004) notes that women entrepreneurs have ‘untapped source of economic growth, create new jobs for themselves and others, provide society with different solutions to management, organizations and business problems and exploit entrepreneurial opportunities’. Despite these encouraging remarks about capacities of women enterprises to boost local economies, it is clear that women run small enterprises grow less rapidly and are likely to close sooner than men run enterprises (Hassan & Mugambi, 2013; Mburu et al, 2016).

2 Literature Review

This research study is anchored on Human Capital Theory. Underlying the human capital entrepreneurship theory are two factors, education and experience (Becker, 1975). The knowledge gained from education and experience represents a resource that is heterogeneously distributed across individuals and in effect central to understanding differences in opportunity identification and exploitation (Anderson & Miller, 2003; Chandler & Hanks, 1998; Gartner et al., 2004; Shane & Venkataraman, 2000). Empirical studies show that human capital factors are positively related to becoming a nascent entrepreneur (Davidson & Honing, 2003; Kim, Aldrich & Keister, 2003; Korunka et al., 2003), increase opportunity recognition and even entrepreneurial success (Anderson & Miller, 2003, Davidson & Honing, 2003).

Entrepreneurial opportunities are thought to exist when different agents have insight into the value of resources that other agents do not, and the agents with the insight act upon these un-exploited opportunities (Kirzner, 1997; Casson, 1982). If these agents are correct, an entrepreneurial rent will be earned; if not an opportunity loss will occur (Alvarez & Busenitz, 2000; Rumelt, 1987). Kirzner (1997) developed the term “entrepreneurial alertness” as the ability to see where products or services do not exist or have unsuspected emerged as valuable. In distinguishing between entrepreneurial alertness and the knowledge expert Kirzner (1997) argues that the knowledge expert does not fully recognize the value of their knowledge or how to turn that knowledge into a profit or else the expert would be an entrepreneur. The study observes that the entrepreneur may not have the specific knowledge of the expert but it is the entrepreneur who recognizes the value and the opportunity of the
expert's knowledge. Human capital so to speak may not work in isolation of the other factors.

2.1 Influence of Entrepreneurial Education and Training

Entrepreneurial education is a success factor that influences the performance of women run small enterprises, such that, high levels of education is associated with high levels of business performance. Lower education levels puts women entrepreneurs in Kenya at a disadvantage compared to men. While gender gap in primary education in Kenya has decreased in recent years, the gap remains high at secondary and tertiary education levels even as government initiatives seek to bridge the gap. Further, lower education does not emphasize entrepreneurship skills (Malaya, 2006; Mburu et al., 2016). It decreases the chances that women will have the knowledge needed to excel in business, and thereby contribute to the country's overall economic growth. In developing economies, preference has traditionally been given to educating boys, except for the recent years that have seen the like the Kenyan government empower women, thus; the educational level of most women entrepreneurs is still low, creating a barrier to them accessing training and other business development services (Mahbub, 2000).

Several researchers have contributed towards the evolving definition of entrepreneurial education and training. All these taken together, EET generally reflects both the activity of transmitting specific mindsets and skills associated with entrepreneurship, as well as education and training programs that seek to bring out various entrepreneurship outcome (Charney & Libecap 2000; Dickson, Solomon & Weaver 2008; Farstad 2002; Isacson et al. 2007; Menzies 2003 ). A working definition in the words of Valerio et al. (2014) is that EET represents academic education or formal training interventions that share the broad objective of providing individuals with the entrepreneurial mindsets and skills to support participation and performance in a range of entrepreneurial activities. Levie and Auto (2008) summarize EET as a body of literature that highlights how education provides individuals with the cognitive ability to match potential entrepreneurial opportunities with their respective skills and abilities.

Entrepreneurship education and training (EET) both aim to stimulate entrepreneurship, but they are distinguished from one another by their variety of program objectives or outcomes. While differing from program to program, academic entrepreneurship education (EE) programs tend to focus on building knowledge and skills about or for the purpose of entrepreneurship. Entrepreneurship training (ET) programs, by contrast, tend to focus on building knowledge and skills, explicitly in preparation for starting or operating an enterprise (GEM 2010a; Volkmann et al. 2009). While these two categories are conceptually distinct, it should be noted that in practice there are instances where the characteristics of EE and ET overlap or are integrated into a single program (Valerio et al., 2014).

Valerio et al. (2014) advanced the classification of EET based on the target audiences. The academic nature of EE targets two groups in particular which are secondary education students and higher education students in formal degree-granting programs. On the other hand, ET programs targets both potential and practicing entrepreneurs who may not be part of formal, degree-granting programs. Potential entrepreneurs targeted by ET programs can include, at one end of the range, vulnerable, unemployed, inactive individuals, or necessity-driven potential entrepreneurs, and at the other end of the range, highly skilled, innovation-led, or opportunistic potential entrepreneurs. Similarly, the range of practicing entrepreneurs runs from individuals owning informal, micro and small enterprises all the way to high-growth potential enterprise owners.

Lack of sufficient education and training for women hinders the success of their small businesses. Mahbub (2000) noted that entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment. Despite the presence of Business Development Services in Kenya, not many women entrepreneurs use it because of cost, access, necessity, or availability (Godwin et al., 2005). Cant et al (2003) in a survey of small business failure, maintain that entrepreneurs often have good ideas and are competent but they do not have a clue on how to run a business and have no underlying appreciation of business fundamentals. Professional experience has been cited as an important factor affecting many aspects of entrepreneurial firms. Experience takes many resemblances and breadth of experience is shown to be an important factor driving the performance of firms, with the number of previous jobs positively related to new firm performance (Lumpkin & Marvel 2007). A study conducted by Thapa (2007) found a positive association between education and training and small business success. Education and training as well equips a woman entrepreneur with the knowledge that enables her to manage her business, maintain equilibrium between sales and purchases, and keep necessary records, and get the right and trained employees and to generally make a successful business altogether (Langowitz et al., 2012). This implies that the degree of entrepreneurial knowledge that an entrepreneur possesses may determine the performance of her business as established in this study.
2.2 Methodology

This research adopted a descriptive design, the unit of analysis was an enterprise and the time perspective was cross-sectional. The population of interest was women run small enterprises in Langata Business District in Nairobi, Kenya and which was used to infer on women run enterprises elsewhere. This study adopted the criteria used by the Kenya national Micro and Small enterprises (MSE) Baseline Survey in arriving at the population. According to the MSMEs survey, there are about 1.5 million MSEs in Kenya (MSME Survey, 2016); the total number of enterprises per 1,000 residents of the population is approximately 43 MSEs (CBS, K –Rep & ICEG, 1999). Langata Business District has a total of 176,314 residents according to Kenya National census of 2009 (KNBS, 2009), this works out to be about 7,582 MSEs in the business District. According to the national MSE baseline survey (CBS, K –Rep & ICEG, 1999), 52% of MSEs in urban areas are run by women. Applying this percentage to the total population of 7,582 MSEs gave 3,942 women run enterprises in Langata Business District which formed the total population of this study (Mburu et al., 2016). Further the baseline survey (CBS, K –Rep & ICEG, 1999) indicates that 97% of MSEs in Kenya are micro and 3% are small enterprises, this translated into a total of 118 small enterprises in Langata Business District which was the target population.

The sample size was picked through simple random sampling, to make it representative as recommended by Cooper and Schindler (2008). The scientific guideline for sample size decision and sample criteria to determine the appropriate sample size was considered and applied (Israel, 1992). The level of precision was taken as ±5% and the level of confidence was 95% which is within two standard deviations of the true population value. The degree of variability was a proportion of 50% (P-value = 0.5) which indicated the maximum variability in a population (Yamane, 1967). The scientific guideline recommends a sample size of 91 firms for a population of 118 small entrepreneurs at ±5 percent level of precision. A questionnaire was used to collect primary data from the respondents.

The validity of the research instruments was tested through the content-related method as recommended by Huber (2004) and Kothari (2007). Expert opinion from two experts in entrepreneurship was sought for and adopted. Reliability was upheld by pre-testing the questionnaire and obtaining Cronbach’s alpha (α) reliability coefficients of the research instrument. The acceptable alpha is 0.7 which is widely offered as a rule of thumb (Nunnally & Bernstein, 1994). The respondents were women owner/managers of small enterprises in Langata Business District to whom the questionnaires were administered. Data collected was analyzed both descriptively and inferentially.

2.3 Model

This research conducted a regression analysis. The regression equation was as follows;

\[ Y = \beta_0 + \beta_1X_1 + \varepsilon \]

Where Y is the dependent variable (performance of women run small enterprises), \( \beta_0 \) is the regression constant, \( \beta_1 \) the coefficient of the independent variable, \( X_1 \) entrepreneurial education and training and \( \varepsilon \) is the error term. The direct relationship between the independent (\( X_1 \)) and dependent variable (Y) was determined. The dependent variable performance of women run small enterprises in Langata Business District was measured in terms of sales growth rate while the level of entrepreneurial education and access to training were used to measure Entrepreneurial Education and Training (EET) the independent variable.

3 Results

The response rate for the questionnaires was 75.8% which according to Mugenda and Mugenda (2003) is excellent. The research findings showed that most of the enterprises had operated for more than 6 years. 40.6% of the enterprises were in operation for a period of between 6 and 10 years, while 27.5% had operated for over 10 years. However, 31.9% were in operation for less than 5 years. The research sought to identify the legal status of the enterprises sampled. According to the findings, 36.2% were sole traders, 39.1% were in joint ownership while 24.6% were registered as limited companies.

The study findings that majority of enterprises had hired the services of between 1 and 10 employees representing 60.9%. 34.8% of the enterprises had between 11 and 50 employees while 4.3% had between 51 and 100 employees. The categorization by number of employees is widely used in classifying enterprises. The findings imply that substantial number of the enterprises was in the category of small enterprises widely seen as having between 10 and 50 employees. The respondents were asked to indicate the enterprises’ annual turnover. 19.1% of the enterprises indicated an annual turnover of US$ 4,900 and below, 67.6% had an annual turnover of between US$ 4,900 and US$ 48,500, while 13.2% had an annual turnover of between US$ 48,500 and US$ 7.8 million. The findings imply that the sample was within the small enterprises categorization based on annual...
turnover. The dependent variable performance of women run small enterprises had a mean of 3.4 and a standard deviation of 0.5. The independent variable EET had a mean of 2.4 and a standard deviation of 0.36.

The research assessed the contribution of entrepreneurial education and training (EET) to performance of women run small enterprises in Langata Business District in Nairobi, Kenya. When the respondents were asked whether they have benefited from entrepreneurial education in running their enterprises, majority at 66.7% were positive while 33.3% indicated that they have not. The respondents were asked to indicate whether they had benefited from entrepreneurial training. 83.8% indicated that they had benefited while 16.2% had not benefited. The findings above indicated low levels of training, this is mostly contributed to lack of support by government other bodies in training MSMEs considering the enterprises are licenced. The findings are buttressed by Kenya Economic Survey (2017) that 50.6 per cent of all MSME trainings are self-sponsored while 18.3 per cent of the training is funded by private business institutions and that only 5.4 per cent is government sponsored.

In regard to access to EET, 69.1% of the respondents indicated that they have access to entrepreneurial education while 30.9% had no access. 58.8% of the respondents asserted that they have access to entrepreneurial training while 30.8% said they do not have access. When asked how EE influenced their enterprise performance, majority at 63.7% disclosed that EE influenced their enterprise performance while 31.9% said EE does not contribute in any way to the performance of their enterprises. Majority (69.7%) of the enterprises showed that entrepreneurial training influenced the performance of their enterprises while 22.7% felt otherwise.

The importance of entrepreneurial education and entrepreneurial training to the performance of their enterprises was ranked. Majority of enterprises (48%) indicated that they benefited more from entrepreneurial education than training. However 42% ranked the contribution of entrepreneurial training higher than entrepreneurial education. Four per cent of the respondents rated them equally. Further the findings indicated that 6% of the respondents had not benefited from either education or training in the running of their enterprises. The study found out that both EE and ET influence the performance of women run SEs in Langata Business District, however EE was ranked higher in terms of importance than ET. Other studies (Kithae et al., 2012; Mahbub, 2000; Malaya, 2006; Mburu et al., 2016) posit that education in lower levels does not emphasize entrepreneurship skills which decreases the knowledge needed by women to excel in business, this implies that entrepreneurial education does not always contribute positively to the performance of small enterprises. Contrary to the above findings, the current study found a positive relationship between ET and EE and performance of women run SEs.

The findings of this study agree with Valerio et al. (2014) as well as Levie and Autio (2008) who observes that EET provide individuals with the entrepreneurial mindsets, cognitive ability and skills to support participation and performance in a range of entrepreneurial activities. Their findings also put forward that education match potential entrepreneurial opportunities with individuals respective skills and abilities. Further in agreement with the current findings is Thapa (2007) who asserts that there is a positive association between education and training and small business success.

The study used regression to model the relationship between performance of women run enterprises (dependent variable) and EET that was the independent variable. The value of $R^2$ was 22.2% while $R$ was 47.1%. This implies that the model accounted for 22.2% of the variance in performance of women run small enterprises.

The model derived from the study was as presented below;

$$Y = 0.933 + 0.204X$$

Where; $Y =$ Performance of women run enterprises (dependent variable), $X =$ Entrepreneurial Education and training. Performance of women run small enterprises amounted to 0.933 other factors held constant. A unit increase in access to entrepreneurial education and training increased the performance by 0.204 units and was not significant at 5% level of significance at 0.075. Analysis of variance (ANOVA) assessed the overall significance of the model and $P<0.05$ (i.e. 0.003), therefore the model sufficiently explained the variation in performance of women run small enterprises in Langata Business District.

3.1 Conclusions

In conclusion the findings of the study indicate that EET positively influenced performance of women run enterprises in Langata Business District. The study findings are in agreement with human capital entrepreneurship theory which posits that education and experience (equated to EET) is important in success of an enterprise. The findings further are in agreement with the empirical findings by Mahbub (2000) that low levels of education of most women entrepreneurs created a barrier to them accessing training. Other studies, (Brink et al., 2003; Godwin et al., 2005; Lumpkin & Marvel 2007) concur that EET is an important factor
driving the performance of firms among other investigated factors (Mburu et al, 2016). Access to entrepreneurial training was found low because most enterprises did not have support for training either from government or non-state actors; this was confirmed to be the case by Kenya Economic Survey (2017). In this regard therefore, small run women enterprises in developing countries like Kenya would benefit greatly from entrepreneurial training which according to the findings of this study is not easily accessible even though the respondents indicated that it could assist them in running their enterprises and in pursuit of growth.

References


The above figure indicates that 42% of the respondents had been trained to run their establishments, 48% were relying on formal education to run the enterprises while 4% were using both education and training. However, six percent (6%) of the women did not have either entrepreneurial education or training.