

INFLUENCE OF BUSINESS TRAINING ON
PERFORMANCES OF WOMEN'S OWNED MICRO-
ENTERPRISES IN MERU COUNTY, KENYA

MunjuriBeatrice Gacheri*

Guyo S. Huka*

Key Words: Business Training, Micro-Enterprises, Business Skills, Business Knowledge, Entrepreneurship,

ABSTRACT

Women entrepreneurs required substantial degrees of business skills and knowledge in order to participate in modern day economy. This study sought to determine the effects of business training on performances of women owned microenterprises in Kenya. This study employed survey research design with stratified random sampling techniques. The data was collected from 103 women owned microenterprise businesses through interviews and structured questionnaires. The findings revealed that women owned enterprises are quite entrepreneurial and need to be supported to grow and expand. The study findings reveal that majority of the women had basic formal education vital for business management. It was established that there was a statistically significant relationship between business training and business performance ($p=0.23 < 0.05$) in the study areas. Thus performance of the businesses owned by women entrepreneurs in Imenti North District significantly improved after business training was conducted. Findings of this study reveal that women entrepreneurs were mainly concentrated in service and trade industries. Further research is needed to establish factors hindering women from engaging in construction and manufacturing industries.

* Meru University of Science and Technology

1.1 Background to the Study

The Micro and Small Enterprise sector (MSE) is recognized throughout the world as a fundamental economic development engine (Dzisi, 2008). The MSE has significantly helped in reduction of poverty and wealth creation (GoK, 2005). Amongst the MSEs of the world women make up significant proportions. Women own 38 percent of businesses in the United States employing 27.5 million people and generating 3.6 trillion dollars in revenue (Yu, 2011). In most of the industrialized countries women own approximately 30 percent of MSEs making one in ten women around the world self-employed (Farr-Wharton and Brunetto, 2009). These businesses stimulate economic growth and create direct and indirect employment for others (Langowitz & Minniti, 2007). Given the importance and growth of female entrepreneurship, there is a global need for business skills training.

Entrepreneurial success in general seems to be closely linked to the motives, skills and attitudes of the entrepreneur (Reijonen & Komppula, 2007). The most commonly cited objectives of entrepreneurship education and training programs for entrepreneurs is on ensuring the business growth and development (Jamienson, 1984; Garavan & O'Conneide, 1994). These objectives are aimed at acquiring knowledge and skills key to entrepreneurship methods, analysis and synthesis of business operations.

In Kenya, the MSE sector contributed over a half of all new jobs created in the year 2005 (2006), Despite these significance, past statistics indicate that three out of five businesses fail within the first few months of operation (GoK, 2005). This high rate of failure was attributed to many factors such as inadequate capital, competition, inadequate education and training on the area of business operation. However, the Kenya government through the establishment of Women Enterprise Fund (WEF) has financed substantial number of women entrepreneurs with a view of creating affordable access to capital for MSE start-ups. The financing model was accompanied by business training programmes by whose effects were realized in different measures.

1.2 Statement of the Problem

Women entrepreneurs are a key pillar in modern day economy. It is paramount that the women entrepreneur possesses basic business skills acquired through business training (Henry, Hill & Leitch, 2005). All the women who received the WEF financing underwent basic business training to enable them utilize the funds more effectively. However in spite of the training not all their micro-enterprises were successful. Therefore, the researcher sought to establish the effect of business training women on performances of the micro-enterprises in the Imenti North district, Meru county, Kenya.

1.3 Objective of the Study

- i). The study sought to determine the influence of knowledge and skills on performance of microenterprises owned by women in Imenti North District, Meru County, Kenya.

2.1 Literature Review

2.2 Theoretical Framework

This study was based on the Human Capital Theory which states that investment in people adds positive value to the firm. The Human capital theory seeks to encourage the use of skill and knowledge for job performance Armstrong (2006). From an organizational development viewpoint human capital theory anticipates a productive and experienced workforce through business training. Figure 1 presents a diagrammatic demonstration of human capital theory showing the relationship between training, human capital and business performance.

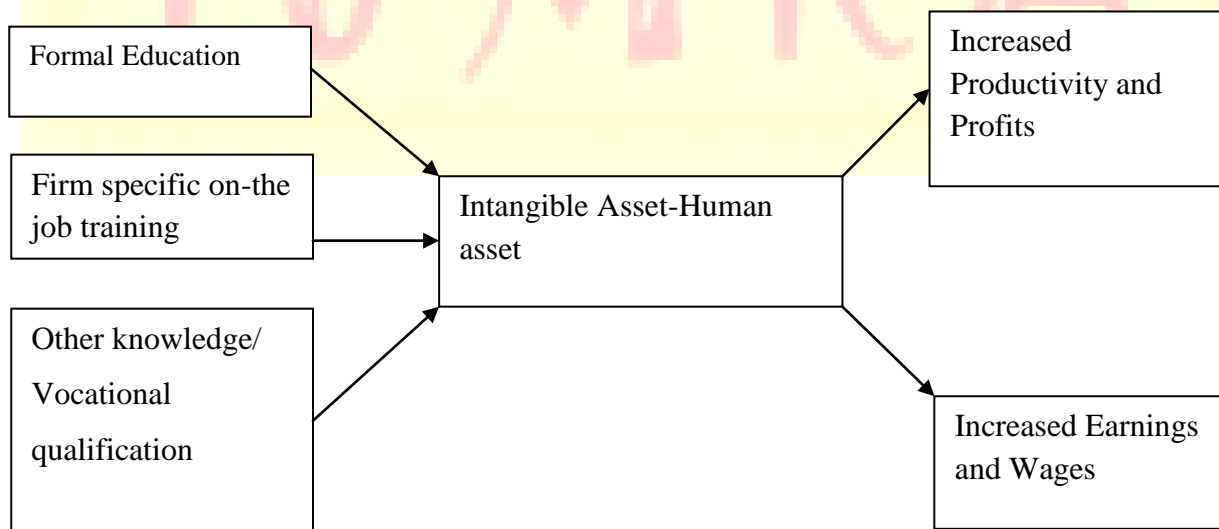


Figure 1: Theoretical framework, a diagrammatic demonstration of human capital theory showing the relationship between training, human capital and business performance.

Source: Philip L, (2010)

2.3 Business owner's skills and business performance

In contrast to large organizations, MSEs have limited resources. Thus the women entrepreneur must have the necessary management skills to perform various functions effectively (Ibrahim & Soutani, 2002). Further, business training had increased sales turnovers, profit margin and improved labour productivity (Andy, Alan, Anna and Margaret, 2003). Therefore, there was need to determine with certainty if business training had any effect on performance of women entrepreneurs in Imenti North District.

Many women entrepreneurs identified business skill shortages in such areas as marketing, sales and management skills as impediments on the development of their firms (Carter, 2000). Entrepreneur's management skills contribute to venture performance and growth.

Roomi and Harrison (2008) established that trained entrepreneurs were able to prioritize business activities, were more innovative and recognized business opportunities. In addition, they were also able to assess business risks and developed strategic customer care. In a highly cut-throat competitive environment only those firms that have established a unique competitive edge based on their areas of distinctive competence would succeed. Most sustainable distinctive competence is skills and knowledge that the small firms develop over rival firms (Ibrahim, & Goodwin, 1986) and (McClelland, Swail, Bell & Ibbotson, 2005).

2.4 Conceptual Framework

Figure 2 present conceptual frame work showing how business training affects performances of women owned micro-enterprises in Imenti North District.

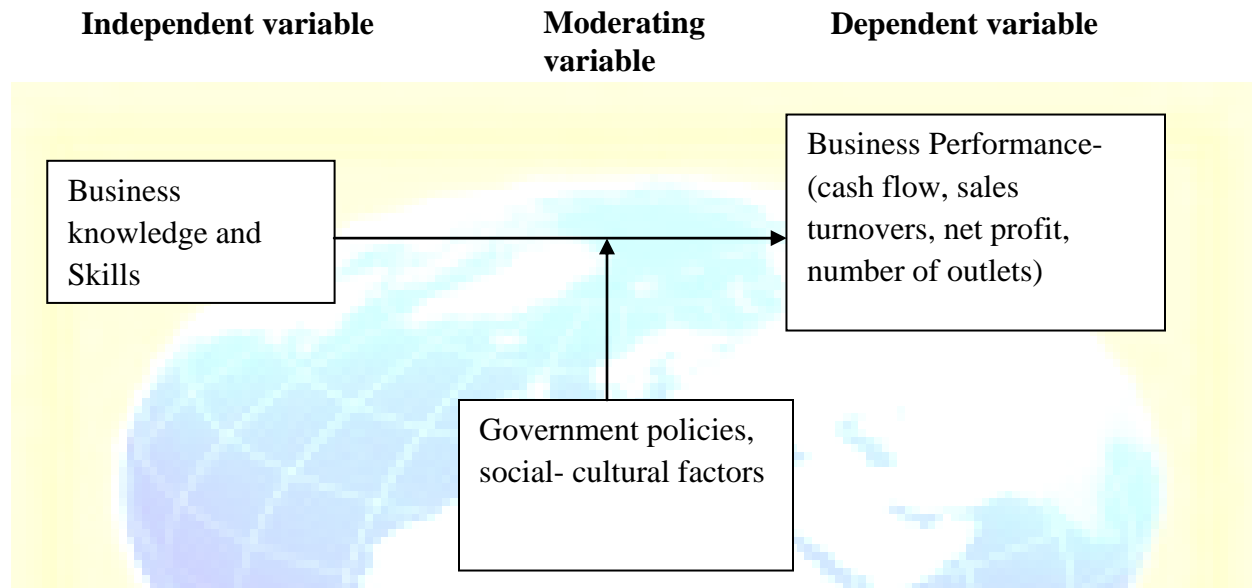


Figure 2: A Schematic Presentation of the Conceptual Framework

Women in the study areas were trained on different skills related to business operations. Upon training it was expected that their businesses would perform better. Business growth was illustrated by high sales turnover, profitability, diversification of products and stable cash flow. The effectiveness of the training program may have been affected by variables like government policy and social cultural factors.

3.1 Research Methodology

The study employed descriptive research design Research design. Using hybrid of stratified random sampling, proportionate sampling and simple random sampling the research sampled 103 women for the study (Saunders, 2009) and (Mugenda&Mugenda(1999). Data was collected using a questionnaire which was be administered by researcher (Kothari, 2004).

4.1 Finding and Discussion

4.2. Level of Education

Formal education provides entrepreneurs with greater capacity to learn about business management skills such as production processes, marketing, pricing and business expansion among others. Figure 4.1 presents the findings.

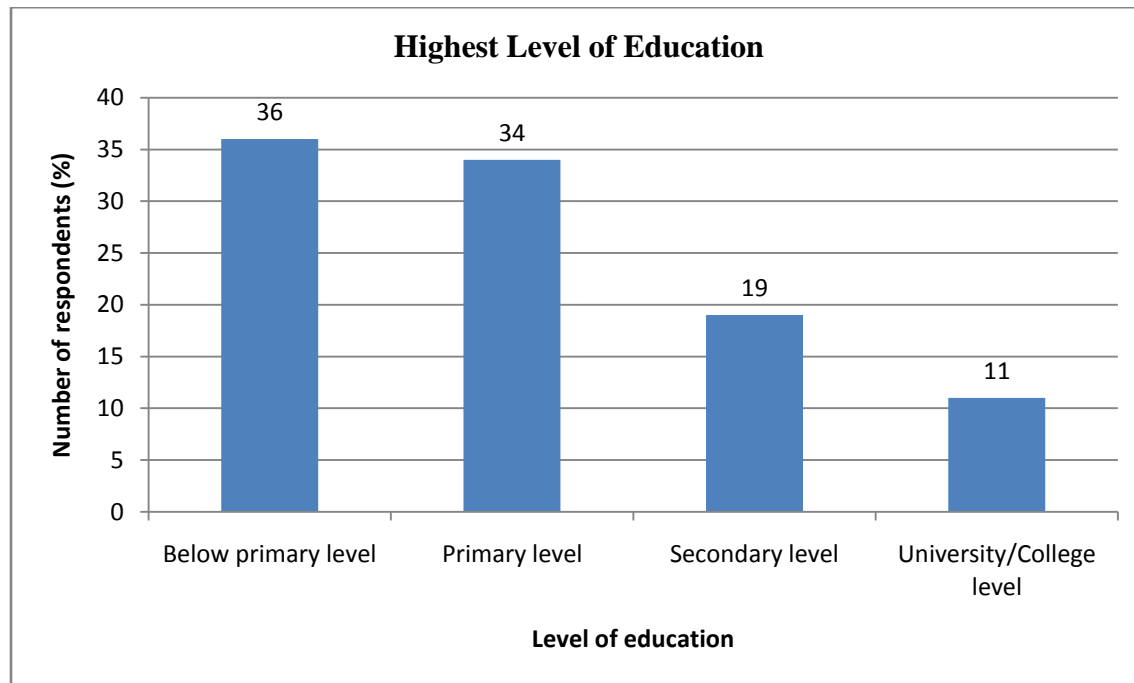


Figure 3: Level of Education

Figure 3 illustrates that majority (64%) of the respondents had some formal level of education. This observation indicates that majority of the entrepreneurs had some basic education and this places their businesses in a better position in terms of skills and knowledge acquisition. Further, educated entrepreneurs are more willing to accept new ideas and have more ability to adapt to change. In addition, professional business training significantly improves business management skills and creates a better basis for business growth and profitability(Ndemo&Maina, 2007).

The effect of education on business performances has been widely studied. Education endowment is presumably related to knowledge and skills, motivation, self-confidence, problem solving ability, commitment and discipline. Higher education possession is expected to increase

the ability of the entrepreneur to cope with problems and seize opportunities that are important to the growth of the firm (Saleemi ,2009). For example, in ten out of seventeen empirical studies surveyed, it was found that a positive relationship existed between possession of formal education and firm performances. Entrepreneurs with Bachelor's degree had positive impacts on both survival and growth of small ventures than those entrepreneurs who did not have the degree. (Cooper et al. 1994) and (Dickson, Solomon, & Weaver, 2008).

4.3 Time Spent in Business

Management know-how embodied gained from many years of experience is believed to be an important factor in the growth of the firm. Management know-how may result from having had parents who were entrepreneurs themselves, or from previous paid-employment experience in similar business or previous management experience of the owner (Steve, 2010). Furthermore, management know-how may be acquired through the owner-manager having access to professional advice or a network of contacts such as suppliers, customers, business associations among others. Respondents in the study were required to indicate the period of time they had been in the business. Table 1 presents the findings.

Table 1: Period of Time in Business

Period of time (years)	Frequency	Percentage
Below 2	2	2.0
Between 2yrs- 5	42	42.0
Between 5yrs- 10	36	36.0
More than 10	20	20.0
Total	100	100.0

Table 1 shows that close to half (44%) of the women entrepreneurs had operated their businesses for at least less than five years. This implies that even though slightly higher number of respondents had operated their business for over 5 years, there was still a big proportion that was inadequate as regards to experience in operating businesses. This is an indication of lack of experience in the business. Inadequate business experience may affect business performance and growth. An entrepreneur's human capital characteristics of the new enterprises are a key

determinant of performance. Previous experience is an important part of human capital. The entrepreneur's prior work experience come in forms of accumulated knowledge of customer problems, market knowledge, service mode and market knowledge. These work experiences is recipe for business success and has influence on the performance of the business(Shane, 2002) and (Burns, 2001).

Further, the study established that 87% of the women owned micro and small enterprises were operated by owners. This finding was in line with results from a study conducted by Lampel, Bhalla&Pushkar (2012). In their analysis, their data did not show a consistent correlation between employee ownership levels and firm performance. In other words, increasing levels of employee ownership did not automatically translate into higher performance.

This is one characteristic to micro enterprises. Small scale businesses may not afford employing supervisors and managers, so they run the business themselves. The owner must have all the necessary skills to run the enterprise profitably, therefore a need for intensive training (Michael, Makarius& Samuel, 2009).

4.4 Role of Business Training on the Growth of Business

Constraint to growth of women enterprises has documented to include lack of management skills and lack of occupational experience in related businesses. Further, Kibas (2006) identified lack of opportunities for management training, financial management, marketing and people management to be limitations facing them.

One of the business growth components was cash flow. Majority of the women entrepreneurs (63%) agreed that business training has had a positive effect on business cash flow. This implies that after training, majority of the women entrepreneurs registered increased cash flow. Thus, women entrepreneurs were able to manage their inventory, reduce operation cost and have controlled debt collection mechanism.

In addition, majority of the respondents (98%) agreed that business training has had a positive effect on the diversification of products. Consequently, after the training significant number of the women entrepreneurs registered an increase in the number and range of products. 53% of the women entrepreneur trainees witnessed increased in business sales but at varying degrees. Besides, 95% of the women entrepreneurs witnessed varying levels of profit growth after the training.

In addition, to growth in sales and profit, 71% of the businesses registered remarkable improvement in overall business performance. This demonstrates that there was a significant relationship between business training and business performance of women owned micro-enterprises. This finding was complemented by (Appiah, 2010) who established that business training results in enhanced level of business competency that are necessary to perform business effectively.

These findings were statistically tested using one-way ANOVA at 95% level of confidence as shown in table 2.

Table 2: One-Way ANOVA

ANOVA components	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.938	2	.969	3.947	.023
Within Groups	23.822	97	.246		
Total	25.760	99			

The test assumed that the means in the performance of the businesses before the business training and after the training are the same. The results of one-way ANOVA tests comparing the two means revealed that the two means were statistically different ($p=0.023 < 0.05$). This indicates that the differences in the performance means were statistically different after training was conducted.

Business skills acquired during the training included record keeping skills (94%), financial management skills (57%), sales and presentation skills (32%), customer care (27%) and communication skills (21%). Others included time management skills (16%), marketing skills

(11%) and leadership skills (12%). These findings indicate that the degrees of skills attainment were minimal.

5.1 Conclusion

Based on the findings of the study, it may be concluded that women owned enterprises are quite entrepreneurial and need to be supported to grow and expand. The study findings reveal that majority of the women had basic formal education vital for business management. Performance in businesses owned by women in Imenti North District improved significantly after business training was conducted. The study further established that majority of the respondents had acquired various business management skills. These were record keeping skills, financial management skills, sales and presentation skills, customer care, communication skills, time management skills, marketing skills and leadership skills. However, many of these skills were minimal and may not significantly contribute to business performances.

5.2 Recommendations

Based on the study findings, entrepreneurial culture needs to be fostered and strengthened for women through education and management training. Business training packages should be developed and delivered to the women entrepreneurs. Use of business mentors could provide one-on-one support for female entrepreneurs. Business skills could be enhanced in the areas of communication skills; marketing skills, pricing and promotion strategy as well as training need analysis.

Findings of this study reveal that women entrepreneurs were mainly concentrated in service and trade industries. Further research is needed to establish factors hindering women from engaging in construction and manufacturing industries.

6.1 References

Andy, C., Alan, H., Anna, B. & Margaret, P. (2003). The Relationship between Training and Business Performance. *Research Report*, 454, University of Cambridge

Appiah, B. (2010). The Impact of Training on Employee Performance: A Case Study of HFC Bank (GHANA) Ltd. Thesis. Ashesi University College. Pp. 15-17

Armstrong, M. (2006). *Human Resource Management Practice*. 10th ed. Kogan Page. London and Philadelphia.

Burns, P. (2001). *Entrepreneurship and Small Business*. Basingstoke: Palgrave MacMillan

Carter, S. (2000). Improving the number and performance of women-owned businesses: Some Implications For Training And Advisory Services. *Journal of Performance of women-owned businesses*, 42 (415): 326-333.

Cooper, A. Gimeno-Gascon, F. & Woo, C. (1994). Initial Human And Financial Capital As Predictors Of New Venture Performance. *Journal of Business Venturing*, 9: 331-395.

Dickson, P.H., Solomon, G.T. and Weaver, K.M. (2008). Entrepreneurial Selection and Success: Does Education Matter? *Journal of Small Business and Enterprise Development*, 15 (2): 39-58.

Dzisi, S. (2008), Entrepreneurial Activities Of Indigenous African Women: A Case Of Ghana, *Journal of Enterprising Communities: People and Places in the Global Economy*, 2 (3): 254-64.

Farr-Wharton, R. & Brunetto, Y. (2009). Female Entrepreneurs As Managers: The Role Of Social Capital In Facilitating A Learning Culture. *Gender in Management: An International Journal*, 24 (1): 14-31.

Garavan, T.N. and O' Cinne' ide, B. (1994b). Entrepreneurship Education and Training Programmes: a review and evaluation: part II. *Journal of European Industrial Training*, **18**(11): 13-21.

Government of Kenya.(2005). Economic Survey. Nairobi. Government Printer, pp. 73.

Henry, C., Hill, F. &Leitch,C.(2005). Entrepreneurship Education And Training: Can Entrepreneurship Be Taught? Part I. *Journal Education and Training*, **47**(2): 98-111.

Ibrahim ,A. B.& Goodwin, J.R. (1986). Perceived Causes Of Success In Small Business. *Entrepreneurship Theory and Practice*,**11**(2):

Ibrahim, A. B.&Soufanic, K.(2002).Entrepreneurship Education And Training In Canada; A *critical assessment*,**44** No 8/9 pp 421-430

Jamienson, I.Watts, A.G. & Moran, P. (1984).Education for Enterprise. Ballinger, Cambridge, pp. 19-27.

Kibas, P. B. (2006). Women In Entrepreneurship: Analysis Of Factors Influencing Growth-Oriented Women Entrepreneurs In Rural Kenya. Paper presented at the 3rd International Entrepreneurship Conference organized by United States International University (USIU), Nairobi.

Kothari C.R (2004). *Research methodology, methods and techniques*. New Delhi, New Age International (P) ltd

Lampel,J. Ajay, B. &Pushkar ,J. (2012). The Employee Ownership Advantage: Benefits and Consequences, London: UK Department of Business, Innovation and Skills (BIS) ; sponsored by: BIS

Langowitz, N. and Minniti, M. (2007), The Entrepreneurial Propensity of Women, *Entrepreneurship Theory and Practice*, **31** (3): 341-64.

McClelland, E., Swail, J., Bell, J. and Ibbotson, P. (2005), Following the Pathway of Female Entrepreneurs: a six country investigation. *International Journal of Entrepreneurial Behaviour and Research*, **11** (2): 84-107.

Michael ,B., Makarius, M.& Samuel, M., (2009). Management of Business Challenges among Small and Micro Enterprises in Nairobi-Kenya. *KCA Journal of Business Management*: **2**(1)

Mugenda O.M and MugendaA.G (1999). *Research methods, Quantitative and Qualitative Approaches*. Nairobi .Act Press.

Ndemo, B. &Maina, F.W. (2007). Women Entrepreneurs and Strategic Decision Making. *Journal of Management Decision*, **45**(1): 118-30

Philip, L. (2010). Gaming Outcome of Accountants and Human Capital Theory: Macau Evidence. *Management Research Review*, **33** (12), pp.1174 - 1186

Reijonen, H.&Komppula, R. (2007). Perceptions of Success and its Effect on Small Firm Performance". *Journal of Small Business and Enterprise Development*, **14**(4): 689-701.

Room, M.A. &Harrison,P (2008). Training Needs for Women-owned SMEs in England. *Journal of Education and Training*, **50** (8): 687 - 696

Saleemi ,N.A., (2009). *Entrepreneurship Simplified*. Saleemi Publication. Nairobi.

Saunders, M.Lewis, P &Thornhill, A. (2009). *Research Methods For Business Students* (5th edn.). Harlow: FT Prentice Hall.

Shane, S. (2002). *Foundations of Entrepreneurship Volume II*. Cheltenham: Edward Edgar Publishing Limited.

Steve, D., (2010). The Importance of Training Needs Analysis. *Industrial and Commercial Training*, **42**(3): 147 – 150

Yu, E. (2011). Are Women Entrepreneurs more likely to Share Power than Men?. *International Journal of Business and Management*, **6**(4): 111-119.

