AN INVESTIGATION INTO THE EFFECTS OF TRAINING ON ENTREPRENEURSHIP DEVELOPMENT IN KENYA
(A case of Karatina Town in Nyeri District)

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DECLARATION

This project is my original work and has not been presented for a degree award or any other university programme.

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(ii)
DEDICATION

This work is dedicated to my beloved wife Ann Wairimu. Your support, patience, understanding and encouragement have greatly influenced the completion of this project.

And to our daughters,
Ruth Wandia,
Sharon Wamucii,
Rebecca Muthoni
Whose love and understanding
Have been my source of strength
And inspiration to
“Aim for higher height”.
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Most sincerely, I also convey my heartfelt gratitude to my family for their patience and understanding throughout my struggle with this work. Special thanks go to Peter Mwai who neatly typed and edited this work. However I am solely responsible for the contents of this proposal project.
ABSTRACT

This project was an investigation into the effects of training in hindering the growth of entrepreneurship in Kenya, a case of Karatina Town in Nyeri District. The objective behind the study was to investigate study and analyze the effects of training in hindering the growth of entrepreneurship in Kenya.

Training plays a major role in enabling one to be productive, effective, and efficient in performance of his/her duty. Although entrepreneurship depends on one’s creativity and innovativeness, the major role is played by entrepreneur and his employee’s skills and training in combining the factors of production.

Training was thus taken as a major boost in entrepreneurship industry. Other factors that boost the growth of the industry include basic business knowledge, marketing, pricing, leadership, communication and cash flow management. The importance of each of these factors was proved when the researcher went to the field.

The perceived variables that hinder the growth of entrepreneurship were personal oriented surrounding the entrepreneur him/her self. They include lack of training, lack of business knowledge in running a business, leadership and management skills, and marketing strategies. Incentives to the workers were also assumed to play a major role. Communications skills and resource investment were also added in the list.

The researcher used structured and semi-structured questionnaires and face to face interview as data collection tools. Exploratory research design was used since factors were not very clearly defined. Population was meant to be the total number of entrepreneurs in Karatina Town, and a sample was obtained through stratified random sampling and data was be collected using systematic random sampling.

The anticipated outcome of the study was that once the effects of training in promoting or hindering the growth of entrepreneurship was clear and the magnitude analysed, necessary steps would be taken to acquire the required training.
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Definitions of the Terms

Cause: This is that which produces effect. In this regard can be a thing, situation, an event or a person that makes something happen.

Entrepreneur: A person who starts a firm and takes business risk in the hope of making profit. Creativity and innovativeness is highly observed.

Employ: To use the services of a person or group to persons work in return for pay.

Employment: State of being employed.

Problem: A difficult that needs attention and thought.

Entrepreneurship: Dynamic process of creating incremental wealth due to effective and efficient contributions of factors of production.

Entrepreneurship: This is the creation of entrepreneurial spirit within corporate boundaries thereby allowing an atmosphere of creativity and innovation to prosper.

Small scale business: This is a business done in small scale mostly by sole proprietors. It requires combination of factors of production. Creativity and innovation is not highly emphasized.

Employee: Someone who is paid for working for someone.

Hinder: To limit the ability (someone) to do something. It can also be defined as limitation to the development of something.

Skill: Ability to do something well usually as a result of experience and training.

Training: Process of training people or being trained for a profession or activity.

Growth: An increase in size, number or importance of something. Increase in amount of money and time.

Abbreviations

K.I.E. - Kenya Industrial Estate

I.C.D.C. - Industrial and Commercial Development Corporation

G.K - Government of Kenya

ILO - International Labor Organization

U.N.D.P. - United Nations Development Plan

SSE - Small Scale Enterprise

NSE - Nairobi Stock Exchange

NARC - National Rainbow Coalition

KMC - Karatina Municipal council

SPSS - Scientific package for Social scientist
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the problem

In his article entitled "We’re Industrious, So Why Are We Poor", Yankaya noted that anybody who attributes Kenya’s developmental problem to lack of entrepreneurship and initiative missed the point. With an estimated three million people running their own businesses, Kenya distinguishes herself in terms of the entrepreneurial spirit of the people.

Yet poverty and unemployment remain rife. These three million business enable their owners to survive, but don’t create growth or employment. Despite this stagnation, the micro-enterprise provides fertile soil of economic growth. To exploit it we need not to ask why there is not enough entrepreneurship in Kenya, but how we can support growth-oriented micro-enterprises to reach their potential (Daily Nation, July 2006).

Entrepreneurship means the act of creating or growing a business through innovation and risk assuming managements. In his writing, the Austrian-American Joseph A. Schumpeter stressed the role of an entrepreneur as an innovator who develops new market, new product, or a new method of production. Entrepreneurship connotes action rather than a static event. It involves taking the action necessary to analyze opportunities, to launch and to nurture a business, to finance the venture and if possible even to harvest the venture (Timmons, 1995)

RonStadt, (2005) refers to entrepreneurship as the dynamic process of creating incremental wealth. He says that it’s not only the product or the services that is new but the way the entrepreneur behaves that brings about the difference. He also defines an entrepreneur as the individual who is primarily responsible for gathering together the necessary resources to start a business.

An entrepreneur can also be defined as an individual who marshals the resources necessary to launch or grow a business focusing on innovation and development of new products or services. He/she can thus be seen as a catalyst for economic change that uses purposeful searching, careful planning and sound judgment in carrying out the
entrepreneurial process. He/She works creatively to establish new and endow old ones with a new capacity, all for the purpose of creating wealth (Egan, 1995)

Entrepreneurship involves innovation and creativity and has a lot of advantages to the individual, community and to the society or nation as a whole. As a result of its advantages, entrepreneurship has found its way in the traditional corporate management framework, that is entrepreneurship. This has resulted into substantial potential because of the amount of ready capital, experience, production and marketing experience which are lacking to an individual entrepreneur (Olago, 1997)

Entrepreneurs stirs up the waters of competition hence has a lot of impact in economic growth, productivity and development of new technologies, products and services (Lucey T, 1995). There are core ingredients and characteristics that the researcher thought to be the base of growth of entrepreneurship and lack of which the researcher assume hinders growth of the entrepreneurship industry. They include training, marketing approaches and techniques, basic business knowledge, proper flow of communication and adding value to employee through training. The business should also be treated as a separate legal entity to enhance professionalism (Wickham, 1998). The researchers intention was to investigate the effects of training in hindering or promoting the growth of entrepreneurship.

1.2 Statement of the Problem

Entrepreneurship requires a person with clear vision, creativity and innovativeness. He/she must be able to see value where other people see chaos. It demands a lot of imagination, creativity, innovation and courage since it involves risk taking. Successful entrepreneurs must be self-disciplined and possess managerial skills since they manage money, materials, machines and workers who they employ. They must consider the importance and volatility of time.

Controlling and co-ordination of all activities must be well planned for (Nasio, 2003) and success in a business demands that one must have a good and positive self-image, be self confident and have a positive view on all things without entertaining negative ideas of not succeeding, yet being careful, since it involves risk taking and commitment of the scarce resources.
Good communication is the backbone to the success of a business. Lucey (1995) notes that the information flows within and without the business has a lot of impact in a business as customers are rare and must be made and be maintained to buy goods and services.

Good communication skills influence workers to put in their best, while suppliers would be willing to supply goods and services on credit. All the above characteristics are found in an entrepreneur (Lucey, 1995)

Training possessed by entrepreneurs and their employees also plays a very important role in promoting or hindering the growth of one’s business, which in turn leads to the growth in the whole industry. They must be in possession of the required training, which must be updated from time to time to cope up with the changes in the business and the environment especially social, cultural and technological.

Skills are gained through experience and training lack of which hinders the growth of the entrepreneur, and the researcher intended to investigate the effects of training on entrepreneur and his/her employees in hindering the growth of a business.

1.3 Objective of the Study

The main objective was to investigate the effects of training in hindering the growth of entrepreneurship industry. Specifically the study was sets out to achieve the following objectives:

(i) To investigate the skills and training possessed by entrepreneur and their employees in the entrepreneurship industry in Kenya.

(ii) To investigate the effects of skills and training in hindering the growth of entrepreneurship in Kenya.

(iii) To come up with a document containing the level of skills and training in the industry and make some recommendations aimed at addressing the deficiencies of the same.
1.4 Research Questions

Based on the above objectives the study tried to attempt to answer the following questions:-

(a) What was the significance of skills and training in promoting or hindering entrepreneurship?

(b) What were the effects of lack of specific skills that can enhance the entrepreneur and employee in improving his enterprise?

(c) What were the effects of lack of general business knowledge in hindering the growth of entrepreneurship industry?

1.5 Significance of the Study

According to Drucker (1955), the importance of entrepreneurship can be viewed from different perspectives. The fruits of entrepreneurship overflow from the individual to the community and to the country at large. There is the individual, community and a national advantage of entrepreneurship (Harry, 2004)

Entrepreneurship leads to creation of jobs, production of wide variety of goods and services, development and improvement of country’s infrastructure. It contributes to the wealth of the country as a wide variety of goods and services are produced (Nasio, 2003). Entrepreneurship promotes full exploitation of the country’s resources thus improving the economy. It leads to enhanced production of activities resulting in surplus production, which can be exported to earn the country foreign exchange. It also leads to industrial development leading to the growth of cities, towns and urban cities. (Merge, 1984)

Entrepreneurship thrives well in an environment which is characterized by the following conditions: - lack of employment, desire and need to supplement income for salaried employees, desire to own one’s territory, personal satisfaction and desire to perpetuate family legacy and displacement of people from original homes into new environment where they have no means of survival and the only way out is creativity and innovativeness. Idleness of retired people can also be added in the list (Meredith, 1987).

All the above conditions are present in Kenya hence entrepreneurship should be growing at a very high rate, yet this is not the case and the study hopes to investigate the...
effects of training in promoting the growth of entrepreneurship. The findings will assist the researcher in understanding the significance of training and its importance in promoting the growth of entrepreneurship in Kenya.

Training needs to be not only effective but also attractive to business owners and the educational institutions and government ought to develop a capacity-building programme that couples practical, training with improved marketing strategies (Dondo, 2002). It should have an impact such that entrepreneurs and their employees will appreciate investing in it.

The researcher had the view that if the findings elevating the effects of training were unearthed, understood and addressed, it would have a lot of impact in the entrepreneurship industry. The researcher also assumed that the findings would attract the attention of the government, the local and international groups that have been assisting the entrepreneurs because the results will shed some light and thus might change their approach and technique in which they have been assisting the industry which the researcher had assumed to be mostly monetary Ronstadt (2005) and come up with better methods.

The results of the study would also enlighten the entrepreneurs on the effects of skills and training in entrepreneurship and then come up with ways of equipping themselves and their employees with the same. The study was also hoped to serve as a significant boost to the already existing body of knowledge and provide basis for further research.

1.6 Scope of the study

The study covered small-scale entrepreneurs in Karatina Municipal Council of Nyeri District. By the end of 2005 there were 925 licensed small-scale businesses in Karatina Town. (Statistics Department, Karatina Municipal Council, 2005). It was estimated that for every three small-scale business owners only one is an entrepreneur.

The study targeted all the entrepreneurs in the town with 1 – 5 employees or workers. Due to time and resources limitation and to ensure variety in the types of entrepreneurs from whom the data was collected, stratified random sampling was used to constitute the sample. Systematic random sampling was used for data collection.
1.7 Limitation of the study

The study was carried out with all abilities and recourses at the disposal of the researcher. However the researcher was limited by unavailability of time and funds since the research was purely academic hence it was not possible to attract a sponsor.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The chapter is divided into three parts. The first part defines entrepreneurship and gives an overview of its importance in an economy. The second part explains the importance and need for training and the training procedures possessed by the entrepreneurs. The assumption being that training plays a major role in enhancing individual’s performance thus promoting the growth of entrepreneurship and that various studies have been done in the area by various researchers whose studies highlighted the importance of training and their recommendations.

Finally the gap noted for this project leads to a model summarized as a conceptual framework which was used to guide the researcher. A brief summary and gap to be filled summarizes the topic.

2.2.0 Main Review

The review is divided into two parts. The first part tries to define and to give the importance of entrepreneurship in an economy. It exposes various demands or ingredients that must be possessed by an entrepreneur order for them to grow where growth in this context is measured as the increase in volume of goods or services given, increase in number of employees and expansion of the business to different operation points.

The second part exposes the effects of training in the entrepreneurship industry. As the entrepreneur evolves from one stage to another, training is required to enable them coupe up with the changes in size, skills, and market behavior and so on.

2.2.1 Definition and Importance of Entrepreneurship in an Economy.

Entrepreneurship means the act of creating or growing a business through innovation and risk-assuming management. It connotes action rather than a static event necessary to analyze opportunities, to launch and possible even to harvest the venture (Anderson, 1996).
Robert C Ronstadt refers to entrepreneurship as the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but the entrepreneur must somehow infuse value by securing and allocating the necessary skills and resources.

Entrepreneurship is the ability to create and build a vision from practically nothing, the application of energy to initiating and building an enterprise or organization, rather than just watching or analyzing. This vision requires a willingness to take calculated risk both personal and financial and then to do everything possible to reduce the chances of failure.

It also includes the ability to build an entrepreneurial or venture team to complement your own skills and talents. It’s the dexterity for sensing an opportunity where others see chaos, contradiction, and confusion. It’s the possessing the know-how to find, marshal, and to control resources (Bokea, 1999).

From the above, it can be deduced entrepreneurship being the inclusive of one or more of the following, starting a business, and being creative and innovative in developing new products or services. Managing an existing venture in such a way that it grows rapidly and consistently and seeking significant financing and other resources for a potentially high-growth venture accepting risk in the development of a new or growing venture.

An entrepreneur can thus be defined as a person who possesses some or all of the following characteristics: desire to achieve, action oriented, problem solver, risk taker, initiative, and independent time conscious. Creativity and innovativeness is also in possession of the entrepreneur. Self-confident, hardworking, flexible, and the list is endless (Dando, 2002).

Deakins (1999) noted that entrepreneurship has at least four social benefits. It fosters economic growth by providing new jobs in the economy. It increases productivity—the ability to produce more goods and services with less labor and other inputs. This is mostly in research and development and investment which both have high entrepreneurial input. New technologies, products, and services are promoted by entrepreneurship.

In the market place entrepreneurs stirs up the waters of competition, where entrepreneurs are seen as agents of change. Small-scale businesses are able to create job at a relatively low cost. They generally employ workers with limited skills who learn on the job.
As a result of this job creation ability, small enterprise can make a major contribution to the Nation’s economic well-being. Entrepreneur’s ability to spark new ideas, to develop new products and services creates new enterprise which in turn creates the need for additional manpower (Dollinger 1999)

2.2.2 Effects of Training in the Entrepreneurship Industry

People who aspire to start a business and survive and/or grow in their business are far from having unique characteristics. They vary widely in education background, degree of sophistication, ambition, type of business support from family, scale in which they tend to enter business, commitment, motivation, technical and managerial abilities as well as personality (G.O.K, 1989)

The small business market for entrepreneurship development programme training in any country is therefore numerous. Though highly differentiated and by and large difficult to attract to training the market does not respond consistently to single standardized approaches. It’s a market that requires flexibility and flair in response and requires a business-like and entrepreneurial approach to training (Anderson, 1996).

Ones a business has started and enters the growth stage, it brings challenge and demands major changes in entrepreneurial strategy. Competition and other market forces like social-cultural changes, technology calls for reformation of strategies. Some firms find themselves growing out of business because they are unable to cope with the growth of their venture. Highly creative entrepreneurs are sometimes unable or unwilling to meet the training and administrative challenges that accompany the growth stage. As a result they leave the enterprise, which would have grown to a bigger enterprise or even into a company, and move on, to other venture. Incase they would have agreed to change as the enterprise demands and acquire the necessary skills and training, they would be a big force in the economy as job creators. (Lanham, 1955)

The growth stage is a transition from entrepreneurial one-person leadership to many people making decision which most of the entrepreneurs don’t want. There are issues of the needs that arise as the venture grows. Training is thus required to equip the entrepreneurs and their employees with skills in issues dealing more effectively with the sophisticated
environment of finance, technology and market with which the larger business has to contend with. A venture might grow to such an extent that training is required in exporting knowledge such as licensing and internationalizations procedures (Eberrrt, 1998)

Entrepreneurship requires crafty combination of the other factor of production. This then means that training is required since it will help the entrepreneur and his employees in acquiring the necessary managerial, technical and personal ability it equips them with motivation and commitment in their work sharpen their brain in the business ideas because they are able to shape the raw idea to the required workable ones. Through training they are also exposed to various source of capital and are able to choose a source of finance that is not expensive to maintain (Ehresman, 1995)

Firm that fails to retain the spirit of innovativeness will fail and die. From the traditional life cycle of an enterprise which includes new-venture development, start-up activities, growth stabilization and finally innovate or decline. Each stage of an enterprise has it's own demands which means that the entrepreneur and all those involved in the business must possess the required skills as demanded. The skills cannot be left to be gained through experience but the entrepreneur and his /her employees must constantly be trained so as to acquire the demanded skills.

All the stages of a venture’s life cycle are important strategic points and each requires a different set of training and strategies. For complete evolution to take place training and development must be constantly be improved. The specific skills and abilities there are needed and will depend in part on the venture’s development (G.O.K, 1986)

The researcher was convinced that proper training to cope up with the growth does not take place to cope up with the external and internal changes of the business. It’s with this context that the researcher intended to investigate the effects of training in promoting or hindering the growth of entrepreneurship industry in Kenya. The researcher used the following framework.

2.3 Critical Review of the major issue

Entrepreneurship is the act of creating or growing a business through innovation and risk–assuming management. Robert C. Ronstadt defines entrepreneurship as the dynamic process of creating incremental wealth. According to economics, production depends on
some factors, which include land, labor, capital and entrepreneurship. Studies had been done to evaluate the impact on each in production. Land is a factor that depends on the natural factors which human being has no part to play for example the size of land and hence its impact is constant,

Behaviorists have also come up with various motivation theories to address the labor factor and what should be done to understand the workers’ behavior but the problem in the growth of production still persists (Adair, 1990)

According to first National Development plan (1970) which was carried out under the umbrella of ILO, it revealed that entrepreneurship was hindered by lack of availability of resources (capital) and the government, the World Bank and NGOs has tried to react to the proposed ideas. There are also many Micro-finance facilities that have emerged thus assisting the entrepreneurs with loan facilities, (Ebert, 1998). With all these facilities lack of growth still remains.

It’s thus clear that land, capital and labor require crafty combination so that production can increase. It was from this perspective that the researcher found it necessary to study entrepreneurship factor concentrating on the training and the skills possessed by the entrepreneur

2.4 Summary and Gaps to Be Filled By the Study

The research was conducted and the role-played by training noted. It’s assumed that it would help the entrepreneur to come up with a business plan indicating what they intend to do and how they intend to do it thus avoiding being derailed by the many business opportunities that comes across their way. Incase of profit they should plan in advance where the profit should be invested to avoid haphazard investments decisions.

They saw the need for training in book-keeping hence thought of how they can equip themselves with the knowledge. The knowledge gained would help them in pricing their goods to an optimal price avoiding working at a loss or threatening the customers through high prices. As the vision bearers, entrepreneurs understood their role as leaders and used their position not as the ‘boss’ but to guide the business to higher heights. They also
promised to come up with ways of selling the vision they have to the workers and also implement the knowledge of giving test to social capital, interpersonal relationships, trust, empathy and team spirit. Training would help them to integrate leadership and managerial skills so that as the venture grows, various persons are empowered in decision-making.

The role played by marketing in understanding the market, customer, pricing, business location was clear and hence the entrepreneurs saw the need for committing some funds, time and even energy for the same. Investing in social responsibilities in portraying good image of the business to the consumer, the surrounding and to the government was understood and some promised that it’d be tried.

The entrepreneurs were enlightened on the effects of trained and skilled employees thus changed their attitude toward them and started to view employees as an asset instead of seeing them as a liability. The entrepreneur were able to come up with ways of addressing their own and employees’ skills and training to make them cope up with changes in the business requirements thus increasing their productivity. During the hiring of the employees, skills and training be given would be given a lot of weight, and constant upgrading would be required.

Using the results the Government and other stakeholders might re-address the assistance they offer to entrepreneurs from a different perspective and assist them in the relevant areas, and not just pump them with money and credit facilities. Different entrepreneur owners would be evaluated differently before any assistance was given to them to exactly know their weak area and address them converting them into strength.

2.5 Conceptual Framework

The researcher was of the view that in the current business environment, only the best in combining the factors of production would emerge. Thus any kind of business should not just be entered into but thorough background knowledge is required.

Burns, (1979) acknowledges that knowledge would help the person in conceptualizing what he/she has to do and how to do it to the best using scientific approach rather than intuition.
For example, for one to be acceptable in any professional he is required to undergo vigorous training in the relevant field so that he can be equipped with the necessary skills, training and knowledge concerning the profession.

Taking entrepreneurship as a profession, the researcher was of the view that it involves a lot and it's not just a matter of listening to internal and external voices and then finding resources (capital), premises and other ingredients required. The researcher was of the view that entrepreneur requires background knowledge in relevant field to assist him/her in broadening his view of what business one need to be involved in, its basic requirement, market demand for his products or services, and other unique demands for the specific business. The figure below shows the conceptual framework that the researcher used in the study. It was used for providing both direction and impetus and also as a springboard for study advancement.

**Fig 2.1: The conceptual framework**

| Entrepreneurs' and employees' skills and training |
| Communication skills                            |
| Business guiding principles                     |
| Leadership skills                                |
| Marketing                                        |
| Book keeping knowledge                          |

Leads to

Entrepreneurship Development

**Independent variables**

**outcome/dependent variable**

**Source: Researcher (2005)**

Growth of entrepreneurship was assumed hindered or inhibited by the independent variables given in figure above. The impact of each in hindering the growth was revealed when the researcher went to the field although the importance of each is highlighted below:
Entrepreneurs and employees' skills and training

Skills enable one to perform his/her work and duties efficiently and effectively. Skills are gained through training and also through experience. This means that relevant skills and training are very important to the entrepreneur and his employees lack of which limits their ability

The researcher perceived that most of the workers lacked the required skills to do their work properly and the business did nothing to evaluate and assist them acquire the skills or to keep up with trend with changes in technology. This resulted into the worker being not productive and the cost of maintaining them becomes too high thus affecting the growth of the business. To address the brakes on the growth co-coordinated efforts by various stakeholders that goes beyond the usual platitudes about the need for more mass training. (Olago, 1997)

Communication

It was anticipated that most business owners didn’t communicate in the right manner to their workers because of suspicion. The business owners concealed most of the business information, which should be available to the worker to guide him/her in day-to-day working. When the researcher went to the field he found out the impact of the above independent variables as sources of the problems and the part they played in inhibiting the growth of entrepreneurship.

The above noted variables were analyzed through the questionnaires and the feedback from the respondents; entrepreneurs and their employees were used to come up with the final document. This guided him in recommending some ways forward to any interested stakeholder.

Guiding principles

A well-set business enterprise should have a well-conceived and written mission, which expresses the reason for the existence of the business in the society. Poor guiding principle and no mission statement affect the business. The researcher based his idea on how
the companies are managed guided by Memorandum of Association and Article of association and any project not in the programme is not given any consideration. (Dondo, 2002)

**Book-keeping knowledge**

It was revealed that most of entrepreneurs have very little business knowledge or none at all. This means that they expose the business to a lot of problems when it come to evaluating the business profit to guide them on how much they should pay as taxes, salaries and other investments. Micro-entrepreneur lacks the business understanding to allow them to grow. While small business owners exhibit an aspiring entrepreneurial spirit, most lack the strategic planning necessary to expand (Lanhan, 1955).

**Poor market study**

It was revealed that most business owners don’t spare any part of their profit to study the market and the customer. This in turn lead them to investing their resources in an already over flooded business, and any diversification was not guided by any market study. This resulted in misdirecting the scarce resources from the main enterprise. SME were also too fragmented and disconnected from one another that they have very little networking or co-ordination, which could boost the marketing.

**Inspiring Leadership**

The researcher’s view that most of the entrepreneurs don’t understand their role as leaders in their businesses who should inspire the workers to work willingly to achieve the business goals and objectives was proved correct. Due to this lack of role model, the workers failed to get the objective clearly and instead of pulling together, at time each pulls towards his own direction causing sub-optimization and stagnant in growth of the business, (Weihrich, 1985).
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Study Design

The type of research design adopted for this study was exploratory research. This is because the information required was not clear and its impact was unknown and could not be measured to the exact as in pure sciences.

The research findings might act as source of findings to test feasibility of undertaking a large scale study. Researcher’s curiosity as to the impact of lack of skills and training in hindering the growth of entrepreneurship was addressed. Exploratory design helped in breaking the ground yielding some insight to the research topic in future and also for confirming any theory that has been suggested by other researchers.

3.2 Target population of the study

The population of the study consisted of the small-scale entrepreneurs in Karatina Municipal Council, which consisted of 925 licensed small-scale businesses. (Karatina Municipal Council, 2005). Due to high rate of entrepreneurs’ turnover that is entering and leaving the industry, it was hard to get the exact number. Those who were in business for more than one year were preferred whose number is 380. Because of the difference between small-scale owners and entrepreneurs which is not very easy to define, the researcher is of the view that out of every five only one is an entrepreneur thus resulting to a sample of 60 entrepreneur and employees.

3.3 Sampling Design

To make sure that all the types of nature of entrepreneurs were represented stratified sampling design was used since entrepreneurs’ falls in different categories. The population under investigation consisted of all the small-scale entrepreneurs in Karatina Municipal Council. The researcher was of the view that the population was normally distributed and therefore due to the resources and time constraints sampling will be done with assumption that that result from the sample it will be a representation of the population under study. The
study limited itself to 60 entrepreneurs and employees, who were selected through stratified random sampling to make sure that all types of entrepreneurs are included in the sample.

Table 3.1

Number of licensed entrepreneurs in Karatina Town who have been in business for more than 1 year

<table>
<thead>
<tr>
<th>Nature</th>
<th>Population Size</th>
<th>Sample Population Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butchers</td>
<td>23</td>
<td>4</td>
</tr>
<tr>
<td>Shoe shiners</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Tailors</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Dress makers</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td>Baby Day Cares</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Secondhand clothes sellers</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Karatina open air market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Grains sellers</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>- Fruits sellers</td>
<td>27</td>
<td>3</td>
</tr>
<tr>
<td>- Greens sellers</td>
<td>42</td>
<td>4</td>
</tr>
<tr>
<td>- Poultry sellers</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>- Seedlings sellers</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td>- Cart pushers</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Newspaper venders</td>
<td>23</td>
<td>3</td>
</tr>
<tr>
<td>Boutiques</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Jua kali Mechanics</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>Milk sellers</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>Hardware stores</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Middle class hotels</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Barbers</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Shopkeepers</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>380</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>

Source: Karatina Municipal Council, Statistics Department
3.4 Data Collection Tools

Data collection methods vary considerably in their ability to capture adequately the data in which the researcher is interested. Primary data where the researcher was to collect data from the entrepreneurs and employees was used in the study and where unavoidable, secondary data were sparingly used. Closed ended questions were mostly be used and to allow the entrepreneurs flexibility where necessary, open ended questions were also used where the nature of information required could not be quantified though mostly close ended questions were used. This was to make it easy to analyze the collected data. Unstructured questionnaires were rarely used.

Because entrepreneurs and employees needed not come from the same business, a questionnaire for each was used. Structural interviews were used where the researcher or his trained personnel carried face-to-face interview with entrepreneurs and their employees. This was because of the varying level of literacy expected in the industry and volatility of times which most of the entrepreneurs were noted to value and had no time to fill the questionnaire. Data was collected for all classes of entrepreneurs in a particular street.

3.5 Data Analysis

The scientific statistical descriptive statistics were used to analyze the tabulated data collected by the researcher. The researcher assumed the population to be normally distributed and sample results was used to make conclusion for the whole population. Use of pie charts, bar graphs, averages and percentages were evident in the final presentation of findings. The Statistical Program for Social Scientists (SPSS) software was used for data analysis.

3.6 Expected Output

The researcher hoped to document the impact of skills and their magnitude in hindering the growth of entrepreneurship industry. The variables behind these factors were unearthed including their impact in hindering the growth of the industry. The document was discussed with some entrepreneurs and employees. This helped the researcher in coming up with recommendations that would address the situation in the industry.
3.7 Data Collection Procedures

The researcher used both questionnaires and interviews as instruments of data collection. Structured questionnaire and semi-structured interview guide were used. Due to the diversity of the respondents both in literacy level nature and size of entrepreneur, the methods were complimentary and appropriate to the study.

The questionnaires were used for those respondents who understandably had no difficulties in educational background. The researcher anticipated illiterate and semi-illiterate entrepreneurs and employees hence interview was mostly used. For clarity of any required information, well-designed interview questions were used.

The questions were logically arranged, short, simple and well phrased. They were easy to understand without being vague. Entrepreneurs and employees were required to give definite answers. The instructions and arrangement were to elicit co-operation and seriousness among the respondents.

The necessary data was collected by use of questionnaires and interview guides already prepared in advance. The researcher distributed the questionnaires himself to the various selected entrepreneurs and employees. Those perceived to have difficulties in filling the questionnaires due to illiteracy, or squeeze of time or for any other reason, the researcher used interview guides. The questionnaires were collected later at an agreed date.

The interview guide was put in use through casual discussion but the researcher had to caution the selected respondents in order to enquire approval from him. Included in this preparation the necessary permission from the provisional administration to collect data was sought. The District Officer, Mathira Division was approached for permission. Where data was to be collected from the employee the employer’s permission was requested for. For introduction purposes, the college letter of identification was produced.

3.8 Data Analysis

Once the questionnaires were administered, data collection was systematically organized in a manner that facilitated analysis, where quantitative analysis was anticipated the responses in the questionnaire were assigned numerical values. For coding purposes Yes
responses were assigned 1 and No responses were assigned symbol 0. This assigning of numbers to questionnaires were easily accomplished of the questions were close ended.

The first step in data analysis was to summarize the data using descriptive statistics this included using Mode Median, and Mean. The mode was the most commonly attained measurement or value among a sample of subjects. The median was the score that divides ranked scores into two equal parts; such that half of the scores were larger than the median as the other half are smaller. The mean was the average of a self or scores or measurement.

Correlation techniques were not used to analyze the degree of relationship between the variables, the independent variable as the dependent variable. The researcher used descriptive technique for interpretation.
4.0 DATA ANALYSIS AND PRESENTATION

4.1 Introduction.

The main purpose of this study was to investigate the effects of training in hindering the growth of entrepreneurship industry in Kenya. It was a case of Karatina Town in Nyeri District. The study investigated the skills and training possessed by both entrepreneurs and their employees and the effects of the same in hindering the growth of the industry.

The study was guided by the following research questions.

(i) What is the significance of the skill and training in promoting or hindering growth of entrepreneurship?

(ii) What were the effects of lack of specific skills that can enhance the entrepreneur and employee to improving his enterprise?

(iii) What were the effects of lack of general business knowledge in hindering the growth of entrepreneurship industry?

4.2 Data collection

To obtain the results of this study, stratified random sampling was the most appropriate which assured the researcher a good cross section of all kinds of entrepreneurs. Interview guides and questionnaires were administered on 32 employees and 28 entrepreneurs making a total of 60, from the target population.

A sample of respondents was drawn from the entrepreneurs and their employee per particular street. Tables and pie charts were used to present the data while data collected in the study was distribution table, mean median, mode, percentage and rankings.

4.3.0 Questionnaire response rate.

The questionnaire response was very good. The researcher himself administered most of the questionnaires. He personally took majority of them to the response. To enable the researcher to have access to as many entrepreneurs as possible, he divided the town according to street. The researcher used a research guide to collect the data where he could not make it.
Table 4.1: Nature of Business and General Information

The aim of this section was to establish the nature of business and general information operated by many entrepreneurs. Its aim was to establish whether most of the entrepreneurs were in goods or in service businesses.

Table 4.1

<table>
<thead>
<tr>
<th>Nature of business</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>16</td>
<td>27</td>
</tr>
<tr>
<td>Services</td>
<td>40</td>
<td>67</td>
</tr>
<tr>
<td>Not defined</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

From table 4.1, 40 respondents out of 60 were in the services related business. This was 67 percent. Goods business was represented by 16 respondents' representing 27% of the sample. Only 4 respondents appear not to be clear to the exact business in which they were. The 4 respondents said that they plan their day depending on the demand. This means that most of the entrepreneurs prefer service related businesses. The reason given was that service offering do not require a lot of capital and that one was able to offer any service since mostly it required entrepreneurs and employee’s experience.

Table 4.2: Type of service offered.

<table>
<thead>
<tr>
<th>Service offered</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>18</td>
<td>47</td>
</tr>
<tr>
<td>Professional</td>
<td>22</td>
<td>53</td>
</tr>
</tbody>
</table>

Out of the 40 entrepreneurs who were in the service industry, 18 offered general services, which required no special training. This represented 47% of the total sample. This could be attributed to low capital required in service industry and at time general service business requires general knowledge. 20 respondents out of 38 offered professional services.

The researcher found that there was quite a variety of services offered some of which included legal services, survey, medical services, counseling services, and career counseling. The professional qualification possessed by entrepreneurs and their employees was required and the results are presented in the table below.
Table 4.3: Professional qualification.

<table>
<thead>
<tr>
<th>Professional Qualification</th>
<th>Frequency</th>
<th>Percentage. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Experience</td>
<td>16</td>
<td>42</td>
</tr>
<tr>
<td>Certificate level</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>Diploma level</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Degree</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Not available</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

From Table 4.3, 16 respondents of the entrepreneurs in the service industry had learnt the skills through experience had the highest population. This represented 42% of enterprises in the service industry. 9 had certificate level representing 24% while diploma level holders had 18%. Entrepreneurs in the service industry who had trained up to a degree in the service they were offering were 4. This represents 11% of the total sample. This indicated that very few entrepreneurs had the necessary training in the services they were offering. Majority were found to learn their skills on-the job. It emerged that most of the entrepreneurs learnt their skills in the job.
4.4.1: Vision and Mission Statement

The purpose was to establish how effective the entrepreneurs are committed to their vision and mission. It was designed to establish whether the entrepreneurs and enterprise made use of the mission and vision statement.

Table 4.4: Vision and Mission

<table>
<thead>
<tr>
<th>Well written</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>No</td>
<td>50</td>
<td>83</td>
</tr>
<tr>
<td>No idea</td>
<td>6</td>
<td>10</td>
</tr>
</tbody>
</table>

Four respondents out of the 60 had well written vision and Mission statement. This represented 7% of the population. 50 respondents had no vision or mission statement unit represented 83%. Those who had no idea of what Mission statement or vision is were 6 units.
represent 10%. The result indicated that majority of entrepreneurs don't have a well-written vision which was clear to the entrepreneurs and their employees.

**Bar Graph 4.1: Vision and Mission Statement.**

From the Bar graph the biggest portion was presents by those entrepreneurs who had no vision or mission statement for their business. For the few who had the vision statement it was found that it was not properly drawn and was not clear to the employees. This indicated that most of the entrepreneurs do not understand what they were doing, where they were going, who their customers were and this lend to poor performance.

**Table 4.5: Vision and Mission Setting Meeting**

The table shows the results of the meeting held between the entrepreneurs and their employees to set and explain the vision and mission statement. It was to establish whether the owners had any formal or informal meetings to explain the mission and vision statement.

<table>
<thead>
<tr>
<th>Number of meetings</th>
<th>Distribution</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One per year</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Twice a year</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Any how</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>None</td>
<td>54</td>
<td>92</td>
</tr>
</tbody>
</table>

The table shows the meeting level by entrepreneur with their employee to explain the business's vision. 92% of the respondents indicated that they don't hold any formal meetings. 5% of the respondents held one meeting per year though the meeting was informal. This
means that most of the employees do not know why the business exist and what objectives they are there to fulfill.

4.6 Entrepreneur and Employees Business Knowledge.

This was meant to collect information dealing with the business knowledge possessed and practiced by entrepreneurs and their employees. The table shows the level of skill or training possessed by the entrepreneurs and their employees.

**Table 4.6: Business Knowledge**

<table>
<thead>
<tr>
<th>Business knowledge</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Trained</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>From experience</td>
<td>40</td>
<td>61</td>
</tr>
</tbody>
</table>

Most of the entrepreneurs had learnt their business knowledge from experience. Out of the 60 in the sample, 40 of them were found to have learnt their knowledge from experience. 25% had no business knowledge and depended on intuition in making any business knowledge. 8% were found to have been trained in various levels, where the highest was a degree level.

The above information is represented in the following pie chart.

**Pie Chart 4.2 Business Knowledge Possessed by Entrepreneurs and their Employees**
Most of the entrepreneurs learned their service from experience which is represented by 67%. This indicates a very low percentage of entrepreneurs and their employees had the basic business knowledge. Most were found to rely on intuition and lack. This could be the cause of low performance in these small scale enterprises hence inhibiting the growth.

Table 4.7: Evaluation of Profitability

<table>
<thead>
<tr>
<th>Evaluation of profitability</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don’t</td>
<td>48</td>
<td>63</td>
</tr>
<tr>
<td>Employ profession</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Any other</td>
<td>9</td>
<td>15</td>
</tr>
</tbody>
</table>

According to table 7, it was found that 63% don’t evaluate the profit in the business through any way 22% were found to employ professionals who they employed at a fee while 15% of all the respondents claimed that they used other methods. The results shown that very few entrepreneurs understood the importance of the business knowledge in running the business.

Bar Graph 4.2: Profitability Evaluation
Table 4.8: Improving personal & employees’ business knowledge

The table below shows the result of the information concerning any steps being taken by entrepreneurs and their employees in upgrading their business knowledge and that of their employee.

<table>
<thead>
<tr>
<th>Method to upgrading</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attend Seminars</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Attend Part time classes</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>None</td>
<td>53</td>
<td>89</td>
</tr>
</tbody>
</table>

The results shown that, those that upgraded their business knowledge through attending of seminar were 8%. Entrepreneurs who sponsor themselves or their employee to add themselves value through part-time classes was 3%. 89% of the respondent takes no measure to upgrade their business skills. The entrepreneurs and the employees did totally nothing to improve their knowledge is running the business.

Table 4.9: Entrepreneur Response Concerning Recruitment.

<table>
<thead>
<tr>
<th>Qualification Educational level</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Secondary</td>
<td>37</td>
<td>62</td>
</tr>
<tr>
<td>Tertiary</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

According to table 9 it was found that 33% of the employees, employed by the entrepreneurs had only primary education. 62% of employees had secondary education as only 5% had tertiary education. The entrepreneurs were too much concerned with the salary given to the employees such that they prefer employing workers with no skills instead of employing those
qualified. It was also found that during recruitment family relationship played a major role than professional qualification.

**Bar Graph 4.3: Responses On Recruitment**

The figure shows a bar graph of the number of entrepreneurs and employees recruited. This indicates that most of the employees employed possess secondary education. It shows that most employees were primary and secondary leavers with no other profession. This was explained to be as a result of low pay given to these types of employees as compared to the pay demanded by the trained employees.

**Table 4.10: Need for Training Possessed.**

<table>
<thead>
<tr>
<th>Training require</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not necessary</td>
<td>32</td>
<td>53</td>
</tr>
<tr>
<td>Necessary</td>
<td>18</td>
<td>30</td>
</tr>
<tr>
<td>Any can do</td>
<td>10</td>
<td>17</td>
</tr>
</tbody>
</table>

The table was designed to investigate how much the entrepreneur's value training and skills possessed by the employees. That of 60 entrepreneurs, it was found that 53% don't
value training or skills they possess or possessed by the employees or 30% found it necessary while 17% of the employee had it that any can do. This information is representing in the following pie chart. It was revealed that most entrepreneurs preferred obedient and unproductive, uninnovateous employees instead of trained and innovative employees who will understand the business as a whole.

Bar Graph: 4.4 Need For Training

![Bar Graph](image-url)

This bar graph shows the views about skills and training possessed by their employee. Most of the entrepreneurs and employees seemed not to value the skills they possess. Most entrepreneurs preferred maintaining the status quo instead of training themselves or the employees. Employee had an urge for training but claimed that employers were not for it.

Table 4.11: Training Improvements

<table>
<thead>
<tr>
<th>Training improvement</th>
<th>Distribution</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>No</td>
<td>52</td>
<td>87</td>
</tr>
</tbody>
</table>

Of the 60 respondents only 8 said that they and their employees go for training to improve their knowledge and skill. This represented 13% of the total respondents. It was revealed that
most entrepreneurs feared taking their employees for training because they feared that once trained, the employees will leave the job and look for greener pastures.

Table 4.12: Attendance of Organized Training/ Seminar

<table>
<thead>
<tr>
<th>Attendance organization senior</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td>No</td>
<td>50</td>
</tr>
</tbody>
</table>

The table shows that out of the sample of 60 entrepreneurs only 10 attended. This represented 17% of the sample. This indicates that most of the entrepreneurs don't attend training/seminars, which means that they don't increase their business running skills. Those who attended their frequency of attendance was studied by the following table

Table 4.13: Training/Seminars attendance

<table>
<thead>
<tr>
<th>Attendance for</th>
<th>Distribution</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once</td>
<td>7</td>
<td>70</td>
</tr>
<tr>
<td>2-3</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>More than three</td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

The table shows the level of attendance. Of the 10 who attended the seminars 7 attended once which represented 70%. Two attended 2-3 seminars in a year and respondents attended who attended more than three seminars was only one represented by 10%. This shows that most of the entrepreneur doesn't attend those seminars. It was revealed that few attended with their employees. Most of the entrepreneurs had no knowledge of such seminars hence did not attend. The few who had information concerning the seminars seemed not to value them hence did not commit themselves or their employees.
Out of 60 respondents 12 had set of marketing unit in their enterprise which represented 20%. 42 respondents had no marketing unit while 6 respondents were not available. This shows that majority of the entrepreneurs don’t market themselves in the right way which has a lot of impact is the growth of their enterprise. Most of the entrepreneurs did not take any initiative to market their goods or services. This means that the market was unaware of their existence, hence their businesses don’t grow. The few who had the marketing were found not to be well organized although they were pulling a lot of customers to them. The following figure shows the above information.

Pie Chart: 4.4 A Well Set Marketing Unit
The figure shows that most of the entrepreneurs don’t market their goods or services which has a very negative impact in the business because the market is not aware of their existence. Very few entrepreneurs could even see the importance of marketing.

**Table 4.15: Social Responsibility.**

<table>
<thead>
<tr>
<th>Social responsibility</th>
<th>Distribution</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>48</td>
<td>80</td>
</tr>
<tr>
<td>Yes</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Not committed</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>

From the table above, out of 60 entrepreneurs 48 took no direct or indirect role in promoting the projects belonging to the society that is they do not invest in the social capital. 8 took part and 4 were not committed to whether they play any part or not. The 8 who took part said there’s a very positive response when the people who see the entrepreneurs are involved in their affairs. This resulted to an increase in the number of customers. Though investment in social responsibility proved to have a very positive impact in the promotion of the enterprise, many did not participate in any of the self-initiated development projects.

**Table 4.16: Entrepreneurial skills possessed by Entrepreneurs and their employees.**

<table>
<thead>
<tr>
<th>Entrepreneurial skills</th>
<th>Percentage</th>
<th>Abilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing money</td>
<td>10</td>
<td>Poor</td>
</tr>
<tr>
<td>Managing people</td>
<td>6</td>
<td>Poor</td>
</tr>
<tr>
<td>Establishing a business</td>
<td>72</td>
<td>Very high</td>
</tr>
<tr>
<td>Marketing</td>
<td>3</td>
<td>Very poor</td>
</tr>
</tbody>
</table>
From table 4.16, a pie chart was drawn to represent the percentage of entrepreneurial skill.

**Pie chart 4.5 Management Skills**

Managing money skills included bookkeeping knowledge, accounting and clerical work. Managing people includes recruitment of personnel, salary administration, promotions, training motivation and development. Marketing, included advertisements, products and service design, pricing, identifying business opportunities, obtaining start-up capital, gathering business information and identifying sources of raw materials, and any human capital required. All these were expected of an entrepreneur.

From table 4.16 and fig 4.5, it was found that entrepreneurs and their employees lacked entrepreneurial skills that are vital to their business. That was well represented skill and highest ability in terms of ability was establishing business but after starting or establishing the business but after starting or establishing the businesses they failed to manage money, people, material, promotion and marketing their products and services. This was perhaps as a result of lack of proper formal training and very high majority of them just relying on intuition in business running.
Managerial skills were those that were necessary for management of business activities. A good manager is the one who is able to plan, co-ordinate, direct, organize and control and the business activities and resources. Personnel management involves planning the human resources required in the business.

Financial management involved determining the sources of capital of budget balance sheet and the projected cash flows. Production management involves product design, product development planning the production process and facilities product life cycle and responding to it. It was observed that production management ranked highest as represented 52%.

Marketing management involved advertisement sale promotion, product quality, pricing the products and distributing the products and service to reach their customers at the right time, place, price or value. The reason attributed to this are that it’s the only factor in management, which is easily learnt through experience (apprenticeship). It was revealed that many started the race but very few were able to finish. Financial management ranked the lowest percentage in ability as it involved formal learning, which is not well done by more entrepreneurs. Most of them feared the education process although acknowledged its importance.

Personnel management and marketing management together had 53%. These were skills, which were acquired at high schools, tertiary colleges and Universities. Management skills were normally meant for the management item and were acquired on the job through seminars workshops, and conventions.

<table>
<thead>
<tr>
<th>Skills/ability</th>
<th>Percentage ability %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing skills</td>
<td>15</td>
</tr>
<tr>
<td>Personnel management</td>
<td>16</td>
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<tr>
<td>Financial Management</td>
<td>7</td>
</tr>
<tr>
<td>Production Management</td>
<td>52</td>
</tr>
<tr>
<td>Marketing management</td>
<td>10</td>
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</table>
CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

There are three sections in this chapter. While section one summarizes the problem, purpose of study and the methodology, section two provide the conclusions based on the research findings with section three presenting the recommendations based on the research findings.

5.2 Summary of Findings

From the past studies from renowned scholars like Peter Drucker and Joseph Schumpeter entrepreneurship has been seen as one way which can revolutionize an economy. From the way the entrepreneur behaves in creating new products and services, and also offering old products and services using new methods, entrepreneurs have been known to start the new methods of doing business. If in the growing economies entrepreneurs are given the necessary atmosphere and resources that they need, they can create growth in the already existing industry and also come up with new ways of exploiting the country’s resources.

Kenya has been hit by explosion of unemployment and the researcher is of the view that if all the conditions are fulfilled, entrepreneurs can act as creators of employment. The researcher wanted to study the effects of training in boosting or hindering the growth of the industry.

The research study was aimed at investigation of the effects of training on entrepreneurship development in Kenya where a case of Karatina Town in Nyeri District was used. The study investigated the skills level in the industry possessed by entrepreneurs and also any method used in acquiring or adding their skills. The purpose of the study was to evaluate the level of training possessed by the entrepreneurs and their employees in inhibiting the growth of entrepreneurship industry in Kenya.

The target population consisted of entrepreneurs and the employees in Karatina town, in Nyeri District who operated enterprises in different sizes, levels and natures. To collect
data, questionnaire and semi structured interview guides were used where illiteracy was expected interviews were used for collecting the data.

Actual data collection was done from the population through strategies random sampling. From each stratum sample was got through random sampling. The data was then analyzed using description methods like frequency distribution table, bar graphs pie charts and percentages.

The results shown that most of the entrepreneurs did not possess the required skills. This means that however hard they worked the industry could not grow since the skills required were missing. The findings revealed that the industry is in serious need of training. Many of the entrepreneurs and their employees were found to be running short of skills required in their day to day work. This included the specific training and the general managerial training which would help them in combining the factors of production required as the enterprise moves from one growth stage to another.

5.3 Conclusion

The research findings of this study revealed that most of the entrepreneurs and employees lacked the necessary skills required in the business. Each factor studied is summarized below:

Training; Training was realized to be quite low with majority of entrepreneurs 78% depending of learning on-the job to acquire the required in their skills. This corresponded with Olaga (1977) who observed in his study that entrepreneurship growth was hindered by lack of training and majority learnt their skill on the job. The result of this study also revealed that majority of the entrepreneurs and their employees had only primary and secondary education with no professional studies in the products or services they were offering. This means that they were not well equipped in handling their work.

The findings were consistent with those of Meredith (1987), who stated that formal education beyond the basic literacy makes little difference for self-employment on a small scale. Though high level of education and training was not a guarantee that the business would proper, or that it was all that was required for the growth in entrepreneurship, it was revealed that it played a major role in promoting the growth since entrepreneur and employees had wide rage of knowledge. This corresponds with the study done by Dondo
(2002) who found that education helped the entrepreneur in having a wide picture of what the business demands. Those who were found to be having higher training were found to be very successful.

**Communication;** The study revealed that most entrepreneurs don’t recognize the importance of proper communication channels. This was clearly demonstrated by the study since only 12% of the sample had well laid down channels of proper communication. Lack of proper communication channels meant that decision making process was not properly done which resulted in stagnation in growth. William (1996) has said in his writings that communication is the backbone of any development since it promoted the sharing of ideas.

**Vision and Mission Statement;** It was revealed that most of the entrepreneurs don’t have proper guiding principle to be used to guide the business. Lack of vision, mission and clear objectives that were explaining the reasons behind existence of business were lacking. Only 18% had well written mission and vision statement, which were clear to the entrepreneurs and their employees. This corresponds with Drucker (1995) who had found that an organization without proper vision cannot prosper. It emerged that most organizations do not have it clear the reason behind their existence nor do they have a clear picture of what their customers were.

**Leadership**

It was also revealed that most of the entrepreneurs don’t understand the role they play as a leader who should occupy the office of the vision bearers. The results shown that only 26% of the sample understood their role and really took the central part. The few who understood, accepted and practiced their leadership skills recorded a very positive and constant growth in their business. This corresponds with Timmon (1995) funding which revealed that lack of leadership skill had caused stagnation in the growth of entrepreneurship industry, because instead of all those involved pulling together each was pulling his/her part thus causing sub-optimisation.

**Marketing;** Marketing played a very major role in promoting the enterprise yet only 8% on the sample had marketing units in their businesses. No steps were taken by entrepreneurs to sell him or her or then business to the environment. This meant that most of
the people in the town had no information about some businesses. This corresponds with Egan (1995) who found that most of the small-scale businesses don’t grow due to lack of marketing and marketing strategies, which would help them in understanding the market and the consumer so that they do not aim and worked in vain.

**Business Knowledge**

It was finally revealed that most of the entrepreneurs and their employees had very little business knowledge. Only 17% of the sample had business education above the certificate level. Most of the entrepreneurs were found to rely on intuition in their decision-making. This inhibited the growth of the business, as most of the entrepreneurs were not able to make optimal decision concerning the prices, salaries, wages and taxes. Very few entrepreneurs and their employees had attended seminars designer to improve their business knowledge. Only 6% entrepreneurs and their employees had register for part-time classes meant for improving the skills, meaning that they do not value the skills.

5.4 Recommendation/Suggestion.

The purpose of the study was to investigate the importance of training in promoting the growth of the entrepreneurship industry. The research was objectively carried out which assisted the researcher in coming up with the following recommendations.

**Training:**

Training was found to be very important in assisting the entrepreneurs or their employees in their business. It was discovered that most of them lacked the relevant training since the skills were found to be mostly learnt through or on the job. This costed the business a lot and the researcher recommends that entrepreneurs and their employees should do all that they could so as to achieve the minimum skills required. Part-time training is suggested for them.

It's also recommended that that the business studies be introduced in the system as early as possible so that which ever level one terminate his/her education at least he’ll be having some training that assist him/her in the work. The government of Kenya in conjunction with curriculum developers as trainers should ensure that entrepreneurs and their employees were imparted with the relevant technical managerial and entrepreneurial skills.
Funding the Business

It was revealed that most of the entrepreneurs had the initiative to start a business. They were all aware of those who could assist in raising the capital but none of the financiers were assisting them in acquiring the skills. It's then recommended that other stakeholder like Non-governmental Organization should be encouraged to sponsor the entrepreneurs in training rather than just pumping them with money which they do not have the skills to manage. This will let them know the actual problems faced by the entrepreneur and offer them assistance according to their different needs rather than generalizing. The NGO should first conduct Entrepreneurs Analysis.

Entrepreneurs and their employees should be sensitized to form their own association, which will be acting as a bridge for dissemination of information especially concerning their products and services. Trainees in various training institution, National Polytechnics and other institutions must be subjected to vigorous training coupled with lengthy attachment period. This will give them proper skills in communication, leadership, marketing, and managerial skills.

The Ministry of Education should put more emphasis on teaching of business managerial skills starting from primary level so that all candidates from primary to high level will have proper foundation. This is important because the entrepreneurs and the employee will be able to analyze themselves through SWOT analyzing (strength, weak, opportunity, and threats) and base their decision on facts rather than depending on lack and intuition.

Further research should be conducted to investigate the possibility of group training, and training on-the job. A lot of time and resources are wasted as the students struggle with very many subjects in primary secondary and tertially colleges some of which do not add value to the learners. Curriculum developers should do more researcher on the importance of business education so that its given more time and better properly prepared. Research should also be carried out to investigate the effects of learning theory and how it improves on tasks performance in practice in the field of entrepreneurship.
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TO WHOM IT MAY CONCERN:

Dear Sir/Madam,

RE: RESEARCH PROJECT: DATA COLLECTION

This is to confirm that the above named is an M.BA student in the School of Business, Kenyatta University, and he is embarking on his project this semester before he completes his degree programme.

Any assistance you may accord him will be highly appreciated.

Mrs. E. Gitonga
MBA COORDINATOR
Good morning/Afternoon/Evening. My names are STEPHEN MACHARIA. I am a student at Kenyatta University and am carrying out a research on the impact of skills and training in inhibiting the growth of entrepreneurship in Kenya. My research is purely academic and is geared towards my completion of Masters Degree in Business Administration.

Could you please answer me the following questions.

1. What is the nature of your business?
   (a) Goods   (b) Service

2. What type of service do you offer?
   (a) General Service   (b) Professional

3. (i) which professional service do you offer?
   (ii) What is your professional qualification in the business you offer?
   (a) Certificate level   (b) Diploma level
   (c) From experience

4. Does your business have a well written vision which is clear to employees and to customers?
   (a) Yes   (b) No

5. Does your business have a mission statement?
   (a) Yes   (b) No

6. What is your business knowledge in running a business?
   (a) None   (b) Trained   (c) From experience
7. For how long have you been in business?
   (b) (a) 0-1 year □ □ (b) 2-3 years □ □ (c) Over 3 years □ □

8. Would you describe the ownership of your business as?
   (a) Sole □ □ (b) Partnership □ □

9. What is the relationship between you and your partner?
   (a) Relative □ □ (b) Not related □ □

10. Who inspired you to current Business?
    (a) Parents □ □ (b) Friends □ □ (c) Market survey □ □

11. How do you evaluate profitability in your Business?
    (a) Don’t □ □ (b) Employ Professionals □ □
        (c) Any other (specify) □ □

12. Which steps do you normally take to improve your personal and your employees’ business knowledge?
    (a) Attend seminars □ □ (b) Attend part-time □ □ (c) none □ □

13. How many employees do you have in your business?
    (a) One □ □ (b) Two □ □ (c) Three □ □ (d) Over three □ □
14(i) When recruiting your employees which qualifications do you look for
(ii) What is the minimum level of education you demand from your employees?
   (a) Primary level  
   (b) Secondary level  
   (c) professional  
(iii) How do you rate the training possessed by your employees
   (a) Very necessary  
   (b) Necessary  
   (c) Not necessary  

15. (i) What is the relationship between you and your employees?
   (a) Family members  
   (b) Relatives  
   (c) None  
(ii) Do your employees go for training to improve their knowledge and skills?
   (a) Yes  
   (b) No  
(iii) Who sponsors their training?
   (a) Employee  
   (b) Employer  
   (c) Both (a) and (b)  

16. (i) On average how long do employees stay in your business?
   (a) Less than 1 year  
   (b) Over 1 years
(ii) Have you ever tried to find out why they leave?

Yes [ ] No [ ]

17. (i) Have you ever held a meeting with your workers to explain to them your vision?

(a) Yes [ ] (b) No [ ]

(ii) How then do you sell to them your business vision to your employees? Specify.

18. How regular do you hold such meetings?

(a) Ones a year [ ] (b) Twice a year [ ] (c) Anyhow [ ]

19. Several companies have been organizing training/seminars to business especially on marketing and customers handling.

(i) Do you attend these seminars?

(a) Yes [ ] (b) No [ ]

(ii) How many of these did you attend last year?

(a) one [ ] (b) Two-three [ ] (c) More than three [ ]

(iii) Did you send or carried with you any of your employees?

(a) One [ ] (b) Two-Three [ ]

20. (i) Apart from attending the above seminars are there steps you have taken to improve your business knowledge or relevant skills?

(a) Yes [ ] (b) No [ ] (c) [ ]

(ii) Which are these steps have you taken?
21 Is there any marketing unit in your business?

(a) Yes [ ] (b) No [ ]

(ii) How then do you market your products or services? Specify.

22 There are various projects designed in the society to help in uplifting the lives of the citizens. How do you and your business assist?
APPENDIX III

Employees Interview Questionnaires

Good morning/Afternoon/Evening. My names are STEPHEN MACHARIA. Am a student at Kenyatta University and am carrying out a research on the impact of skills and training in inhibiting the growth of entrepreneurship in Kenya. My research is purely academic and is geared towards my completion of Masters Degree in Business Administration.

Could you please answer me the following questions.

1. For how long have you been employed by your current employer?
   (a) Less than six months
   (b) 6 months – 2 years
   (c) More than 2 years

2. How did you come to learn of the vacancy you are currently you are holding.
   (a) family
   (b) relative
   (c) Advertisement

3. What is the relationship between you and your employer?
   (a) Family
   (b) Relative
   (c) None

4. What is the rate of employee entering and leaving your current employer?
   (b) High
   (b) Low

5. As an employee in a business environment what is your background knowledge in business education?
   Trained
   From Experience
   None

6. There have been a number of seminars organized by companies to enlighten employer/employee on how to run and manage business.
   (i) Have you ever heard of any?
      (a) Yes
      (b) No

   (ii) Have you ever attended any of such seminar/workshop?
(a) Yes  [ ]  (b) No  [ ]  

(iii) How many times in the last:
(a) one month  [ ]  (b) 6 month  [ ]  (c) 1 year  [ ]

(iv) If ever attended such a seminar, how educative or relevant were they?
   (a) Very educative  [ ]  (b) Educative  [ ]  (c) Not Educative  [ ]

8. You’ve said that you have attended such seminars. What was/has been the impact of such workshops in your day to day contribution to this business?
   (i) I have been allocated a lot of work  [ ]
   (ii) My wages/salary has been raised  [ ]
   (iii) I have been able to sell more stock than before  [ ]
   (iv) I have been handling more customers than before.  [ ]
   (v) The business has grown rapidly.  [ ]
   (vi) The owner is happy with me.  [ ]
   (vii) We have encountered a lot of losses.  [ ]
   (viii) My experience and skills have improved.  [ ]

9. (i) Which steps do you personally take to improve yourself so as to be effective and efficient in your work?
   (a) Attend part-time classes  [ ]  (b) nothing  [ ]

(ii) Who sponsors your studies?
   (a) Self  [ ]  (b) employer  [ ]  (c) Both (a) and (b)  [ ]

(iii) Which problem do you encounter on time and resources management?

(iv) How encouraging is your employer in relation to your part-time classes?
   (a) Very encouraging  [ ]  (c) Discouraging  [ ]
   (b) Encouraging  [ ]  (d) Very discouraging  [ ]
10. (i) Does your employer hold official meetings with you as his/her employees?
(a) Yes       (b) No

(ii) About how many meetings do you have per year?
(a) One       (b) Two       (c) More than two

11. A good leader influences people under him to willingly work together towards achieving the business goals. How do you rate your employer as a leader?
(a) Good       (b) Moderate       (c) Bad

12. Does your employer have a well clear vision for his/her business?
(a) Yes       (b) No

13. How does the employer react to employees’ creativity and innovativeness?
(a) Encouraging       (b) Non-Committal       (c) Discouraging

14. How open is your employer toward his employees concerning his business?
(a) Open       (b) Suspicious       (c) Closed

15. A good employer is concerned about his employees’ career growth. How can you rate your employer concerning careers of his employees?
(a) Very concerned       (b) Concerned       (c) Not concerned

16. To have a warm and cordial working relationships coupled with productivity, there are some characteristic that must be possessed by the employer and his/her employees. How do you rate the following in promoting the growth of a business?

(i) Employer and Employees’ level of education
(a) Very necessary       (b) Necessary       (c) Not necessary
(ii) Employer and Employees' in-depth knowledge in running a business

(a) Very necessary □ (b) Necessary □ (c) Not necessary □

(iii) Relevant employer and employees' skills and training as demanded by the business?

(a) Very necessary □ (b) Necessary □ (c) Not necessary □
### APPENDIX IV

### WORK PLAN / TABLE OF EVENTS

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
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<tr>
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<td>VIII</td>
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APPENDIX V

BUDGET

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<td><strong>TOTAL</strong></td>
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