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**THE IMPACT OF VOUCHER TRAINING PROGRAMME ON THE  
PERFORMANCE OF TEXTILE ENTERPRISES IN MACHAKOS  
DISTRICT.**

**BY**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT  
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### Declaration

I declare that this research project is my own original work and has never been presented to the University for Examination purpose.

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## Dedication

This research project is dedicated to my wife Monicah Nduku Mutisya, my daughters Liynnet Mueni and Catherine Ndinda, my sons Boniface Muema and Victor Muia for their moral support during the hard times of the research project formulation and findings.

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## **Abstract**

Textile sub sector play an important role in employment creation and economic growth.

Voucher training programme conducted between the years 1997 and 2001 targeted established entrepreneurs in order to help their enterprises with potential for growth and employment generation.

It focused attention on the skills upgrading needs of the SME sector. The objective of the programme was to improve the productivity of SME's and increase the income of entrepreneurs and their employees.

This study was aimed at assessing the extent to which knowledge and skills acquired through training had developed entrepreneurs in Machakos District.

The methodology which was employed in the research study was comprised of a survey research design. Micro and small enterprise owner manager who were trained in the World Bank voucher training programme were the target population, and a sample of one hundred owner managers were selected from the sample frame using simple random sample selection technique.

Data collection was done by using an interview guide (questionnaires) and the questionnaire was pre-tested to test its validity. The collected data was edited, coded and analyzed using descriptive statistical method. Analyzed data was presented using tables, charts and graphs.

The overall picture from the study findings was that the enterprises benefited from the skills upgrading. 54% percent of the respondents saw training as an important component to country's development. Sales volume had increased to 45% with an increase of 30%

profit. Financial control and business management improved with 60% and business operational strategies with 74%.

Conclusions based on study findings on the impact of VTP was that there was a very commendable success in terms of business opportunities, business activities control (75%), financial management and control system(85%) and increase in business assets (45%).

Recommendations made in the study were that, SME's should be enlightened on the importance and need for training, the government and NGOs should provide financial support for SME training and more training programmes in specific areas should be extended to other districts for the purpose of encouraging self employment.

**List of Abbreviations**

<b>FY</b>	-	Fiscal Year
<b>GOK</b>	-	Government of Kenya
<b>IDA</b>	-	International Development Agency
<b>IDF</b>	-	International Development Fund
<b>ILO</b>	-	International Labour Organization
<b>MSE</b>	-	Micro and Small Enterprises
<b>MSETTP</b>	-	Micro and Small Enterprises and Technology Project
<b>MRTT&amp;T</b>	-	Ministry of Research Technical Training and Technology
<b>NGO</b>	-	Non Governmental Organizations
<b>OCED</b>	-	Organization for Economic Corporation and Development
<b>ODA</b>	-	Overseas Development Agencies
<b>PCO</b>	-	Project Co-ordination Office
<b>SED</b>	-	Small Enterprise Development Programme
<b>SSE</b>	-	Small Scale Enterprises
<b>TP's</b>	-	Training Providers
<b>USAID</b>	-	United States of America International Development
<b>VTP</b>	-	Voucher Training Programme

## **Definition of Terms**

The definitions of terms to be used in the study are as follows: -

### **(a) Voucher**

Voucher is a document showing the payment of money or correctness of accounts.

### **(b) Beneficiaries**

A beneficiary is any person that has been selected and obtained a voucher empowering the person to acquire training. The beneficiaries in the VTP were owner/managers of micro and small enterprises, employees of micro and small enterprise and women start-ups.

### **(c) Employees**

These are workers by MSE's in textile and food processing sub – sectors.

### **(d) Owner/ Managers**

These are the SME's entrepreneurs in textile sub – sector.

### **(e) Training provider**

This is a formal public or private institution/organization or a craft work who has been approved to provide training in the Voucher Training Programme.

### **(f) Entrepreneurs**

This is a person who identifies an opportunity in the society, analyze and select the best for the purpose of providing a product or service.

### **(g) Micro – Enterprise**

These are either informal or survival enterprise. They are very small Gakure (2003) employ the owner and gets assistance from the family members. They have low investment capital up to one to two hundred shillings.

### **(h) Small Enterprise**

Are those enterprises employing 1 – 50 employees (G.O.K, 1989), are easy to start and manage.

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## **CHAPTER ONE**

### **1.0 INTRODUCTION TO THE STUDY**

#### **1.1 BACKGROUND OF THE STUDY**

In Kenya, small and Micro enterprise sector play an important role in employment creation and economic growth. The Kenyan government has recognized these sectors as of primacy means of strengthening its economy as indicated in the sessional paper No. 2 of 1992 (Kenya 1996), donor commitment to this sector has shown significance SME's are towards development.

The promotion of the SME's in Kenya and other African countries is a viable and most dynamic strategy for achieving national goals of poverty alleviation which forms the foundation of a strong Nation. Lack of technical and management skills is one of the things that hold back the development of small and Micro-enterprise sector in Kenya and other developing countries in the world.

The trend in small and medium enterprise has been towards improved and better productivity and efficiency; to achieve this, training programmes should be incorporated.

Training is an important component for SME's sector as identified by McClelland (1961). The desire to succeed as recognized by McClelland (1961) is a critical Psychological characteristic of a successful individual. Kirby (1981) and Black Burn (1987) in their study of entrepreneurial development, they found that, developing a training motivational approach will enable SME's to have a sound and reliable information for decision making.

In Kenya, Yambo (1990) identified lack of adequate business and technical skills and investible capital to be a major problem facing the small enterprise sector. Other Kenyan studies Parker (1992), Okech and Parker (1991) identified the same constraints as being responsible for inefficiency or lack of competitiveness among small and medium enterprises.

The need for training is also supported, Yambo (1990), Parker (1992), and Dondo (1991) who concluded that every business require different skills upgrading both technical and management.

This will enable the business owner to exercise proper management, produce quality products, get a share in the market and make attractive sales for the businesses growth and expansion. They said that these skills are varied and majority of entrepreneurs do not posses all but that through training they can acquire them.

The Kamunge report (1988) recommended that the philosophy of education and training must always be in consonance with national philosophy in order to enable education and training to contribute positively towards national development. Education and training should prepare Kenyans to be nationalistic and patriotic.

N.G.O's in Kenya have been very active in providing assistance to SME's through training and credit facilities. The N.C.K has provided assistance for tools security and inventory marketing of goods and training in costing and record keeping. King, (1987) noted that some of the skills acquired by entrepreneur through training by NGO's are got through in plant training.

The World Bank, through its department of small and medium enterprise development has assisted many SME's in Kenya and other countries of the world.

Vouchers Training Programme in Kenya was launched in November 1994 under the authority of the Kenya Government and Ministry of research and technical training where US\$ 11.5 Million was used for SME's training. This programme was conducted in two phases where passes one was conducted from November 1997 and October 1999 in 19 Districts in Kenya, Machakos being included and phase two was conducted between October 2001 and December 2001 (PCO 2001).

In this phase the World Bank extended 2.8 billon in 2001 for financing training and other support for improved business environment. The aim of World Bank funding SME's was to create an enabling environment and equipping entrepreneurs with both technical and management skills to overcome limitations of slow business growth and expansion by availing training resources.

## 1.2 STATEMENT OF THE PROBLEM

Small and micro enterprise development is hindered by lack of management and technical skills which denies them better productivity, better income and employment generation, the need for management and technical training and for social reliable information for decision making is an essential factors which adds value to formal education received in school by most entrepreneurs. Lack of adequate business and technical skills and investible capital are major problem facing SME's.

The Kenya government in its development plan 1997 – 2001, in the development process, human resource are both essential contributors and the end beneficiary of a successful development strategy. It is important to equip human capital with knowledge, skills, altitudes and value that will enable the labour force to use the traditional, natural and man made resources to improve production and generate income in order to avoid negative socio-economic development of the country.

The Kenya government jointly with the World Bank trained a large number of entrepreneurs through the World Bank voucher training programme between the years 1997 and 2001 for the purpose of solving their business problems of low income, low productivity and less employment generation.

The programme targeted SME's owner managers in all sectors of employment creation in all sectors being involved. The training was conducted in both technical and management skills upgrading by selected qualified trainers equipped with selected tools, equipment, materials and machines.

This study will investigate whether skills and knowledge imparted by the voucher training programme have assisted textile entrepreneurs in solving their business problems of low income, low productivity, low employment generation and poor management by analyzing the entrepreneurs' businesses sales volume, profits, record keeping, technology use, public relations and general business management.

### **1.3 OBJECTIVE OF THE STUDY**

The purpose of this study was to evaluate the role World Bank voucher training programme played towards small and micro-enterprise performance in textile-sub-sector in Machakos district.

#### **Main objective of the study was to: -**

- Gain an insight into the role of voucher training programme that may have contributed to the performance of small and micro enterprises.

#### **General objectives:**

The general objective of the study was to assess the impact of voucher training programme on the performance of textile businesses.

#### **Specific objectives were:**

1. To investigate the kind of training imparted to textile entrepreneurs during voucher training programme in relation to their business operation and management.
2. To identify problems entrepreneurs in textile sub-sector experienced while undergoing training that may hinder their business performance.
3. To assess entrepreneurial characteristics gained through the voucher training programme towards business operation and performance.
4. To investigate tools, machines and materials used during voucher training programme to impart knowledge and skills in relation to the training offered.

### **1.4 RESEARCH QUESTIONS**

1. How did the skills and knowledge imparted to textile entrepreneurs by the World Bank voucher training programme assisted them to solve their business problems of low income and low productivity?
2. Were the methods used to train textile entrepreneurs during the World Bank training programme appropriate to their training needs?

3. What kind of tools, materials and machines were used to impart knowledge and skills to textile entrepreneurs during voucher training programme?
4. What time did the training take place, and was the time allowed for training adequate?

### **1.5 SIGNIFICANCE OF THE STUDY**

In the current trends in the economy, small and micro enterprises are playing a big role in employment creation. Private sector is expanding and reducing poverty in the country. A study on the impact of voucher training programme was to assist education and training planners to review strategies of offering Kenyans the right skills and gain an insight between education, business operation and training.

This was to enable planners to design and develop training programmes aimed at that was to addressing the intended needs for the entrepreneurs training, relevant to present and future manpower development need. The results of this study are to be very useful to entrepreneurs already in business and those intending to venture into business. It is also to be important to training institutions, NGO's, micro-finance institution, banks and the government.

### **1.6 JUSTIFICATION OF THE STUDY**

The aim of the study was to justify the role training played to enhance business performance by analyzing the specific objectives of non-training and training towards business performance. It identified the factors that VTP contribute towards good business performance and entrepreneurial characteristics brought about by training to improve the entrepreneurs business.

The study also accessed the entrepreneurial behavioural change brought about by the training which was to assist the entrepreneurs to improve their personality towards business operation and management for better performance.

### **1.7 ASSUMPTIONS**

In this study, assumptions were made that voucher training programme had a positive impact on business performance in textile businesses in Machakos district.



## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

There is an extensive literature on factors that are thought to influence the impact of training on business performance for micro and small enterprises in the world. In Kenya, the micro and small enterprise training and technology project was a joint government of Kenya and World Bank training and technology project whose long term objective was to assist the government in developing and implementing policies that enable entrepreneurial environment and the establishment of a National training strategy.

Literature on the perception of MSE and its role in development of Nations has emerged overtime since the early 1980's. This view was supported by organization for economic co-operation and development OECD (1998) when it says that, where from the 1980's attention began to focus on MSE's as a means of poverty alleviation and unemployment reduction, with these enterprises creating a new economic opportunity and increasing competition in the market. In developing countries, with adherent of structural adjustment policies, MSE's development could be an alternative way of approaching tasks of development in an era of structural development and attempting to socio-economic reforms. Ikiara (2001) supported this sentiment by saying that the modern sector facing reforms, restructuring and increasing external competition from both regional and global competitors has had to undertake retrenchment and other forms of labour cutbacks, making it less to contribute to National efforts to reduce unemployment. This has left the informal sectors to play an increasing important role in this struggle.

#### **2.2 OVERVIEW OF MICRO AND SMALL ENTERPRISES**

Industrialization results in capital industry depend on a factor of production not readily available in many developing countries and leaving much of the available unskilled labour force idle Terzles (1993).

This unemployment problem lead to international labour organization's employment programme mission and the discovery of the informal sector in the early 1970's.

Interest in MSE sector has risen with the economic cycle with it being viewed as an alternative path to development at the times of crisis and adjustment in the large scale capitalist system, Gerry (1987).

Informal sector unquestionably forms an important part of the small business communities in developing economics. At the same time, it is one of the most confusing, bizarre and exciting aspect of third world development. Although the importance of the sector for employment creation is an established fact and generally recognized, uncertainty still prevail when defining informal activities and identifying effective ways and means of assisting them. Informal sector activities are largely ignored, rarely supported, often regulated and sometimes actively discouraged by the government, Hein Marius (1987) P. 59.

In past years, numerous studies have been conducted in developing countries to assess the extend and relevance of the informal sector. Generally the reports have stressed the viability of informal activities, urging government not to hamper but to assist the neglected sector, world labour report vol. 1 (Geneva ILO 1984).

Jacob Levisky (1987) analyzing the trends in World Bank financing of mall enterprises development programmes said that since 1975, the World Bank has sought to direct an increasing share of its support of industrial development to assisting small enterprises (MSE). A sector policy paper on employment and development of small enterprises published in February 1978, confirmed that directions and guide-lines for World Bank programmes in support of the SME sectors where already being pursued. The proportion of World Bank industrial finance going to SME development was only 8 percent of all such industries development financing (IDF) lending in the five years ending 1972 – 1977.

In the Fiscal year 1978, loans earmarked for SME's group increased to US & 218 millions which was 24 percent of IDF lending to SME's. Thus the total SED lending for the eight year period from FY 1985 was US \$ 105 billion. In FY 1984 the amount lent to SME's constituted 28.9 percent of all IDF lending, the highest annual figure to date.

This global assistance to SME's has enabled many government to develop training programmes to promote SME's with an aim of alleviating poverty by creating employment, providing products and improving the economy. In Kenya, micro and small enterprise development has come as a result of the publication of the ILO report (ILO 1972), which marked the turning point in the perception of SME sector in the development process which was "entitled" "employment income and enquiry in Kenya." This provided a concrete and irreversible justification for the development of the SME's sector, as a means of generating income, providing employment and alleviating poverty in Kenya.

The base line survey of 1994 and 1999 are two enlightening studies on the issue of SME's development. Parker (1994) and CBS et al (1999) in their base line survey quantified the magnitude of the SME's sector and its contribution to employment creation and income generation. They observed that 2.4 million of Kenyan workforce was employed in the sectors 1.3 million enterprises of which 117,000 are in manufacturing sector. SME's sector is expected to contribute 70 percent of all new rural non-farm jobs by the year 2020. The sector is also projected to contribute 40 percent of National wage employment and 20 percent of gross domestic product. The government of Kenya, donors and non-governmental organizations (NGOs) has taken interest in the development of SME's to ensure their growth and expansion because of the above reasons. The Kenyan government has formulated illustrative SME's development policies and programmes aimed at building institutions which could help promote the SME's sector.

The sessional paper No. 2 of 1992 on small enterprise and Jua Kali development in Kenya set out a comprehensive policy framework for promoting small scale and Jua Kali enterprise development. It also set out policies for enhancing direct assistance to individual entrepreneurs in order to transit SME's in to medium size enterprise and access to credit and information. The major policy framework set out by this paper included the provision of direct assistance for management and entrepreneurial skills upgrading for individual, disseminating information on market, appropriate technology and supporting an enabling environment by redressing licensing, tax, security of works and other initiatives with the government playing mainly a facilitative role.

In 1994, a thorough assessment of policies, strategies and programmes under the agenda for early action was carried out and the obstacles initiating growth in the sector were identified and analyzed. Weak or non-existent co-ordination mechanisms resulted to misspend of effort and minimal impact was realized and regulatory environment remained largely hostile to many small business operators. This called for the design of a series of support programme to promote the growth and development of SME's in Kenya, UNDP, DFID, USAID, GTZ (1994).

Session paper No. 2 of 1996 on industrial transformation to the year 2020 noted that despite the government donor agencies and other private sector organizations to support and promote the development of the SME's sector in Kenya, a number of policy constraints continue to inhibit the sectors realization of its full potential. It is now widely recognized that the promotion of the SME's sector is a viable and dynamic strategy for achieving national goals, including employment creation, poverty alleviation and balanced development between sectors and sub sectors.

The 1997 – 2001 development plan underscores the importance of the sector in employment creation. The action plan by the government to enhance the rapid growth of this sector are to develop and review the legal and regulatory environment for the informal sector activities, formulate and develop programmes to support women and youth in the formal sector, access to land and infrastructure, access to training and technical support, access to technology and information, encourage strong backward linkage with the manufacturing sector and review and harmonize licensing procedures. In the 1999 – 2000 budget the Kenya government promised to create a conducive environment to promote the Jua Kali sector as part of the strategy to fight poverty.

Venture support consortium (2001) in its report on tracer study for voucher training programme phase one (1) reported that the average monthly income of SME's in Kenya is Kshs. 6,008 which is 2.5 times higher than the recommended monthly minimum salary of Kshs. 2,363 and also 3.6 times higher than the GDP per capital of Kshs. 1,672 per month. Trading has the lowest average incomes while services have the highest.

In manufacturing, garage, metal fabrications and wood processing gives the highest earnings to the owner and highest wages paid to workers while tailoring and shoe making have the lowest.

The average size of SME's in Kenya is (1.8) million that compares well with other African countries such as Botswana (1.8) Million Eritrea, (1.8) million Lesotho, (1.9) million Zimbabwe (2.1) million. Close to three-quarters, 70 percent of SME's are one person units and 96.7 percent of SME's employ up to 5 workers, World Bank report, MSETTP (2001)

### **2.3 MICRO AND SMALL ENTERPRISES TRAINING**

Strategies adopted for training intervention in Kenya for micro and small enterprises include programmes and projects to improve production and management processes within enterprise such as management training, assistance to improve business skills and management practices, Moses Lwamba Ngoze (2003).

Ayienmba et al, (2001) in his study, for effective micro and small enterprise said that growth expansion and business management skills should include entrepreneurial training, business planning skills, loan proposal information, business consulting and counseling, record keeping, technical skills, cash management and administration in order to realize effective growth and expansion.

Many scholars have seen and recommended the importance of training for SME's sector. McClelland (1961) identified the desire to succeed as a critical psychological characteristic of a successful individual. He developed a training motivational approach for success which attempts to develop and enhance this critical characteristic. McClelland in his theory, found that people could acquire strong needs to achieve their goals. He based his theory on the fact that if people know how to recognize the success motive in their daily life, they will be able to apply it consciously and learn to use it to greater effect in their business.

Characteristics of entrepreneurs therefore can be developed through proper training program and the training should emphasize the skills needed to perceive and assess business opportunities, enhance the entrepreneurs ability to set goals and aim to build self confidence.

SME's can adopt on the job training strategies which is as old as the world. Bas (1988) found that with the advent of the industrial revolution and the increase role of the government in education, traditional on the job training suffered a temporary set back. In Kenya, this set back occurred at independence when the government embarked on a serious institutional building of schools and colleges, but in recent years, tradition on the job training has become the major source of training for the informal sector (Fluitman 1989). This is because recession and the increase in population have led to mass unemployment in developing countries Corivalan (1987). The government of Kenya has then had to look to the informal sector to provide the extra required jobs (sessional paper No. 1 1986 and No. 2 1992).

The achievement of independence by Kenya in 1963 opened up a multitude of new avenues for small and micro-enterprise sector (K'Aoh 1994). SME's extended the traditional on-the-job training to the acquisition of modern skills as they required imported goods or making cheap substitutes from the local raw materials (King 1977). Since 1963, traditional on-the-job training has become the most prevalent way of skills acquisition for informal sector workers, K'Aoh (1994).

Allan Gibb and Scott (1986) in their action research which sought to monitor and understand the impact of a range of inputs designed to enhance company's growth possibilities, identified characteristics influencing the capability of the firm to change and grow. They said that, in terms of prediction of capability of the firm to cope with change, a number of these characteristics could be grouped and used to profile each particular company in a consistent fashion. They argued that the groupings of these factors describe the "base potential for development". However they said that throughout the process of change, there were a number of particularly critical internal and external influences which were likely to impinge substantially on the capability of the company to pursue the process successfully.

They developed a model of growth through product / market development in the small firms and measured business performance by analyzing the market situation trends, the product trends and the financial and management control situation trends.

In their research, they observed that, the development process of small business firms was characterized by a great deal of personal learning by the owner manager and was influenced considerably by their personal appraisal and knowledge and degree of strategic awareness. They also observed that lack of awareness was likely to lead the firm in to blind alleys. In their conclusion, the major impact of sustained education, training, counseling and information, assist firms in exploring their own strengths and weaknesses which will assist in reducing a number of serious problems in the business. In particular, the more intensive assistance seemed to have an impact on the modification of the business and more advice information and assistance was brought in to the owner managers about the internal and external environment. They said that: -

“It is believed that such assistance leading as it did to modification of the business was in fact anticipating the ultimate judgement of the market. It is recognized that major changes would probably still have taken place without the action inputs. They would probably however have been subjected to a longer time scale, would have been more concerned with learning by doing and would have been based on more limited personal knowledge and awareness of the macro environment, the task environment and the assistance environment. The impact particularly of educating, training and counseling assistance is to encourage the ‘massaging’ of the idea for development which can in itself be a ‘triggers’ by encouraging commitment. In this respect ‘peer’ support from other small business men can play an important role .....education in particular can be an important motivating force to growth”. Allan Gibb and Scott (1986)

Clearly this study identified an important role of education and training in business growth. Education and training is seen as an important instrument of change, more effective within time limit and more comprehensive than changes based on limited personal knowledge and awareness of various environments which can be seen as characteristics of those lacking education and training.

Ndambiri and Too (2003), in their paper on the impact of business training on the performance of farm – enterprise, said that, training is an important component of human resource development which translates to improve performance of an entrepreneur. Through training, new skills are imparted, attitudes and behaviour are changed. Training provided to agricultural entrepreneurs has often involved provision of better animal and plant husbandry, knowledge of new technologies and diffusion of new environments.

One result of the recent upsurge of National and international political interest in the SME's sector of the economy has been a focus on the role of management training and development in the SME's and on the wider but related issue of training for entrepreneurship. The basis for this renewed government attention seems to lay in recognition of the employment potential of SME's rather than in the contribution that training might make to productivity and efficiency. Added to weight of official concern is pressure for individuals who without the early possibility of becoming an employee are being forced to look to their own resources and initiatives. It is therefore; scarcely surprising that much of the recent stimulus for SME's training has come from government training schemes and in United Kingdom, from local community based activities aimed at improving local job prospects. The accent in the United Kingdom has become an encouraging the initiation of new SME's.

Overall exploration of the ways in which resources can be brought to bear in assisting the SME's remains at a primitive level. Many training opportunities for SME's are only just beginning to be realized and provision in the United Kingdom, example, is still at an inadequate level. Whereas five years ago there was an enormous vacuum of knowledge about needs and resources in this area, this is now being slowly filled, Allan A Gibb (1987).

The primary means of training in the informal sector is on-the-job training through the process of learning by doing. Individuals work for the proprietor of a business or 'master' for a given period of time in order to learn a trade (Aboagye 1986). Fluitman and Sangare (1989) found that, in many instances, traditional on-the-job training is organized in the form of apprenticeship. It is a traditional form of training and existed widely around the world but varies in form and content from one place to another.

In most developing countries traditional on the job training is usually the only means of learning a trade (Fluitman 1989). He indicated that traditionally, the process is explained by the trainer to the trainee. The trainee observes the process, explains it and then performs the task under the guidance of the trainer.

## **2.4 EDUCATION AND TRAINING FOR SELF-RELIANCE**

Education for self-reliance, often called problem-posing education, teaches groups of people how to study together and become aware of the political and economic determinant of their property. They learn how to organize themselves to improve their own circumstances. By contrast with other types of non-formal education, the emphasis here is on full participation of the entrepreneur in planning and managing, in selecting priorities and projects and in providing resources. The fundamental principle of education for self reliance was concisely expressed by the president of Tanzania Dr. Julius Nyerere as quoted by Tondoro (1983) who said that: -

“People cannot be developed. They can only develop themselves. Adults’ education is the key to development of free men and free societies. Its function is to help men to think for themselves, to make their own decisions and to execute those decisions for themselves”.

Education and training imparts specific knowledge and develops general reasoning skills, induces changes in believes, values and attitudes towards work and society.

Tondoro (1989) quoted the late professor Frederick Harbison of Princeton University as having once said that, a country which was unable to develop the skills and knowledge of its people and to utilize them effectively in the National economy was unable to develop anything else. The principal institutional mechanism for developing human skills and knowledge is the informal training and formal educational systems.

According to Robert E. Nelson and Robert G. Nguiru (1987) P 93 on training for entrepreneurship they said that people are the most valuable resources within any country. According to them, there appears to be a striving linkage between training, attitudes, goals of people and the level of economic growth within a country, as essential ingredient in the economic growth of any country is the key individuals who promote change and development.

In most countries, vocational training has been very successful in fulfilling its traditional role of providing skills to entrepreneurs at all level of training to prepare them for existing jobs. The focus of vocational training programmes has been on the preparation and development of job seekers. However, vocational training has not been involved in exploring new concepts beyond the traditional role of preparing entrepreneurs for available jobs. It has not realized its full potential in the whole area of job stimulation and job creation. Rising level of youth unemployment is having disastrous results in countries where this problem has reached serious proportions. In a recent study, the international labour office estimated that worldwide, 50 million young people come of age every year. The youth unemployment problem is already critical and present public policy cannot be expected to resolve this situation.

Currently, approximately 250,000 young people in Kenya are leaving education at institutions each year, but only 50,000 of them are finding jobs in the formal sector. Anger, hostility and alienation of young people may be a common result. The time, efforts and money spend to give young people education is wasted unless these young people have the opportunity to use their knowledge and skills in useful ways. Vocational training give much attention to the people who create their own employment by becoming self employed. Self employer entrepreneurs are absolutely essential to the economic vitality of any community. Entrepreneurs are the principal innovators of change and growth and governments are now discovering this essential role of entrepreneurs. Small businesses appear to be primary source of new ideas, new economic growth and new form of work. However the formal educational system in most countries give little attention to preparation for self-employment, Robert E. Nelson and Robert G. Nguiru (1987) P. 94.

A study by Abaogye (1986) in Mombasa, Kisumu and Nairobi observed that on-the-job training of SME's in the food and processing industry were usually trained for less than three months while those in motor vehicle take an average of three years, and two and half years for metal fabricating.

Duration of training of Jua Kali Artisans as per the study depends on the skills sought. Ngethe and Ndua (1984) reported that trainees in metal work are trained for shorter hours per week than carpentry Artisan. The World Bank training programme was designed to take a maximum of two weeks, World Bank vouchers training report (1994). Duration of training on the job training in most African countries is not fixed and depends on how sharp the trainee is at learning and also the master's satisfaction with the quality of the trainee's work. The duration mostly depends on the trade. Fluitman (1994) observed that in West Africa, the average period is three to four years.

## **2.5 VOUCHER TRAINING PROGRAMME**

Voucher Training Programme was a joint government of Kenya and World Bank training and technology project aimed at assisting the Kenyan government in developing and implementing policies that enable entrepreneurial environment and the establishment of the National training strategy.

The component of MSETTP commenced in January 1997. The training was conducted in the field of textile, food processing, metal work, motor vehicle mechanics, electrical building and leather works and other related Jua Kali business. The component was managed and co-ordinated by project co-ordination office (PCO) and supervised by Ministry of research Technical Training and technology MORTTT (Liang 1996).

Other countries where voucher training programme was conducted like United Kingdom was intended to empower recipients with the capacity to buy training in the open market and thereby promote competition between the public and private providers of training service, Adam, (2001).

Almaco Management consultants in their study on monitoring and evaluation (2002) stated the aim of voucher training programme in Kenya at providing skills upgrading to 24,000 MSE's, promote the entry of 6,400 women into the manufacturing sector, assist 200 private and public institutions in more effective utilization of their facilities and train 122 craft workers on training of trainers.

By November 2001 according to the study, 21,204 MSE's representing 88 percent of the targeted number had been provided with the necessary training, 12,889 women had been assisted in entering the manufacturing sector representing double the targeted number 197 public and private institutions representing 99 percent of the target had been assisted by the same date, 608 Jua Kalis representing 43 percent of the targeted number had been trained on training of trainers. The field findings according to the study show that more than 76 percent of the beneficiaries had expanded their businesses as a result of skills upgrading courses and 65 percent of the TPS. Financial status improved as a result of this programme. VTP beneficiaries were required to pay 10% of the total cost of the training as a show of interest and commitment for the training.

Liang (1996) before VTP was initiated in Kenya, in his research paper on World Bank training programmes, said that the voucher training programme was designed to focus on the skill upgrading needs of the MSE's sector and geared to generate a supply response among trainers to fill their needs. The objectives of the training according to his study were to improve the productivity of SME's with a purpose of increasing the income of entrepreneurs and their employees. The programme targeted established Jua Kali artisans in order to assist their enterprises with the most potential for growth and employment creation. Vouchers were used towards training courses from public and private sector institutions and enterprises, which provide access to skill upgrading and technology development to the SME's sector. The programme was demand driven and courses were offered on a part time basis taking between two to six weeks. The beneficiaries were allowed to use training providers of their choice after receiving their training vouchers.

A study undertaken by the World Bank (1994) on the impact of structural adjustment revealed that countries which supported the structural adjustment programmes with improved micro economic polities enjoyed stronger resurgence in economic performance. It also went along way in improving their gross domestic product as well as promoting industrial and export growth.

## 2.6 THE IMPACT OF TRAINING ON BUSINESS PERFORMANCE

The impact of business success to some extent is related to the training an individual received either through on-the-job training or through normal skills upgrading undertaken through an organized system.

King (1987), observed that it is the process of failure in school that produces the waves of recruits to the informal sector. When a person is unable to proceed to the next level especially from primary to secondary or from secondary to university, the failure seems to contribute to alternative and the person ends up in working or joining the informal sector to look for training or job. It is principally that those who are rejected by schools through examinations or who lack places or fees that find themselves in finding opportunities in the formal sector, Fluitman (1989).

King (1987) observed that education only does not make one to become a successful entrepreneur. Those with literacy and training skills do better than those without these skills Fluitman (1989) William (1980) observed that in Africa, especially in the West trainers prefer trainers with high education because imparting technical and managerial skills to them becomes easier.

According to Fluitman and Sangora (1989) majority of informal sector workers in Kenya have never completed primary school. A large number of artisans are also arriving on large numbers to the informal sector due to the result of redundancies from the modern sector and bringing in technological know how and skills. The new entrants get access to sub contracting because of their more and open minded outlook resulting from previous experiences acquired from their former work place.

The impact of micro and small enterprises is seen as a result of their development involving growth and expansion. Development of MSE's also takes the form of enterprise transformation. This occurs when large micro enterprises grow to become small enterprises. Read et al (1994) new micro enterprise transformation as involving change in the means of production increase in sales, increase in income, increase in assets and increase in specialization.

MSE need to grow to small and medium sized firms for them to overcome some of their limitations and develop a great capacity to create employment House (1981).

## **2.7 SUPPORT FOR TRAINING FOR MSE's**

In Kenya and other developing countries, support for MSE's training has grown and Non-government organizations and government are fully engaged in MSE's training.

In Kenya, there are over 1000 NGOs and out of these, 600 are engaged in one way or the other in the promotion of the small enterprise sector. House, Ikiara and McCormick (1990) cited in K'Aol, (1994). NGOs in Kenya operate in specific areas of need providing either credit or non profit training to MSE's and training for their social benefits. It is the ability of NGOs to reach the most disadvantaged sections of the society that has attracted donors interest especially ILO interest Kenawaty and Castro (1990).

In Kenya NGOs such as KRED, NCKK, KWFT, UNDUGU SOCIETY and many others have been particularly active in providing assistance to MSE's either in form of credit, training or technical assistances. The NCKK have provided assistance in form of work place, security for tools and inventory, marketing of goods as well as training in book keeping, costing and pricing skills. King (1987), noted that some of the skills training by NGOs of the urban poor have actually sought to built upon and improve the order system of the masters and the trainee in the informal sector. Traditional master training system is much more than an arrangement for transfer of technical skills and in the adopted NGO schemes, the relationship is intended to develop attitude and values of benefits to the whole community.

## **2.8 FACTORS INFLUENCING BUSINESS PERFORMANCE**

Larson and Clute (1979) in the paper "The failure Syndrome" identified some factors which likely contribute to an enterprise failure as the owner managers personal characteristics, lack of managerial ability and enterprise financial condition. Personal characteristics of the owner managers were interpreted by Larson and Clute (1979) as a lack of experience among small business managers which led to the firm's failure. Many of these failings ultimately relate to poor management, their root cause often being found in the owner managers capabilities Baum back and Lawyer (1979), Smith (1967),

Ford and Rowley (1979) and others have all recognized two basic types of entrepreneurs, the credit man who are more interested in production with little management skills.

They lack forward planning expertise and are least able to respond to adverse market conditions Fran (1968). The other groups of entrepreneurs are the opportunists who identify a gap in the market and attempt to exploit it. They are usually better educated, netter managers, enable to finance the business with external help and less likely to fail. Hoad and Rosko (1964), McKenna and Oritt (1980) found that amongst both groups owner managers reach an optimum position when their management capabilities are in their best. Beyond this size the managers capabilities are exceeded and companies often decline and failure can result Foley (1986).

It appears from these findings that education and training improves the management capability of micro and small enterprises owner managers thereby sustaining the enterprise with acquired training skills as compared to less educated and trained owner managers.

Lack managerial ability is another major managerial deficiency found in studies of small business which is associated with lack of planning. Lanzillotti (1964), Dillon Malone (1970) and Ford and Rowley (1979) in the studies of small businesses found that there is little identification of a target market by small businesses and consequently little coordinated planning or marketing to exploit the market. Managerial deficiencies are often apparent even before many businesses start trading partly because very few firms carry out market research prior to commencing the business Ritche, Eversley and Gibb, (1980). Starting from this poor base things often get little better because few micro and small firms owner managers posses a knowledge of marketing and planning techniques Lamout (1972). Growth is often attained haphazardly rather than by a planned course of development Hood (1969), Larson and Clute (1979). All these problems arise from the poor management and lack of marketing knowledge of the owner managers managing the small businesses.

SME's owners managers posses the power to make most decisions in their businesses and with proper training they can improve their characteristics and managerial skills as identified by sexton and bowman (1989) as moderate risk taking propensity,

ability to tolerate ambiguity, internal locks of control, a low need for conformity and support high need for autonomy, dominance, independence, and self esteem.

Flynn (1991) P 187 in his article, the critical relationship between venture capitalists and entrepreneurs said that: - "One of the more salient of these characteristics is the lack of control which refers to the extent to which an individual perceives events in their life under their control (internal) or as unrelated to the individuals actions and therefore beyond their control (external)".

Sexton and Bowman (1985) said that, internally oriented people are more cognitively active in that they make more use of information. Rosa (1988), quotes Bolton has having concluded that, the growth of small and large firms is limited more by managerial factors rather than production economics of scale or demand for any given product. Rosa continued to say that, the shortcomings of management seemed to be the only set of factors that limit or inhibited the growth of most firms. In his discussion paper, Rosa stated that there was overwhelming evidence that, managerial abilities could be learnt that entrepreneurs could profit from their mistakes, and that collective knowledge could be passed on through systems of training to micro and small enterprise managers.

In the above studies, marketing and managerial capabilities constantly appear crucial component of small business success and education and training play an important role in business performance. Singh (1990) in his paper "entrepreneurship education as a catalyst of development in the third world" argued that education is widely viewed as a valuable tool for the achievement of National goals. In developed countries, education is valuable because of its role in sustaining the level of development already achieved and aiding further development. Education is also view as the key that unlocks the door to modernization, as the matter determinant of all aspects of change. Sing (1990) P. 59 quotes the president of Guinea, Sakou toure, as having said, in his discussion of education and social progress that: -

"Man's social behaviour and economic activities are directly conditioned by the quality of his intellectual, moral, political and physical education. It would seem that education is seen as a vehicle for development."

## 2.9 CONCLUSION

Previous research has shown clearly that, SME's play an important role in Economic Development, employment creation and generation of individual in dependency. The government of Kenya and other donor agencies has seen the need of creating an entrepreneurial culture in this country and other countries in the world in order to motivate entrepreneurs to venture into self-employment.

Training has been seen as an important item in SME's operations development which was to lead them to improve and change their attitudes and acquire both technical and management skills and knowledge. Training for entrepreneurs can either be in both informal (on -the-job training or formal.

Informal training according to researchers is more effective because individual learn by observing and also by doing. Individual must be educated and trained for self-reliance. This was to assist them to cope with less demand of salaried employment. Due to this factor, the World Bank has designed training programmes to assist individual to acquire both technical and management skills. These skills were to assist them to get good returns. In their investment, get good sales volume, produce quality products, relate well with customers and cope with stiff competition.

Governments should be on the forefront in supporting MSE's training for the benefit of their economic recovery. All factors likely to contribute to any business failure must be discouraged. This was to be possible if individual personal characteristics, managerial ability and enterprise financial conditions are improved.

### 2.9.1 CONCEPTUAL FRAME WORK

The conceptual frame work shows the relationship between variables in the study.

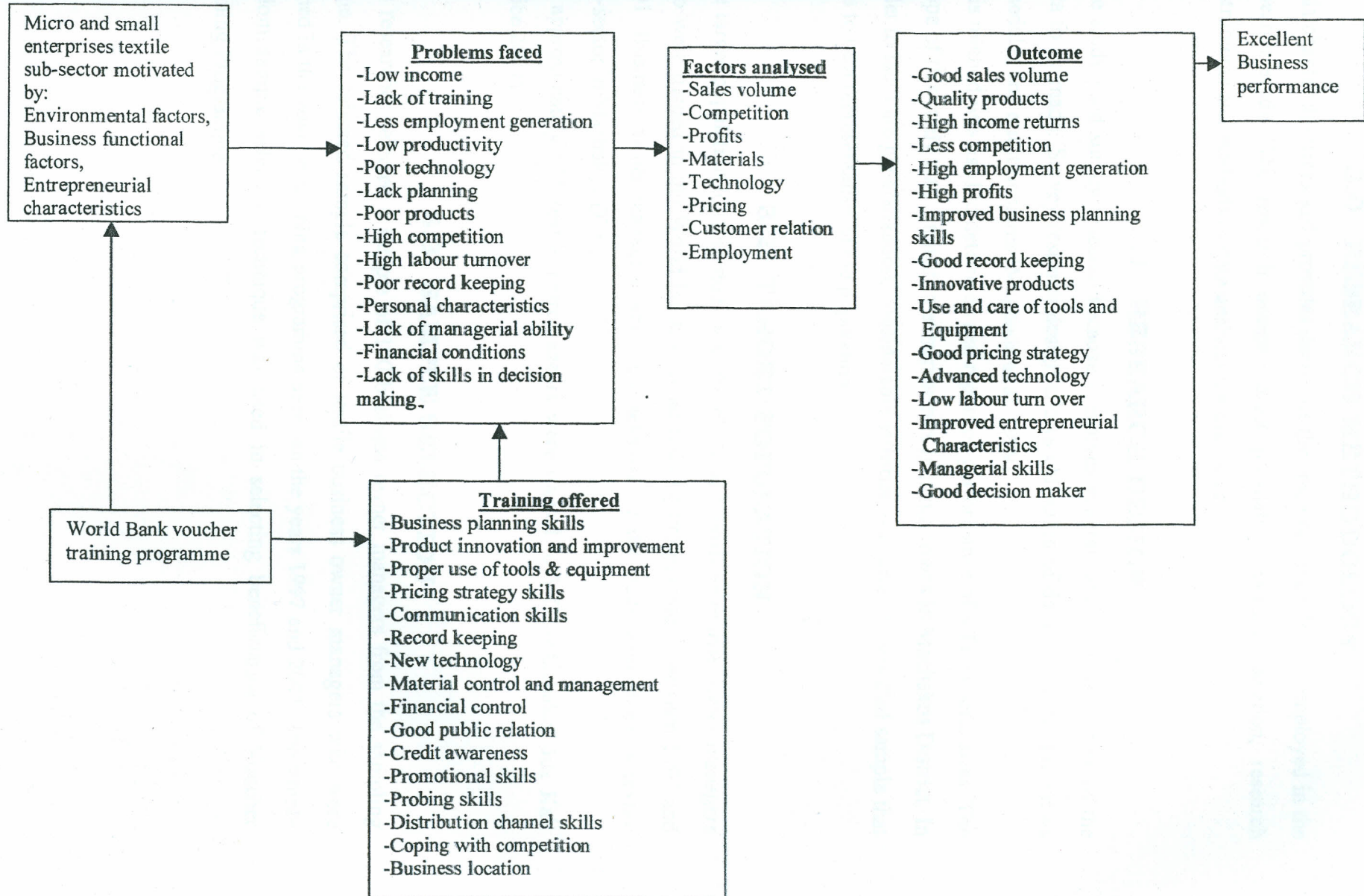
In this study, textile entrepreneurs having access to all businesses environmental factors, business factional factors and entrepreneurial characteristics are not able to operate a successful business denying them good returns and high productivity.

In the other hand, entrepreneurs like wise having an access to good environmental business motivating factors, conducive business functional factors and having undergone good technical and management skills upgrading can operate a successful business, leading to business problem solving and ending to excellent performances.

This study found out the impact of voucher training programme on business performance by analyzing the variables in the study.



# CONCEPTUAL FRAME WORK



## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

This chapter describes and provides details of the research methodology employed in the research study. The research design, target population, sample selection, research instruments and methods of data analysis are discussed.

#### **3.1 RESEARCH DESIGN**

The study used survey research because it enables generalization and prediction of the data to be made. Survey research design allows collection of data by use of interviews schedules and questionnaires (Mugenda et al, 1999).

This method was used to determine and report on performance of VTP beneficiaries. The scope of this study was limited to entrepreneurs in major towns in Machakos District. In order to facilitate generalization, considerable attention was given to selected sample that was to be a representative of the population.

#### **3.2 TARGET POPULATION**

The target population for this study was the micro and small enterprise owner managers who were trained in the World Bank voucher training Programme – between 1997 and 2001. Business owner managers who were selected for the study were those in textile sub-sector in Machakos District.

An approximately 535 textile entrepreneurs were trained in VTP (Machakos Jua Kali Office 2001).

#### **3.3 SAMPLE SELECTION**

The researcher selected a sample of 100 business owner managers from the sampling frame. The selected sample comprised of textile business owner managers who were trained in the voucher training programme between the years 1997 and 2001. The simple random sample selection technique was used in selecting beneficiaries of Voucher Training Programme.

### **3.4 DATA COLLECTION INSTRUMENTS**

An interview guide (questionnaire) was developed to obtain important information about the population. Items in the questionnaire were developed to address specific objectives and research questions of the study. The guide was having questions which were to give the respondent complete freedom of response and greater depth of response and have an insight into their feelings, background, hidden motivation, interest, decisions and expressed what they considered to be most important. This assisted in seeking information on the impact on Voucher Training Programme on SME's business performance. The questionnaires were administered using interview by the trained research assistants.

### **3.5 PILOTING OR PRE-TESTING QUESTIONNAIRES**

When the questionnaire was constructed, it was tried out in the field to test its validity by interviewing a few from the sector respondents selected SME's owner manager acted as samples. The procedure which was used in pre-testing the questionnaire was identical to that used during the actual study in collecting data.

Pre-testing questionnaires assisted researcher to detect deficiencies in the questionnaire. Unclear directions and vague questions were revealed enabling the researcher to rephrase them again until they conveyed the same meaning to all subjects to enhance validity of the instruments. It also helped reveal appropriateness of the anticipated analytical techniques which were used.

### **3.6 INTERVIEW QUESTIONS**

The interview questions were prepared and pre-tested to avoid important issues being left out. It contained two parts. Part one was personal information and the business while part two was Voucher Training Programme content and factors likely to contribute to better business performance and growth. The interview was started with a brief introduction about research purpose and assurance of confidentiality. The research was to seek answers to a set of pre - conceived questions through personal interviews. Research assistances were trained and equipped with necessary tools and instruments before starting data collection.

### 3.7 DATA ANALYSIS

The researcher collected data, the raw data was coded and entered in a computer for final initial analysis.

Descriptive statistical method was used to analyze the coded data. This included percentages and frequency distribution. Analyzed data was presented using tables and charts.

#### 3.7.1 ANTICIPATED OUTPUTS

1. Was the right training administered to the entrepreneurs during voucher training programme.
2. Entrepreneurs business productivity, income and employment generation had improved.
3. The programme had a positive impact on the entrepreneurs businesses enabling them to acquire high income and increase in employment.

## CHAPTER FOUR

### RESEARCH FINDINGS

#### 4.0 DATA PROCESSING AND ANALYSIS

##### 4.1 DATA PROCESSING

###### **(a) Editing Questionnaires**

After submission from the field, each questionnaire was checked by the researcher for obvious inconsistencies and data gaps. For each questionnaire, variables were defined and appropriate codes assigned to capture the responses. Templates were designed resembling the questionnaire format to minimize errors i.e. respondents information and their characteristics, training undertaken during voucher training programme, business internal and external environment and business performance results.

###### **(b) Data entry**

The researcher commissioned the five research assistants to enter edited data from the questionnaires to the designed templates. The data was then checked for validity by verifying the questionnaires to confirm that the data entered corresponds with the original making appropriate corrections.

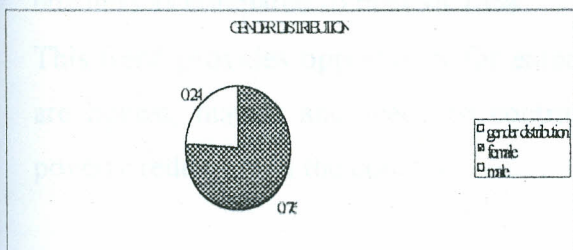
##### 4.2 FINDINGS

###### **RESPONDENTS INFORMATION AND THEIR CHARACTERISTICS IN RELATION TO THEIR BUSINESSES**

The general characteristics of the business owner managers were analyzed to bring out the age of the respondents, prior employment before starting their own business, the gender, marital status, their educational background, source of finance and overall management of the business.

**TABLE 1: RESULT OF BENEFICIARIES BY GENDER (%)**

GENDER	DISTRIBUTION	
	Frequency	Percentage
Male	24	24
Female	76	76
<b>Total</b>	<b>100</b>	<b>100%</b>



The distribution of male and female respondents in the study was 76% female as compared to 24% men.

This factor showed that females dominate most of the textile business as compared to men because of their high need of fashion design and garment interval change. Men prefer other types of business and are not very much interested in textile businesses.

**TABLE 2: AGE OF BUSINESS OWNER MANAGERS IN (%)**

YEARS	DISTRIBUTION				Respondents
	Female Frequency percentage		Male Frequency percentage		
20 – 30	4	4	0	0	4
31 – 40	28	28	3	3	31
41 – 50	41	41	15	15	56
51 – 60	3	3	6	6	9
61 – over	0	0	0	0	0
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100</b>

The most common age group of the respondents was between 40 – 50 years. Female respondents of age between 40 – 50 years dominated the businesses (41%) as compared to 15% male.

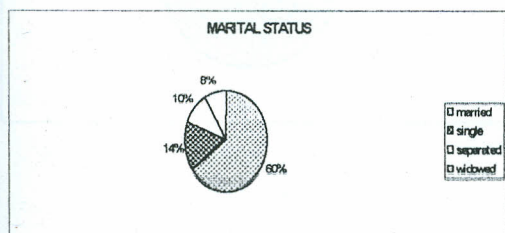
Only a small percentage of age between 20-30 years of age comprising of 4% female and 0% male were in business. None of the respondents of 60 years and over were found to be in textile business.

The results indicated that more women of age between 40-50 participated in textile business as compared to male of 15%.

This trend provides opportunity for enterprise growth as many people of that age 40-50 are honest, mature and ready to contribute a great deal to employment creation and poverty reduction in the country.

**TABLE 3: MARITAL STATUS IN (%)**

MARITAL STATUS	DISTRIBUTION				
	Frequency Female	Percentage	Frequency Men	Percentage	Total respondents
Married	47	47	21	21	68
Single	11	11	3	3	14
Separated	10	10	0	0	10
Widowed	8	8	0	0	8
<b>Total</b>	<b>76</b>	<b>76</b>	<b>24</b>	<b>24</b>	<b>100%</b>



The table indicates that married people made up of the majority in both categories of the owner managers. In the study female business owner managers made up of 47% married as compared to 21% male.

A large number of single female respondents (11%) are in textile businesses as compared to only 3% male respondents. The table also indicates that no separate widowed male respondents were operating any business.

The fact that majority of the respondents were married, shows that the contribution of voucher training programme to the beneficiaries are in sustenance of their households from business earnings. Particular interest is the high percentage (47%) of the married female respondents in business indicating the social cultural changes that have taken place in Machakos District.

**TABLE 4: EMPLOYMENT BEFORE STARTING BUSINESS**

EMPLOYMENT	DISTRIBUTION				
	Female		Male		Total respondents
	Frequency	Percentage	Frequency	Percentage	
Employed	7	7	18	18	25
Not employed	69	69	6	6	75
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100</b>

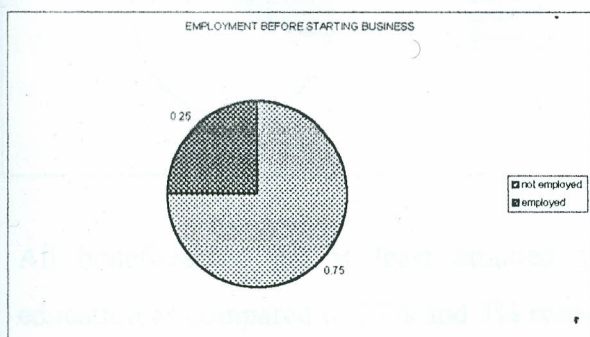
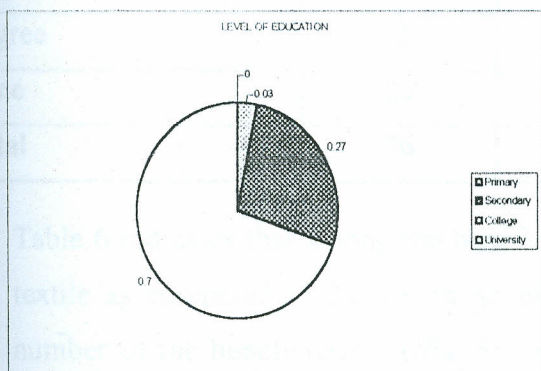


Table 4 indicates that a small number of female respondents 7% had prior employment before starting their won business as compared to male respondents of 18%. A large number of female respondents 69% start business without getting prior employment as compared to a very small number of male respondents 6%. This factor indicates that women are more entrepreneurial than men. They need to be independent and are very

hard working. Men first long for employment opportunities before going to self employment

**TABLE 5: LEVEL OF EDUCATION FOR TEXTILE VTP BENEFICIARIES ATTAINED (%)**

LEVEL OF EDUCATION	DISTRIBUTION				
	Female		Male		Total No. of respondents
	Frequency	Percentage	Frequency	Percentage	
Primary	3	3	0	0	3
Secondary	16	16	11	11	27
College	57	57	13	13	70
University	0	0	0	0	0
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100</b>



All beneficiaries had at least attained some education. 70% had attained college education as compared to 27% and 3% respectively of secondary and primary level.

Most female respondents 57% had attained college education as compared to 13% of male respondents. No primary level male respondent was in business.

In the two categories of respondents, no university graduate was in textile business. The fact that most of the respondents were of college level, it is significant to note that female beneficiaries were more educated and conversant with textile business than male respondents particularly in college and secondary. This could be explained by the design of the voucher training programme that targeted increased participation of women in

manufacturing sub-sector. Overall participation of women in the programme overwhelmed men. The level of education shown by the beneficiaries could be attributed to the fact that most secondary and college leavers end up in starting their own businesses due to lack of employment and high cost of education.

**TABLE 6: TRAINING UNDERGONE BEFORE STARTING OWN BUSINESS IN (%)**

LEVEL & TYPE OF TRAINING	DISTRIBUTION				
	Female		Male		Total No. of respondents
	Frequency	Percentage	Frequency	Percentage	
Government trade test	10	10	0	0	10
Artisan Certificate	1	1	3	3	4
Craft Certificate	39	39	8	8	47
Diploma	3	3	2	2	5
Degree	0	0	0	0	0
None	23	23	11	11	34
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100</b>

Table 6 indicates that among the beneficiaries interviewed, 47% had Craft Certificate in textile as compared to 34% with no certificate but using industrial experience. Small number of the beneficiaries, 10%, 5% and 30% respectively had government trade test grade III, Diploma certificate and Artisan certificate.

The fact that most of the respondents had craft certificate could be attributed to the fact that many college leavers with craft certificate are more entrepreneurial and end up starting their own business. University degree holders think of salaried employment and have no interest in self employment.

**TABLE 7: PERIOD IN BUSINESS OPERATION IN YEARS**

YEARS IN BUSINESS	DISTRIBUTION		
	Female respondents	Men respondents	Total No. of respondents
1 - 9	12	14	26
9 - 12	24	4	28
12 - 15	14	5	19
15 - 20	23	1	24
Over 20 years	3	0	3
<b>Total</b>	<b>76%</b>	<b>24%</b>	<b>100</b>

Most of the respondents were all in business when VTP was introduced. A small number of female respondents 12% had very little experience in business as compared to male respondents of 14%. Majority of the respondents have equal experience in business. Large numbers of female respondents 24% were in business as compared with 4% of male respondents. No male respondent have over 20 years in business as compared to 3% of women over 20 years.

The fact that all the beneficiaries were in business before VTP was introduced and are now still in business could attribute to the fact that VTP motivated them more to being in business and they were determined and ready to be self employed. It is a fact of ripping the benefit of training they got from the sponsors.

**TABLE 8: SOURCE OF BENEFICIARIES BUSINESS FINANCE IN (%)**

FINANCE	DISTRIBUTION				
	Female		Male		Total respondents
	Frequency	Percentage	Frequency	Percentage	
Personal savings	2	2	4	4	6
Friends	15	15	0	0	15
Family	57	57	0	0	57
Loan	2	2	20	20	22
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100</b>

Most (57%) of the female beneficiaries got finance from the family as compared to 0% of male beneficiaries. Large number of male respondents 20% had loans from either the bank or financial institutions as compared to a very small number of female respondents of 2%. Women business owner managers are very lucky to get finance from their friends 15% as compared to 0% of men business owner managers. Personal savings assist men with 4% as compared to only 2%.

It is true that women are supported by the family to start and own a business while men go on their own in getting loans which are risk and may make the business fail. Female beneficiaries therefore dominate most of the textile business because of support from the family and friends. This is a good indication that females are lucky and can go in large numbers into business because of external and internal support as compared to men.

**TABLE 9: POSITION HELD IN BUSINESS**

PERSON MANAGING THE BUSINESS	DISTRIBUTION	
	Respondents	Percentage
Owner managers	100	100
Employees	0	0
<b>Total</b>	<b>0</b>	<b>100%</b>

Table 9 indicates that all beneficiaries interviewed were the owner managers of the business. No employee of any business was interviewed.

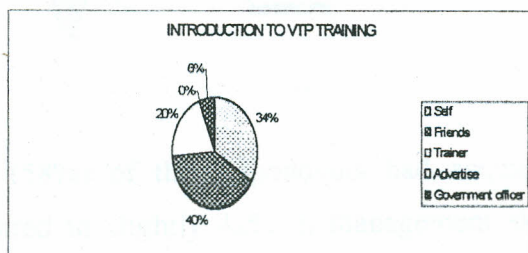
This indicates that 100% of all respondents owned and managed the business. The fact that all the textile businesses visited were owned and managed by own managers could be attributed to the fact that skills and knowledge acquired during VTP by the owner managers is being utilized fully in the business operation leading to better results from the business.

### **4.3 VOUCHER TRAINING PROGRAMME**

Voucher training programme undertaken by the beneficiaries was defined and analyzed to bring out the importance of VTP, type of training undertaken, skills learned during training, time taken to train respondents, methods used during training, experience of the trainers and relationship between the training and business operation to determine the impact of the programme on business performance and growth.

**TABLE 10: INTRODUCTION TO VTP TRAINING**

INTRODUCED BY TO VTP	DISTRIBUTION				Total no. of respondents
	Female		Male		
	Frequency	Percentage	Frequency	Percentage	
Self	32	32	2	2	34
Friend	21	21	19	19	40
Trainer	17	17	3	3	20
Advertise	0	0	0	0	0
Governmental officer	6	6	0	0	6
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100%</b>



Most (40%) of the respondents were introduced to the VTP by their friends. 34% went by their own and only 20% were introduced by the trainers in the programme. advertisement played 0% role in enlightening the VTP with only 6% being introduced by the government officers.

The fact that most of the respondents were introduced by their friends and themselves could be attributed to the fact that entrepreneurs like training and are always ready to assist their friends with any information for business development. It is also a fact that business community is very aggressive in terms of skills upgrading because they know the benefits and its results. Respondents were not forced to go for training but looked for it.

**TABLE 11: SKILLS LEARNED IN VTP**

SKILLS	DISTRIBUTION				Total No. of respondents
	Female		Male		
	Frequency	Percentage	Frequency	Percentage	
Technical skills	53	53	5	5	58
Management skills	23	23	19	19	42
Others	0	0	0	0	0
<b>Total</b>	<b>76</b>	<b>76%</b>	<b>24</b>	<b>24%</b>	<b>100</b>



Most (58%) of the respondents had acquired technical upgrading through VTP as compared to slightly 42% in management skills upgrading. Most female beneficiaries 53% went for technical skills as compared to male respondents only 5%. A smaller percentage of male interviewed (19%) went for management training as compared to women (23%).

Results from the table shows that female respondents went for technical skills upgrading during VTP for the purpose of new innovation, quality design and quality product development as compared to men who went for management skills upgrading. It can be said that female textile businesses are performing better due to improved and fast changing designs using VTP skills. This also could attribute to the large number of female in textile business as compared to men.

**TABLE 12: PERIOD SET FOR VTP**

PERIOD	DISTRIBUTION			
	Respondents			
	Frequency	Percentage	Adequate	Percentage
1 month	0	0	93	93
2 weeks	57	57	4	4
1 week	49	49	0	0
3 weeks	4	4	3	3
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Most of respondents interviewed went for VTP for 2 weeks, 1 week respectively forming 57% and 49%. Only a small percentage of 4% went for 3 weeks of all the beneficiaries interviewed, 93% said that VTP needed 1 month for all needed skills to be taught. The one, two weeks was not enough for one to be fully trained.

The fact that most of the beneficiaries attended the training for one or two weeks could contribute to the fact that only basic skills were taught which could have left a gap for the beneficiaries in better business operation and management. Skills learned when added to their prior formal education, training and experience have assisted the respondents to move a step forward in business better performance.

**TABLE 13: PAYMENT CHARGED DURING VTP**

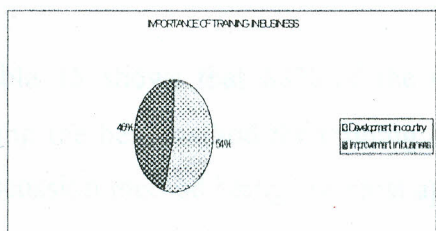
FEES PAYED FOR VTP	DISTRIBUTION	
	Respondents	
	Frequency	Percentage
1,100	87	87
1,000	2	2
2,000	0	0
Nothing	11	11
<b>Total</b>	<b>100</b>	<b>100%</b>

Table 13 shows that 87% of the respondents paid 1,100.00 which was 10% of the total cost of the training as a support and show of interest. Only a small percentage of 2% paid 1,000.00 which was less than the set requirement. 11% did not pay any money for the training.

The fact that a large number of the respondents 87% paid the required training percentage set by the World Bank could be attributed to high interest for training, high need and value for training and need for capacity building in business. The trainers were also motivated by the high returns for the programme resulting in reducing their profits for the purpose of assisting entrepreneurs to acquire skills to develop their businesses.

**TABLE 14: IMPORTANCE OF TRAINING IN BUSINESS**

IMPORTANCE OF TRAINING	DISTRIBUTION	
	Respondents	
	Frequency	Percentage
Improve one's self and business	46	46
Develop the country	54	54
For luxury	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>



Slightly over a half (54%) of the total respondents had shown that training is for the countries development as compared to 40% who saw training as a tool for improving themselves and their businesses. Training is not for luxury as shown by 0%. It has a purpose and need.

The fact that majority of the respondents saw training as a tool for the countries development could be attributed to the fact that training is important for the countries

poverty reduction, employment creation, use of local resources effectively and a tool for developing one self. This has significance in business performance and growth.

**TABLE 15: EFFECTIVENESS OF TRAINING METHODS USED DURING VTP**

METHOD	DISTRIBUTION	
	Respondents	
	Frequency	Percentage
Lecture	1	1
Discussion	16	16
Demonstration	83	83
Case study	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>

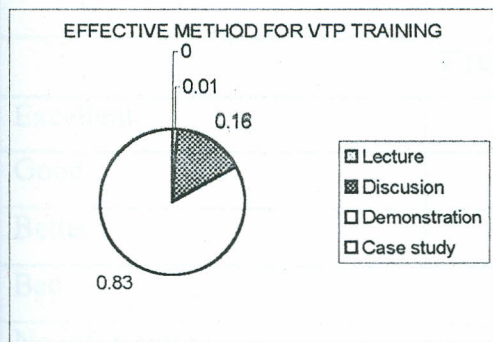


Table 15 shows that 83% of the respondents interviewed saw demonstration method being the best method for training adults. 16% had a different thought of approving the discussion method being the most appropriate with 1% going for lecturer method and 0% for case study method.

The results of the study from the above table can be seen that training people when demonstrating the facts is an excellent method of imparting knowledge and skills to them. It can also be seen that this method was widely used during VTP and as a result many beneficiaries understood the content fully and this has contributed greatly to their business performance and growth.

#### 4.4 RELEVANCE OF LESSONS LEARNED IN VTP TO BUSINESS OPERATION AND MANAGEMENT

Relevance of lesson learned in VTP to business operational and management was defined to bring out the results of business performance before and after VTP, employment creation before and after VTP, sales volume before and after VTP, gross profit, net profit before and after VTP business growth and expansion, problems encountered while operating the business and return on investment after VTP for the purpose of assessing the impact of the program on the businesses performance.

**TABLE 16: BUSINESS PERFORMANCE BEFORE AND AFTER VTP**

PERFORMANCE OF INDICATORS FROM RESPONDENTS	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Excellent	0	0	0	0
Good	21	21	69	69
Better	0	0	22	22
Bad	79	79	9	9
No information	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

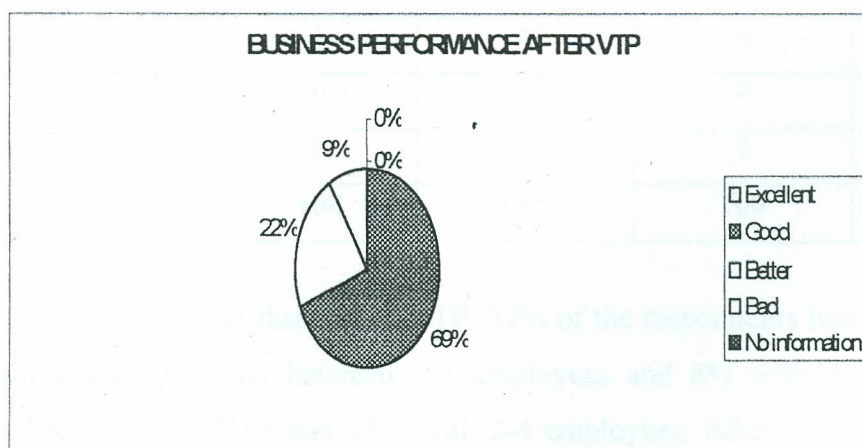


Table 16 indicates that 79% of the respondents interviewed had their business having performed bad as compared to 9% after VTP training. 21% had their business performance good before VTP either due to their previous business experience or skills learned previously as compared to 69% with good business performance after VTP. Performance before VTP was rated at 0% for the better factor as compared to 22% better performance after VTP.

69% of the respondents reported good business performance after the VTP compared to 21% before the VTP. At the same time, there was a decrease in the no. of entrepreneurs who reported bad business performance from 79% before the training to 9% after the training. This means business improved greatly after the VTP.

**TABLE 17: EMPLOYMENT CREATION BEFORE AND AFTER VTP**

NUMBER OF EMPLOYEES IN THE BUSINESS	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
0	39	39	0	0
1 - 2	36	36	27	27
2 - 4	16	16	42	42
4 - 6	8	8	16	16
6 - 8	1	1	9	9
8 - 10	0	0	4	4
Over 10	0	0	2	2
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

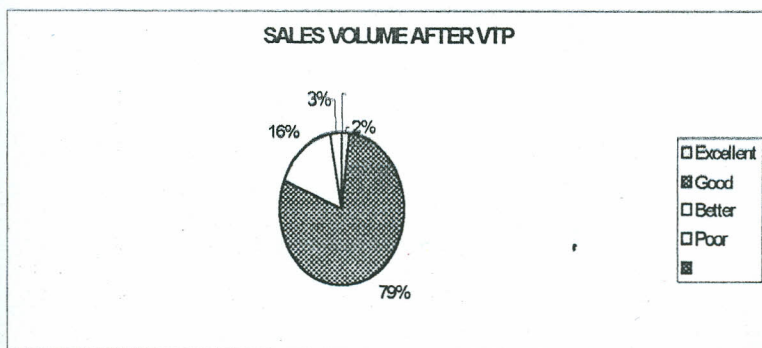
Results in table 17 shows that before VTP, 39% of the respondents had no employee in their businesses, 36% had between 1-2 employees and 8% with 4-6 employees as compared to 0% after VTP and 27% with 2-4 employees. After VTP, business owner managers had 2% with over 10 employees as compared to 0% before VTP, 4% with

between 8- 10 employees as compared to 0% before, 9% after VTP as compared to 1% with between 6 -8 employees.

16% of respondents had between 4 – 6 employees after VTP as compared to 8%. This attribution shows that VTP assisted business owner managers to improve their businesses yielding more income which has enabled them to create more employment to other needy Kenyans training is important for business growth and expansion

**TABLE 18: SALES VOLUME BEFORE AND AFTER VTP**

SALES VOLUME	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Excellent	0	0	2	2
Good	12	12	79	79
Better	7	7	16	16
Poor	81	81	3	3
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>



Results of study in table 18 indicate that 81% of respondents had bad sales volume before VTP as compared with only 3% after VTP. 7% had better sales volume before VTP as compared to 16% after VTP and 12% had good sales volume before VTP as compared to 79% after VTP.

The fact that most of the respondents 79% showed good sales volume after VTP could be attributed to the fact that training assist entrepreneurs to gain skills for operating and managing their businesses with good returns in increase in sales volumes which are indicators of good business performance.

**TABLE 19: GROSS PROFIT**

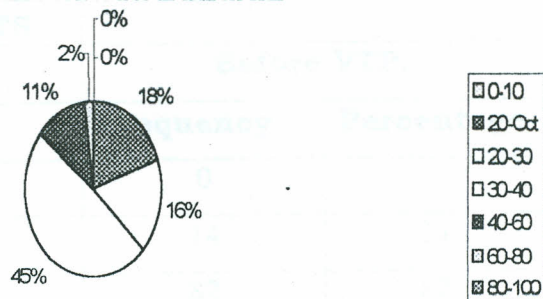
GROSS PROFIT	DISTRIBUTION	
	RESPONDENTS	
	After VTP	
	Frequency	Percentage
Improved gross profit	75	75
No. improvement	5	5
Average	20	20
<b>Total</b>	<b>100</b>	<b>100%</b>

Table 19 indicates that after VTP, respondents recorded 75% improved gross profit only. 5% had not improved. 20% were average.

This variation of gross profit after VTP indicates that business gross profit had improved greatly after VTP. This is indication that business management training has an impact on business performance and growth.

**TABLE 20: NET PROFIT BEFORE AND AFTER VTP.**

NET PROFIT PERCENTAGE PER MONTH.	DISTRIBUTION	
	RESPONDENT	
	Before VTP	After VTP
	No. of Respondents	No. of Respondent
0-10	62	0
10 – 20	19	18
20 – 30	9	16
30 – 40	7	45
40 – 60	3	11
60 – 80	0	2
80 – 100	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

**NET PROFIT IN PERCENTAGE**

Results of net profit in percentage indicates that after VTP, majority of the respondents (72) got net profit between 30 – 60% while majority of the respondents (80) got net profit of between 0 – 30%.

These results indicate that respondents net profit improved greatly after VTP as compared with their profits before VTP, indicating better performance and business growth.

#### 4.6 BUSINESS PERFORMANCE AND GROWTH

General performance of the textile entrepreneurs were defined to bring out the operators relationship to the business, measurement of business success key ingredients business owner managers possess at the start of the business, pricing policy and their effectiveness to the business management.

The study also defined owner managers effectiveness in marketing using skills learned as compared to their competitors and salary or allowances they get in the business. The study also tried to identify textile owner managers management effectiveness on their business performance and growth. It also looked in to the composition of cost year's business performance with other past years.

**TABLE 21: RELATIONSHIP OF TEXTILE BUSINESS OWNER MANAGERS TO THE BUSINESS.**

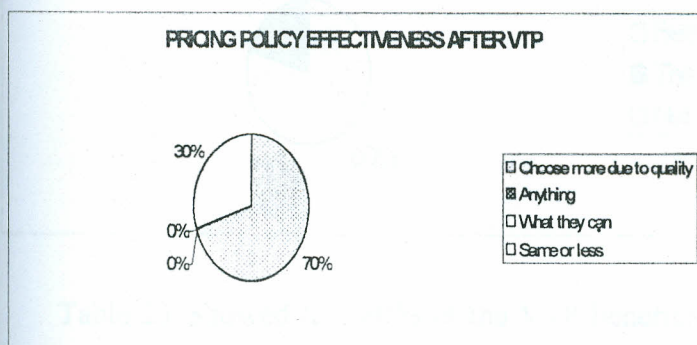
COMMENTS ON BUSINESS PERFORMANCE BY RESPONDENTS	DISTRIBUTION			
	Before VTP.		After VTP.	
	Frequency	Percentage	Frequency	Percentage
Very successful	0	0	14	14
Fairly successful	14	14	75	75
Not successful	82	82	11	11
Failure	4	4	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

The study table 21. Indicates that 75% of VTP beneficiaries were fairly successful as compared to 14% before VTP. 14% of the beneficiaries very successful with 0 % of the same before VTP. Respondent whose business was not successful before VTP were recorded as 82% as compared to only 11% after VTP. No business failure after VTP was detected.

The fact that majority of the VTP beneficiaries had their business showing fairly successful (75%) and very successful (14%) could be attributed to skills up – grading received by owner managers during VTP, while the 82% who were not successful are due to lack of business management skills and technical knowledge.

**TABLE 22: PRICING POLICY AND ITS EFFECTIVENESS.**

PRICING POLICY	DISTRIBUTION			
	RESPONDENTS			
	Before VTP.		After VTP.	
	Frequency	Percentage	Frequency	Percentage
Charge more than competitors to much higher quality of competitors.	20	20	70	70
Choose anything due to lack of quality	10	10	0	0
We charge what we can get	60	60	0	0
Charge the same or less than our competitors.	10	10	30	30
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>



Results indicates that 70% after VTP, Respondents were able to calculate cost and price their products according to the quality of the product as compared to 20% before VTP.

60% of the beneficiaries charge what they can get from the customer before VTP in order to get daily bread as compared to those after VTP who could not give away their quality products for less than the cost of the products.

The fact that respondents after VTP could charge their products according to the cost of production and materials used could be attributed to the fact that the training they undergo enlightened their pricing skills according to the quality of the products they were making which indicates that they were selling their products at a reasonable profit as compared to that before VTP.

**TABLE 23: MARKETING EFFECTIVENESS AS COMPARED TO COMPETITORS**

MARKET EFFECTIVENESS	DISTRIBUTION			
	RESPONDENT			
	Before VTP.		After VTP	
	Frequency	Percentage	Frequency	Percentage
Better than own competitors	0	0	80	80
The same	30	30	20	20
No good	70	70	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

**MARKETING EFFECTIVENESS AFTER VTP**

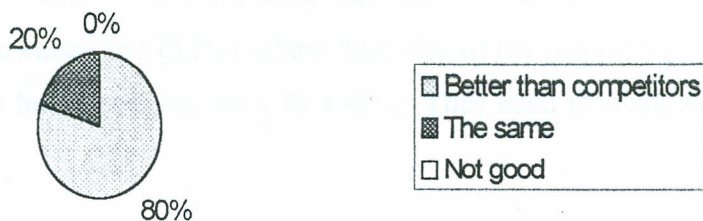


Table 23 Showed that 80% of the VTP beneficiaries had better marketing strategy than before VTP were they had no marketing skills. Beneficiaries before VTP showed that their marketing strategies were not good (70%) as compared to their skills after attending VTP.

The fact that marketing effectiveness of majority of VTP beneficiaries was better could be attributed to the management skills up grading gained (learned) during voucher training programme with before the opposite.

**TABLE 24: SALARY FROM THE BUSINESS**

SALARY OR ALLOWANCE	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Allowance	20	20	65	65
Salary	32	32	35	35
None	48	48	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Results from table 24 indicates that majority of Textile owner managers after VTP were able to get allowance from their business (65%) and (35%) salary compared to only (20%) allowance and (32%) salary. Majority of the respondents were not getting anything from their businesses before VTP (48%). They used to work round the clock eating their stock.

This shows that VTP training played an important role to textile businesses for the owner managers could make enough sales leading to great profits were they can draw some allowances and salary as compared to a very small number which was benefiting from the business before VTP.

**TABLE 25: OVERALL VTP TRAINING BUSINESS IMPROVEMENT**

IMPACT	After VTP	
	Frequency	Percentage
Improved Business	64	64
Business not improved	0	0
Some how improved	36	36
<b>Total</b>	<b>100</b>	<b>100%</b>

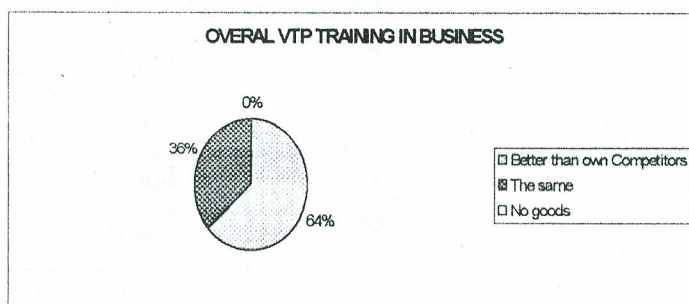


Table 25 shows that VTP beneficiaries had their businesses improve by (64%). An average 36% after VTP had their business some how improved as with 0% not improved. The high percentage of business improvement after VTP is a good indication that VTP had an impact in business performance.

#### **4.7 BUSINESS OPERATIONAL DETAILS**

General operational details of the businesses operated by textile VTP beneficiaries were defined to bring out the business operational strategies, the tools and equipment used, materials control, material supply, technology used in the business and customer relation. These were analyzed to determine responses from the business.

**TABLE 26: BUSINESS LOCATION**

LOCATION	SCORE	DISTRIBUTION			
		RESPONDENTS			
		Before VTP		After VTP	
	Score	Frequency	Percentage	Frequency	Percentage
Main Street	Good	31	31	85	65
In town	Bad	79	79	15	15
Hidden streets	Good	15	15	56	56
	Bad	85	85	44	54
Industrial area	Good	16	16	71	71
	Bad	84	84	29	29
Market area	Good	27	27	81	81
	Bad	73	73	19	19
Estate areas	Good	21	21	57	57
	Bad	79	79	43	43

Scores of business success in relation to location of the business before and after VTP were that, in the main streets of major towns in Machakos, after VTP 65% were good compared to 31% before VTP; Hidden streets 56% of respondents performed good as compared to 15% before VTP; Industrial area, 71% recorded good performance as compared to 16% before VTP; Market area are 81% scored good results as compared to 27% before VTP and in Estate areas; 57% scored good results after VTP as compared to 21% before VTP.

The fact that a large percentage of respondents scored very high in all business locations after VTP could be attributed to the fact that technical and management skills up grading could have enabled business owner managers to succeed in all situations of environments.

**TABLE 27: TIME ALLOCATED FOR THE BUSINESS OPERATION AND BUSINESS OUTCOME IN SCORES.**

TIME	DISTRIBUTION				
	RESPONDENTS				SCORE
	Before VTP		After VTP		
	Frequency	Percentage	Frequency	Percentage	
8.00 – 4.00	0	0	0	0	High
	0	0	0	0	Low
8.00 – 5.00	40	40	89	89	High
	60	60	11	11	Low
7.00 – 4.00	0	0	0	0	High
	0	0	0	0	Low
7.00 – 5.00	0	0	0	0	High
	0	0	0	0	Low
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>	

Table 27 Indicates that most of the textile business people operate their businesses from 8.00a.m to 5.00p.m. Respondents who had gone through the VTP show a high score in business gain of 89% as compared to 40% before VTP. 11% VTP beneficiaries had scored low as compared to a large number of 60% before VTP.

These results could be attributed to the fact that although respondents worked the same hours before and after VTP, Respondents after VTP show proper time management and concentration in their business activities, customer attraction leading to high scores in business success as compared to their actions before the VTP were low scores were realized.

**TABLE 28: USE OF TOOLS EQUIPMENT AND MACHINES.**

USE OF TOOLS AND EQUIPMENT	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Adequacy skills to handle	8	8	65	65
Moderate skills	56	36	35	35
Little skills	36	36	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

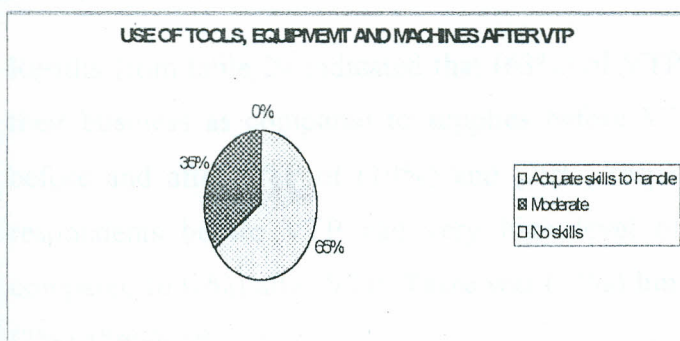


Table 28 indicate that majority of VTP beneficiaries had adequate, skills to handle tools, equipment and machines (65%) as compare to only (8%). The respondents before VTP (56%) were able to handle item moderately as compare to (35%) after VTP. This was due to prior technical training undergone before starting their business.

The fact that large number of VTP beneficiaries were able to handle tools machines and equipment very effectively could be attributed to the fact that VTP training added more important technical skills to them.

**TABLE 29: MATERIAL SOURCING, ACQUISITION AND SUPPLY SKILLS**

MATERIAL SOURCING	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Enough supplies	3	3	63	63
Moderate supplies	19	19	29	29
Little supplies	47	47	6	6
Limited supplies	31	31	2	2
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Results from table 29 indicated that (63%) of VTP beneficiaries had enough supplies in their business as compared to supplies before VTP of (3%). There was little supplies before and after VTP of (19%) and (29%) respectively. The table also indicates that respondents before VTP had very high level of little material supply of (47%) as compared to (6%) after VTP. There was (31%) limited supplies before VTP compared to (2%) after VTP.

These results could be attributed to the fact that before VTP respondents lacked material requisition skills keeping no material schedules due to lack of management skills, but after they were equipped with control skills which enabled them to have enough material supplies.

**TABLE 30: RESPONDENTS CUSTOMER RELATION TO THEIR BUSINESS BEFORE AND AFTER VTP.**

CUSTOMER RESPONSE	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Very Good	3	3	13	13
Good	16	16	74	74
Poor	81	81	13	13
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Results in table 30 indicates that (74%) of the respondents had good customer relation after VTP as compared to only (16%) before VTP, (13%) had very good relation after VTP compared to (3%) before VTP. Poor customer relation was recorded before VTP of (81%) as compared to (13%) after they went through the program.

The fact that large percentage of the respondents, (74%) had good customer relation could be attributed to good training they under took during VTP.

#### **4.8 BUSINESS STRATEGIC PLANNING**

Business planning in this study was designed to establish whether business owner managers had adopted a strategic approach to running their business. Planning and objective formulation were analyzed.

**TABLE 31: STRATEGIC PLAN FROM VTP TRAINING EXPERIENCE UNDERTAKEN.**

STRATEGIC	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Business mission statement	0	0	15	15
No business mission	0	0	85	85
No idea of business mission	100	100	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

When asked to indicate any knowledge of their business mission statement, most respondents 85% had no business mission statements although they had knowledge of it as compared to 0% before VTP only a small number of beneficiaries 15% had formulated their business mission statement.

This small percentage (15%) was an indication that the trainers did not enlighten to the respondents. The meaning and importance of a mission statement to their business.

**TABLE 32: STRATEGIC PLAN.**

BUSINESS OBJECTIVE SETTING	DISTRIBUTION			
	RESPONDENTS			
	Frequency	Percentage	Frequency	Percentage
Business with well set objective	0	0	62	62
Business with no set objective.	4	4	38	38
Business not aware of business objective	96	96	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Most (62%) of the VTP beneficiaries had well set objectives after the training as compared to 0% before VTP. A large percentage 96% had no skills of setting business objectives before VTP as compared to 0% after VTP.

The fact that many textile owner managers 62% had small business objectives could be attributed to the fact that VTP training had an impact on the textile performance.

**TABLE 33: BUSINESS REGISTRATION %**

REGISTRATION	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Sole proprietorship	94	94	86	86
Partnership	6	6	12	12
Limited company	0	0	2	2
Non	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

BUSINESS REGISTRATION AFTER VTP



Most (94%) operated as sole proprietorship before VTP as compared to 86% after VTP. The rest 6% before VTP operated as partnership as compared to 12% after VTP. Only a small number of respondents 12% had formed limited company. Partnership and limited company business were registered with the registrar of companies. Sole proprietorship business were all operating under the municipal Council Licenses and Trade License from the Ministry of Trade and Industry.

The fact all business were registered in the three categories of sole proprietorship, partnership and limited company could be attributed to the fact VTP training enabled respondents businesses to grow.

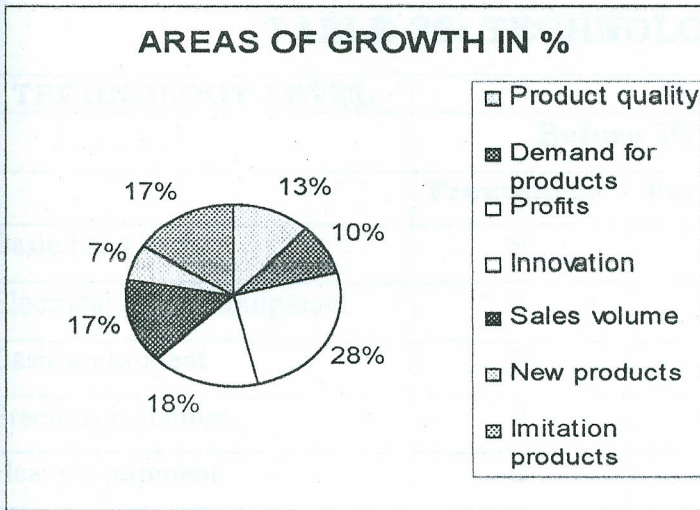
**TABLE 34: BUSINESS STRUCTURES %**

TYPE OF STRUCTURE	DISTRIBUTION			
	RESPONDENTS			
	Frequency	Percentage	Frequency	Percentage
Permanent	27	27	76	76
Temporary	56	56	18	18
Open air	17	17	6	6
Roof only	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Over three quarters of the respondents (76%) operated their businesses in permanent structures as compared to 27% before VTP, temporary structures. Only few of the beneficiaries operate from open air 6% after VTP as compared with 17% before VTP. No respondents were found to operate under roof only. The result showed that there was a shift towards use of permanent structures indicating some positive impact on the beneficiaries.

**TABLE 35: AREAS OF GROWTH IN %**

VARIABLE STRONG AREAS IN BUSINESS	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Product quality	4	4	13	13
Demand for products	8	8	10	10
Profits	11	11	28	28
Innovation	7	7	18	18
Sales volume	3	3	17	17
New product	7	7	7	7
Imitation products	56	56	17	17
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>



When asked to rank the major areas of growth, they ranked them in the following order; product quality with 13%, demand for products 10%, profits 28%, innovation 18%, sales volume 17%, number of new products 7%, imitation products 17%. The beneficiaries attributed the growth largely to VTP interventions. A high number of beneficiaries recorded 56% had problems before TP but this decreased to 17% after VTP.

These areas of growth can be attributed to the fact that VTP training imparted essential skills to the respondents.

## 4.9 TECHNOLOGY

This section was designed to establish factors associated to technology adverstements in business before and after VTP. Areas analyzed included technology used and technology developed after VTP.

**TABLE 36: TECHNOLOGY USED.**

TECHNOLOGY LEVEL	DISTRIBUTION			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Basic hand tools	60	60	10	10
Electrical driven equipment	8	8	36	36
Basic equipment	24	24	12	12
Precious machines	4	4	21	21
Heavy equipment	2	2	5	5
Modern equipment (computerized)	2	2	16	16
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

The role of technology was organized for the respondents to stimulate sustainable growth in employment and incomes.

The technology used by the beneficiaries comprise of basic hand tools 60% before VTP compared to 10% after VTP. Since VTP training more than half (60%) had acquired technology of various satisfaction based on their efficiency and effectiveness.

It was observed that most of the respondents preferred to own machines and tools. Very little percentage of the beneficiaries had modern equipment. Only around 8% of beneficiaries had acquired new technology before VTP as compared to 40% beneficiaries after VTP, reflecting the impact of the training on their business performance.

Table 36 shows that there was a progressive trend among VTP beneficiaries towards use of modern technology (16%) as compared to 2% before VTP.

**TABLE 37: EXTERNAL SUPPORT TO BUSINESS**

NUMBER OF TIMES LOAN TAKEN	DISTRIBUTION			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Once	29	29	61	61
Twice	4	4	23	23
Thrice	1	1	7	7
More than three times	0	0	0	0
Non	66	66	9	9
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Table 37 indicates that 61% of VTP beneficiaries had taken loan once, 23% twice, 7% thrice and only 9% had taken no loan to finance their business. Before VTP, respondents (66%) had taken no loan, 29% once and 4% twice.

The fact that large number of respondent after VTP accessed loan scheme might have been attributed to skills and knowledge of preparing loan requirement documents of business plans, record keeping and access to other supporting document as compared to before VTP.

**TABLE 38: ACCESS TO OTHER BUSINESS ASSISTANCES.**

TYPE OF ASSISTANCE	DISTRIBUTION			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Access o credit	13	13	65	65
Access to business development service	19	19	22	22
Business consultants	4	4	9	9
Others	3	3	4	4
None	61	61	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

The study table 38 indicates that almost 100% of VTP beneficiaries, after training had access to one or two external assistance 65% has access to credit facilities as compare to 13% before VTP. 22%, 9% and 4% to other business assistance services as compared to 19%, 4% and 3% before VTP. 61% of the beneficiaries had no access to any assistance before VTP.

The fact that majority of the beneficiaries 66% had no access to any external assistance could be attributed to lack of training and knowledge of external assistance facilities. The fact that 65% of the VTP beneficiaries had access to eternal assistance could be attributed to skills and knowledge acquired during VTP which has kept in improving their business performance.

#### 4.9.1 MARKETING BUSINESS PRODUCTS

This section was designed to establish essential components which could be applied to make the products sale effectively. In established marketing strategies of product, marketing channels, promotional strategies and sales tactics.

**TABLE 39: MARKETING THE PRODUCTS**

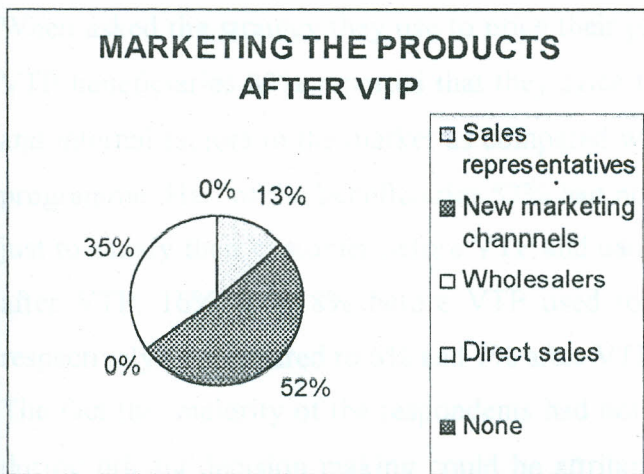
MARKETING PRODUCT	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Marketing and sales promotional skills.	3	3	92	92
Little marketing skills	26	26	8	8
No marketing skills	71	71	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

The study shows that 92% of VTP had marketing and sales promotional skills as compared to only 3% before VTP. 26% of beneficiaries had little marketing skill before VTP as compared to only 8% after VTP. Three quarters (71%) had no marketing skills before VTP.

This high percentage of lack of marketing skills before respondents attended VTP could be attributed to the fact that without training, marketing skills cannot be acquired.

**TABLE 40: MARKETING CHANNELS %**

TYPES OF CHANNELS	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Sales representative	4	0	13	13
New marketing channels	0	0	52	52
Wholesalers	0	0	0	0
Direct sales	29	29	35	35
None	65	71	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>



Half (52%) of the respondents had established new marketing channels since VTP training as follows to (67%) none before VTP. Sales representative attracted a 13% after VTP as compared to 4% before VTP. Large number of representatives used direct sales to customer 35% after VTP and 29% before VTP. Most of the respondents had expressed their satisfaction in the use of direct sales as compared to other marketing channels due to the type of business.

After VTP, beneficiaries had higher proportions of the channels established and expansion to new market areas reflecting the positive impact of VTP. The trend among the beneficiaries could be the result of management skills upgrading course.

**TABLE 41: PRODUCT PRICING %**

PRICING DECISION	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Considering internal factors only	16	16	6	6
Considering external and internal factors	13	13	87	87
Considering external factors only	18	18	7	7
Non but sell	53	53	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

When asked the strategy they use to price their products, more than three quarters of the VTP beneficiaries 87% reported that they price their products considering both external and internal factors in the market as compared with a small percentage (13%) before the programme. Half of the beneficiaries 53% had no pricing strategies but used to set prices just to satisfy their customer before VTP and usually selling at a loss as compared to 0% after VTP. 16% and 18% before VTP used to consider internal factors and external respectively as compared to 6% and 7% after VTP.

The fact that majority of the respondents had not considered any pricing strategic factors during pricing decision making could be attributed to lack of knowledge of the factors that influence pricing decision as compared to the results after respondents required skills through the VTP.

**TABLE 42: PROMOTIONAL STRATEGY**

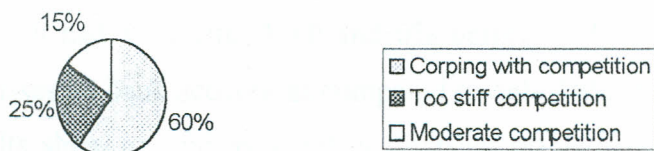
PROMOTIONAL METHODS	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Use media	0	0	0	0
Use posters	13	13	32	32
Display products	63	63	14	14
Shows / Exhibition	17	17	35	35
Use sales promoters	2	2	7	7
Use customers due to reputation	5	5	12	12
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Over one third of the VTP beneficiaries (35%) preferred using shows/ exhibitions as. The best way of making their products known and sell as compared to a small percentage of 13% before VTP. A large number of respondents before VTP (63%) only displayed their products expecting good sales as compared to after VTP of 14%. Use of customer due to respondents business reputation attracted 12% as compared to only 5% before VTP. A good number of respondents 32% advertised their products using posters and 13% before VTP. Use of sales promotion attracted only a small 7% of respondents after VTP. As compared t only 2%.

The fact that most respondents used show/exhibition and use of posters to advertise their products could be attributed to the fact that training skills in business management learned during VTP had an impact on thé use of the methods for a better business performance

**TABLE 43: COPING WITH COMPETITION.**

COMPETITION	DISTRIBUTION			
	RESPONDENTS			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Coping with competition	5	5	60	60
Too stiff competition	88	88	25	25
Moderate competition	7	7	15	15
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

**COPING WITH COMPETITION AFTER VTP**

Results show that 88% of respondents were confronted with stiff competition in their business. Before VTP as compared to 25% after VTP. More than half of the respondents 60% after VTP experienced relaxed business competition as compared to 5% before VTP. There was 15% moderate competition from VTP beneficiaries after VTP as compared to 7%.

The fact that over half (60% of respondents after VTP could cope with stiff competition could be attributed to the fact that skills learned during VTP had a positive impact on the beneficiaries business in both technical improvement and management skills.

**TABLE 44: MONEY CONTROL (BANK ACCOUNT) %**

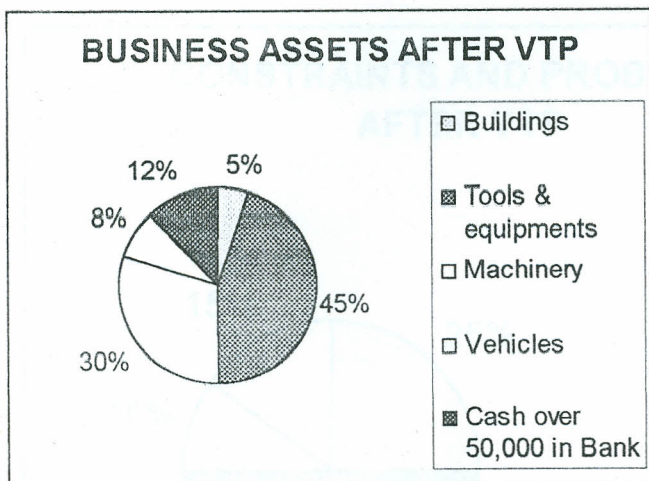
TYPE OF ACCOUNT	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Savings	30	30	74	74
Current	0	0	16	16
Fixed Deposit	0	0	0	0
No. Bank Account	70	70	10	10
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

More (74%) beneficiaries had bank accounts after VTP when compared to 30% before VTP. Savings account was most common as compared to other accounts (current) account which had 16% after VTP and 0% before VTP. 70% of the respondents were found to possess no bank account as compared to only 10% after VTP.

These results show an improvement in financial management and control systems with VTP beneficiaries performing better than they perform before they attended the VTP.

**TABLE 45: BUSINESS ASSETS**

TYPE OF ASSETS	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Buildings	2	2	5	5
Tools & equipments	82	82	45	45
Machinery	6	6	30	30
Vehicles	1	1	8	8
Cash over 50,000 in Bank	9	9	12	12
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

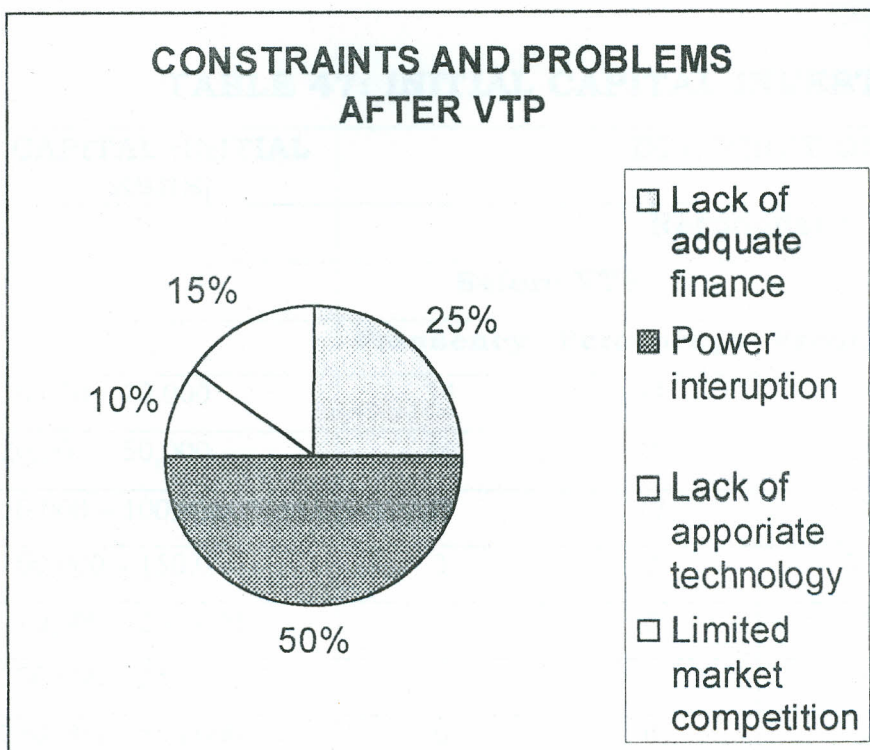


When asked to indicate types of assets added in their business since VTP training, most 35% of the beneficiaries had added some assets when compared with their assets before VTP. 12% of the respondents had more than 50,000 shillings in bank accounts as compared to 9% before VTP. Most respondents had moved from the use of tool to machinery after VTP 30% compared to a high number of respondents using tools and equipment of (82%).

In deed, addition of vehicle assets was more (8%) compared to 1% which indicated that there was addition of valuable assets after VTP reflecting a great impact of VTP on its beneficiaries.

**TABLE 46: CONSTRAINTS AND PROBLEMS (%)**

TYPE OF PROBLEM/CONSTRAINTS	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Lack of adequate finance	35	35	25	25
Power interruption	6	6	50	50
Lack of appropriate technology	39	39	10	10
Limited market competition	20	20	15	15
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>



Almost (35%) of respondents had an acute lack of adequate finance before VTP due to lack of skills in business planning and access to source of finance as compared to 25% after VTP. Beneficiaries (50%) had their business interrupted by power which lowered their production due to use of electrical power run machines as compared to only 6% who use the same machines as most beneficiaries used manual machines before VTP. A large number of respondents (39%) had no access to appropriate technology as compared to 10% after VTP.

Beneficiaries had limited market access before VTP (20%) as compared to 15% after VTP. The fact, that most of the VTP beneficiaries had access to financial assist and technology could be attributed to the fact that training played a big role in business constraints/problem solving.

#### **4.92 INITIAL AND CURRENT CAPITAL INVESTED IN THE BUSINESS**

This study was designed to establish the initial capital invested by the textile owner managers at the start of the business current capital investment and last years sales in order to compare their first investment with the current investment in the business.

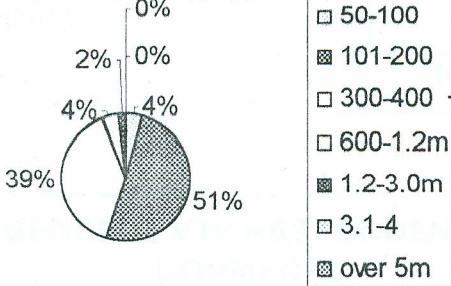
**TABLE 47: INITIAL CAPITAL INVESTMENT**

CAPITAL (INITIAL KSHS)	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
10,000 – 20,000	34	34	0	0
20,000 – 50,000	46	46	22	22
50,000 – 100,000	17	17	9	9
100,000 – 150,000	3	3	35	35
150,000 – 200,000	0	0	15	15
200,000 – 250,000			10	10
250,000 – 500,000	0	0	3	3
Over 500,000	0	0	6	6
<b>Total</b>	<b>100</b>	<b>100%</b>	<b>100</b>	<b>100%</b>

Almost (97%) of the respondents had a capital investment of less than 100,000 before VTP as compared to 31% after during VTP. 6% of the respondents were operating with a capital of over half a million as compared to 0% before VTP and 18% were operating with a capital investment of between 200,000 – 500,000. The fact that majority of the respondents operated their business with less than 100,000 thousand could be attributed to low return in investment due to lack of essential skills, which could have been gained through training.

**TABLE 48: CAPITAL INVESTMENT**

CAPITAL	DISTRIBUTION	
	Respondents	
	During VTP	
	Frequency	Percentage
50,000 – 100,000	4	4
101,000 – 200,000	51	51
300,000 – 400,000	39	39
600,000 – 1.2 M	4	4
1.2 M – 3.0 M	2	2
3.1 M – 4.0 M	0	0
Over 5.0 M	0	0
<b>Total</b>	<b>100</b>	<b>100%</b>

**CAPITAL INVESTMENT**

Current investments had grown up to 46% 4 years after VTP with majority operating with a capital of between 200,000 to 3 M as compared to 37% during VTP.

These results indicate an increase in business performance of an average of 50% of the respondents investing over 200,000 thousand. This factor of high investment could be attributed to the training taken and access to external support from the micro financial institutions and banks to small and micro enterprises.

#### 4.93 GENERAL COMMENTS ON VOUCHER TRAINING PROGRAMME BY THE BENEFICIARIES

This study was designed to access and get views from the selected respondents on the general comments of the impact of voucher training programme on business performance.

**TABLE 50: GENERAL COMMENT OF VTP ON BUSINESS PERFORMANCE**

COMMENTS ON VTP	DISTRIBUTION			
	Respondents			
	Before VTP		After VTP	
	Frequency	Percentage	Frequency	Percentage
Very essential	20		80	80
Not essential	10		0	0
No comment	70		20	20
<b>Total</b>	<b>100%</b>		<b>100</b>	<b>100%</b>

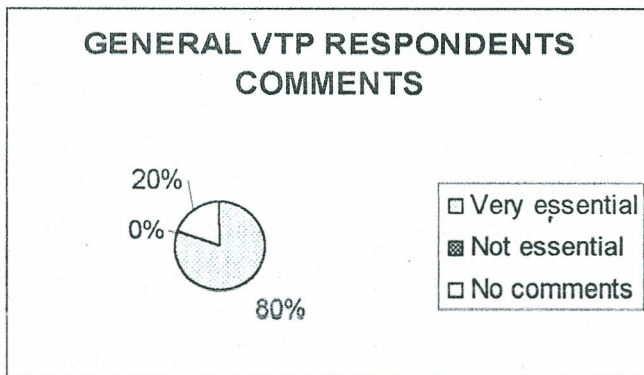


Table 50 indicates that 80% of the VTP beneficiaries argued that VTO was very essential as compared to 20% during VTP. 70% could not comment anything because they were still assessing the programme when it was on as compared to 20% beneficiaries who could not comment about it.

The fact that most of the VTP beneficiaries saw the programme being very essential could be attributed to the benefits they achieved in their businesses after they went through it and implementing the results.

#### 4.94 SUMMARY

The overall picture from the study findings was that the enterprise benefited from the skills upgrading received by the owner managers in terms of planning business activities, controlling and organizing. Large number (76%) of the respondents were female as compared to 24% male employment increased from 2 employees to four (50%) as compared to 20% before VTP. 54% of the respondents saw training as important component to countries development respondents business performance had increased to 6% as compared to 31% before VTP. Sales volume had also increased with an average of 48% as compared to 40% before VTP. Net profit increased from 30% to 40% after VTP.

Owner managers through VTP were able to analyze both internal and external strengths and weakness in their businesses and the environment. Use of new technology was upgraded with entrepreneurs (21%) moving from the use of simple tools and equipments to more adversed machinery. Production process was improved with an increase of new and improved quality products of (13%). New design and innovative ideas increased (18%) with improved networking. The owner managers role in marketing improved greatly (92%) with more attention to the issues of the probing, product, pricing, promotion and distribution channels.

The study findings also showed that financial control and management was improved up to 60%. This was possible due to improved record keeping, money management through banking (74%) and an added external access to finance. The entrepreneurs also showed improved business location search (81%) and value of customers as compared to their trends before VTP training. There was a general improvement in all aspects of business operational strategies, (85%) with the fact that these improvements in business performance and growth (30%) could have been attributed to the VTP undertaken by the respondents. This was shown by great improvement in sales volume, gross profit and net profit realized by the beneficiaries after undergoing through the programme.

## **CHAPTER FIVE**

### **5.0 CONCLUSIONS AND RECOMMENDATIONS**

This chapter draws conclusion on the research findings based on the data analyzed in the earlier chapter. The conclusion focused mainly on the research purpose. The chapter is divided into three sections. Section one discuss the findings of the study section two discuss the conclusions based on the findings of the study corresponding with the research questions and section three is a presentation of the recommendations based on the findings of the study.

#### **5.1 PURPOSE OF THE STUDY**

The purpose of the study was to find out the impact of voucher training programme which was jointly conducted and financed by the World Bank and Kenya Government between the years 1997 and 2001 on the performance of textile business in Machakos District

#### **5.2 SUMMARY OF THE STUDY**

This section provided a discussion of the findings on the performance of textile businesses owned by managers trained in the Voucher Training Programme. The section is divided in to nine parts corresponding with the research questions as follows:

- (a) Comparing the respondents personal information and their characteristics in relation to their businesses.
- (b) Voucher training programme upgrading skills learned by the entrepreneurs.
- (c) Relevance of lessons learned during VTP to business operation and management.
- (d) Business performance and growth after VTP.
- (e) Business operational details.
- (f) Business strategic planning before and after VTP.
- (g) Technological development in business after VTP.
- (h) Marketing business products before and after VTP.
- (i) Financial investment in business.
- (j) General comments on voucher training programme by the beneficiaries.

### **5.2.1 REPORT ON THE RESPONDENTS INFORMATION AND THEIR CHARACTERISTICS IN RELATION TO THEIR BUSINESSES.**

Results from the study showed that 76% of the randomly selected respondents were female as compared to 24%. Most of the textile businesses are owned and managed by female. This is an indication that most women are attracted by textile type of business. The average age bracket of the respondents was between 40 – 50 years, with the majority of the respondents being married (68%). 25% of the interviewed respondents had prior employment before starting their own business as compared to 75% without employment going to self employment.

A large number of respondent (female) 57% had attended college as compared to only 13% male, and most had craft certificate (47%). Most of the respondent had operated business for between 8 – 20 years before VTP was brought to their attention. The results of the study also shows that most women entrepreneurs are financed by their family members as compared to male who have to go and look for external finance through loan scheme(22%).

### **5.2.2 THE VOUCHER TRAINING PROGRAMME.**

The results from the study showed that most of the VTP beneficiaries were introduced to the programme by their friends (40%) as compared to 34% who introduced themselves. The trainers only managed to introduce only 20% with the government officers introducing only 6%, and advertisement 0%. Beneficiaries who learned technical skills upgrading were (58%) and business management skills upgrading 42%. The period set for the training of 2 week was not adequate according to the results from the study with many respondents (93%) recommending a period of one month. Most beneficiaries paid the 10% fee requested for the training as compared to 11% who paid nothing but were trained.

The beneficiaries saw the importance of VTP training as a way of developing the country (54%) as compared to 46% who saw the VTP training as a way of improving one self and the business only. Results for the methods used to train the beneficiaries showed that demonstration method with 83% was the best way of training adults as compared to other methods of discussion (16%), lecture method 1% and case study 0%.

### **5.2.2 RELEVANCE OF LESSONS LEARNED DURING VTP TO BUSINESS OPERATION AND MANAGEMENT.**

Results of the study showed that business performance before VTP was poor (79%) as compared to performance after VTP of 9%. Many respondent recorded good business performance after VTP of 69% as compared to 21% before VTP.

Many beneficiaries increased employment opportunities from 1 – 2 employees before VTP to 6 – over 10 after VTP. This increase in employment was an indication of better performance after VTP. Sales volume increased after VTP with 79% respondents recording good sales volume and 2% excellent as compared 12% and 0% respectively before VTP. Gross profit also increased after VTP with a margin of 47% as compared to 37% before VTP. Many respondents showed an increased profit of between 30 – 40 percent after VTP compared to a large number 81% who had between 5 – 20 percent.

### **5.2.3 BUSINESS PERFORMANCE AND GROWTH**

From the results of the study, it has been found that 14% of VTP beneficiaries were very successful as compared to 0% before VTP, 75% fairly successful as compared to 14% before VTP and only 11% un successful as compared to a large number of 82% before VTP. These results showed that VTP played a vital role in entrepreneur business development. 70% of the beneficiaries were able to charge their products according to the costing and quality as compared to 2% before VTP. Entrepreneurs marketing effectiveness according to the study results were better as compared to their competitors. Large numbers of respondents 65% were able to withdraw allowances and salary (35%) from the business as compared to before VTP was large number of respondents 48% could not get anything from the business due to bad returns on investment.

Results also showed improved business after VTP of (64%) as compared to (4%) before VTP and improved business location. Many beneficiaries according to the results work for 8 hours per day (89%) high score as compared to 60% low score before VTP. Use of tools, equipment and machines after VTP had improved adequately (65%) as compared

to 56%, 36% with moderate and little skills before VTP. 63% of the respondents showed enough materials supplies after VTP as compared to 47% little supplies before VTP.

This material improvement procurement was due to the skills learned during VTP. Most of the respondents results showed very good customer relation (13%) as compared to 3% before VTP and 74% good customer relation as compared to 16% before VTP, with a large percentage 81% recording poor customer relation before VTP as compared to 13% after VTP.

### **5.2.5 BUSINESS STRATEGIC PLANNING**

The study results showed that a small percent (15%) of the respondents were able to formulate business mission statements as compared to 0% before VTP. Large number of the respondents 85% had no business mission statement as compared to 0% and 10% with no idea of mission statement before VTP.

Most beneficiaries were able to set business objectives and goals after VTP (62%) as compared to 96% business owner managers being un aware of the importance of business objectives and goals. It was found from the results of the study that 94% of the businesses were sole proprietorship before VTP but this has changed with 12% and 2% forming partnership and limited company respectively after VTP. 76% of the respondents were found to operate from permanent structures as compared to 27% before VTP.

The results also showed an improvement in the areas of growth in product quality 13% after VTP compared with 4% before, 10% product demand as compared to 8% before VTP, product innovation 18% compared to 7% before VTP and sales volume 17% compared to 3% before VTP.

### **5.2.6 TECHNICAL DEVELOPMENT IN BUSINESS**

Technological Development had growth according to the study results with beneficiaries moving from the use of manual driven hand tools(60%) to electrical driven tools, equipment, precious machines and modern equipment (computerized) 53%.

The results also showed an improved external assistance with most respondents accessing loans once (61%) twice (23%) and thrice (7%) as compared to 29% once, 4% twice, 1% thrice and 66% non before VTP.

Beneficiaries assistance bodies recording 65% access to credit, 22% access to business development services and 9%to business consultants as compared to 61% who could not access to any, 13% access to credit and 19% business development services with only a 4% access to consulting bodies.

### **5.2.7 MARKETING BUSINESS PRODUCTS**

The results of the study showed that 92% of VTP beneficiaries had marketing and sales promotional skills as compared to only 3% before VTP. 71% had no marketing skills before VTP as compared to 0% after VTP. Results also showed that 52% of the beneficiaries had established marketing channels as compared to only 3% before VTP. Large number 87% of the beneficiaries were able to price their products after VTP considering both internal and external factors as compared to 18% before VTP. Promotional strategy also was improved after VTP according to the study results recording 35% of the beneficiaries, using shows and exhibition as compared to only 17% before VTP. Other measures according to the results included use of posters (32%) compare to 13% before VTP and displaying of products 14% and 63% respectively.

Results also showed that a good number of VTP beneficiaries were able to cope with stiff business competition (60%) after VTP compared to 5%. Those who were able to control their business money through Bank accounts were (74%) after VTP as compared to 70% without Bank account before VTP.

Business assets were also analyzed in the study and the VTP beneficiaries had increased their business assets with 5% owning permanent buildings as compared to only 2% before VTP. 8% with business vehicles as compared to 1% before VTP and 30% with new machines as compared to only 6% before VTP.

The results also showed that the beneficiaries were also confronted by problems and constraints while running their business with a large percentage 50% of the beneficiaries experiencing power interruption due to high cost of electricity and blackouts forcing them to stop operation because of use of power running machines. Other constraints are lack of appropriate technology (39%) before VTP as compared to 10% after VTP, lack of adequate finance and high interest rates, 25% before as compared to 35% before VTP.

### **5.2.8 THE FINANCIAL INVESTMENT IN BUSINESS**

Comparison on the initial capital and current capital investment in the business before and after VTP shows that almost 97% of VTP beneficiaries had a capital investment of less than 100,000 before VTP as compared to 31% after VTP. After VTP, 6% of the beneficiaries were operating with a capital of over half a million as compared to 0% before VTP. According to the study results, 18% of the respondents were operating with a capital investment of between 200,000 to 500,000 after VTP, as compared to 34% before VTP with between 10,000 and 100,000.

### **5.2.9 GENERAL COMMENT OF BENEFICIARIES ON VOUCHER TRAINING PROGRAMME.**

Results of the study showed that 80% of the VTP beneficiaries argued that VTP was very essential as compared to 20% during VTP. Only a small number 10% found the programme not essential because they argued that the trainers could not deliver the content. 70% could not comment anything as they said they were still assessing the programme benefit.

### 5.3 CONCLUSIONS BASED ON THE FINDINGS

The following are the conclusions of the study on the impact of voucher training programme on the performance of textile businesses.

1. The voucher training programme according to the results has recorded very commendable success and has shown the readiness of beneficiaries willing to meet part of the costs of training as long as such training is perceived to be useful on improving their businesses and the countries economy.
2. This programme has opened opportunities for demand driven training not only to the MSE sector but also for other sectors.
3. Overall picture from the study findings were that the enterprises were mainly owned and managed by owner managers. Employees employed in the enterprises worked only as operatives and support staff.
4. More voucher training programme beneficiaries (75%) kept business records that before the VTP. This indicates there was a significant improvement in business management practice due to VTP.
5. There was a general improvement of financial management and control systems. Most (85%) of the beneficiaries kept financial records as compared to 72% before VTP. Since then many beneficiaries had placed their saving in banking institutions. It was therefore possible to conclude that management skills had brought this awareness, particularly when 74% were considered to have bank accounts.
6. Business expansion among the beneficiaries increased by 46% since VTP training as compared to 10% before VTP. It can be concluded that some of that growth could be attributed to VTP interventions. It was also noted that many textiles businesses were in manufacturing which was the focus of VTP.
7. The findings indicate that the beneficiaries were able to create firm networks through membership of association groups. This group dynamics assisted the entrepreneurs in many ways including advocacy, information, finance, marketing and promotional activities. Conclusion is also drawn that beneficiaries benefited from improved skills that helped improve quality of their services and products.
8. The study findings showed that most (45%) of the beneficiaries had added some business assets since VTP interventions as compared to a large no 82% without essential assets before VTP.

It can be concluded that VTP interventions had managed to change participants from the traditional of investing in land to investment in modern technology.

9. Business performance is influenced by strategic techniques which are attained through training. VTP was a key to the impact on business performance and growth in the textile sub – location.
10. It can be concluded that voucher training programme provided a basis for the intellectual development of the textile owner managers which they required to be in business successfully.
11. Conclusion can also be drawn from the study findings that VTP enabled textile owner managers(through enlightenment) to acquire and articulate information that concerns their businesses from either inside or outside and are able to identify problems facing their businesses. In addition, through scanning of the environment and using skills learned in training, they are able to discuss potential opportunities and threats to the business, seeking outside assistance (professional advice) where possible. This increased experience and strategic awareness which increase businesses performance and growth.

## 5.4 RECOMMENDATIONS

Although voucher training programme has reflected a good sign of business performance and growth as supported by the data findings on VTP impact on business performance, the way the training programme was designed, planned and organized need to be addressed further.

In light of this, the following recommendations were made that: -

1. To enable the SME's to improve their products and their design, it is necessary that certain technologies be acquired in common which extends from idea generation to the final product finish. It is also important that MSE's should be enlightened on the importance and need of training in connection with their business performance. It is also important that the body that transforms the VTP training or any other training to the beneficiaries should undertake their role of organising the various beneficiaries to acquire such, technology.
2. As majority of the micro and small entrepreneur would wish to upgrade their technical and management skills, they lack appropriate technical and financial support. It is therefore recommended that for the SME's to be assisted, training and advisory institutions should first carry out proper training need assessment to establish the needs of the target group and assessing their financial capabilities for the purpose of budgeting to fill any gap left for financing the programme in order to design and implement the programme immensely towards economic development of the country.
3. Training institutions selected to offer VTP training in the future to the small business owner managers should be trained more especially on the effective training methods so as to be able to organize trainee – centered programme so that they could share their experiences with others as a method of learning.
4. Designed training programmes should be favourable to the trainee business time schedule to avoid customer disappointment. Future VTP should be matched with the intended content designed to be covered with proper time calculation to avoid trainee time limit disappointment.

5. More training programme in specific areas e.g. strategic planning and VTP in other District is essential for sme's development
6. Financial institutions should relax lending conditions especially to the trained entrepreneurs to enable them to access to loan facilities with ease terms of payment in order to improve their businesses especially those entrepreneurs in manufacturing businesses.
7. Final recommendation is that a further investigation is required using a much large sample from different district to determine whether the conclusions given are adequate. Also investigation is recommended to be carried out to determine the actual components of training which are appropriate to the needs and wants of the small business firms.

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## RESEARCH WORKPLAN

The research project proposal, data collection and report writing took the researcher 3 months, one week as shown.

ITE NO	ITEM DESCRIPTION	DURATION IN WEEKS																								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
1.	Research problem identification	→																								
2.	Proposed writing literature review	→																								
3.	Preparation of research instruments			→																						
4.	Testing of instruments				→																					
5.	Collecting of data					→																				
6.	Data screening and coding.							→																		
7.	Data analysis									→																
8.	Report writing						→																			
9.	Typesetting and printing										→															
10.	Report Binding																							→		
11.	Presenting the report, finalization and consulting.	→																								

**3.7.3 RESEARCH BUDGET**

Research budget requirements were as follows: -

<b>ITEM NO.</b>	<b>ITEM DESCRIPTION</b>	<b>COST</b>
1.	Research generation	2,000/=
2.	Literature Review	10,000/=
3.	Training of assistants	15,000/=
4.	Instruments preparation	4,000/=
5.	Pilot study (pre-testing)	5,000/=
6.	Data collection logistics	40,000/=
7.	Data analysis	3,000/=
8.	Report writing	10,000/=
9.	Report Binding	3,000/=
10.	Consultation and presentation	10,000/=
11.	Miscellaneous	5,000/=
<b>TOTAL COST OF RESEARCH</b>		<b>107,000/=</b>

**QUESTIONNAIRE**

1. Name of business owner \_\_\_\_\_  
Sex M  F
2. Age: – between 18-25 years, 25 – 35 years, 35 – 45 years, 45 – 60 years
3. Educational background.  
Secondary  College   
Primary  University
4. Employment before starting business. Yes  No
5. Any training undergone during employment? Yes  No   
Period of training \_\_\_\_\_ Nature of training? Technical skill   
Management
6. Any business involvement before starting yours? Yes  No   
What role did you play? Employee  Owner   
What motivates you to start this business? \_\_\_\_\_
7. How many seminars have you attended? \_\_\_\_\_
8. What skills have you learned? \_\_\_\_\_
9. How do you operate your business without having gone to any training? \_\_\_\_\_  
\_\_\_\_\_
10. Do you keep records in your business? Yes  No
11. How did you keep your records? \_\_\_\_\_
12. How did you learn that method of keeping records? \_\_\_\_\_  
\_\_\_\_\_
13. What effects does educational background have on your business performance?  
\_\_\_\_\_
14. What can you say about business training? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## VOUCHER TRAINING PROGRAMME

15. What is Voucher Training programme? \_\_\_\_\_  
 \_\_\_\_\_
16. How did you come to know about it? Through a friend  Myself   
 Trainer
17. Did you have some need for training? Yes  No   
 If yes what need \_\_\_\_\_
18. Did you attend Voucher Training Programme? Yes  No
19. If you attended how much did you pay? \_\_\_\_\_
20. Where was the venue of the Voucher Training Programme that you attended?  
 \_\_\_\_\_
21. How many weeks were you trained? Three  Two  One  Four
22. Explain briefly what you learned.  
 (a) Technical skills \_\_\_\_\_  
 \_\_\_\_\_  
 (b) Management skills \_\_\_\_\_  
 \_\_\_\_\_
23. Were the lessons relevant to your business operation? Yes  No  if yes.  
 Explain \_\_\_\_\_
24. How was your business performance before VTP? Bad  Good  if good,  
 how much sales did you make? \_\_\_\_\_
25. How is your business performance after Voucher Training Programme?  
 (a) Sales Volume \_\_\_\_\_  
 (b) Gross Profit \_\_\_\_\_  
 (c) Net Profit \_\_\_\_\_  
 (d) Employment creation \_\_\_\_\_  
 (e) Business expansion \_\_\_\_\_
26. What can you say about your business before and after Voucher Training  
 Programme? \_\_\_\_\_
27. How were the Voucher Training Programme Trainers conversant with Technical  
 and management Skills? Good  Poor  Moderate  Excellent

28. What time set for training enough? Yes  No  if no what can you say?

\_\_\_\_\_

29. How do the Voucher Training Programme skills assist you in copying with competition? \_\_\_\_\_

\_\_\_\_\_

30. What training method did trainers use during VTP? Demonstration

Lecture method  Case study  Practical

### **THE BUSINESS**

31. Name of business? \_\_\_\_\_ Type? \_\_\_\_\_

Location? \_\_\_\_\_ Year started \_\_\_\_\_ Products you offer to customers? \_\_\_\_\_

32. How do you finance your business? Self  Loan  Relatives  Friend

33. How does VTP training assist you in putting together your business strategy?

\_\_\_\_\_

34. Does Voucher Training Programme assist you in getting external assistance? Yes   
No  if yes how? \_\_\_\_\_

35. How do you manage your business? \_\_\_\_\_

Your finance? \_\_\_\_\_

Your employees? \_\_\_\_\_

Your products? \_\_\_\_\_

Your customers? \_\_\_\_\_

Your competitors? \_\_\_\_\_

36. Do you carry out market research for your business? Yes  No  if yes how? \_\_\_\_\_

\_\_\_\_\_

37. What methods do you use to price your products? \_\_\_\_\_

Produce your products? \_\_\_\_\_

Distribute your products? \_\_\_\_\_

**BUSINESS PERFORMANCE**

38. How do you rate yourself in business? Very good  Fairly successful   
 Not successful  Not successful  Failure
39. How do you measure your success? By increase demand  by increase profit   
 By increase turn over  by increase savings  by increase drawings   
 By increase employees
40. What key experience did you possess to operate this business? After Voucher  
 Training Programme? \_\_\_\_\_ training \_\_\_\_\_ work  
 experience \_\_\_\_\_ others \_\_\_\_\_.
41. What is your pricing policy and how effective is it? Good  Bad   
 specify \_\_\_\_\_
42. What marketing techniques do you regularly use to improve business  
 performance? \_\_\_\_\_
43. What methods do you use to market your business as compared to your  
 competitors? \_\_\_\_\_
44. Do you think that if you have a higher education background you would perform  
 better than when trained? Yes  No  if yes how? \_\_\_\_\_  
 \_\_\_\_\_
45. Please tell me: -  
 (a) Your sales per year  
 (b) Your cost of goods per year  
 (c) Your gross profit per year  
 (d) Your business experience per year  
 (e) Taxes you pay per year
46. How do you compare this performance with other years? \_\_\_\_\_  
 \_\_\_\_\_
47. Performance for the last 3 years  
 (1) \_\_\_\_\_  
 (2) \_\_\_\_\_  
 (3) \_\_\_\_\_

48. What resources did you have in your business before and after Voucher Training Programme?

- Fixed assets \_\_\_\_\_ Cost \_\_\_\_\_
- Land \_\_\_\_\_ Cost \_\_\_\_\_
- Building \_\_\_\_\_ Cost \_\_\_\_\_
- Vehicles \_\_\_\_\_ Cost \_\_\_\_\_
- TOTAL \_\_\_\_\_ Cost \_\_\_\_\_
- Stock \_\_\_\_\_ Cost \_\_\_\_\_
- Debtors \_\_\_\_\_ Cost \_\_\_\_\_
- Cash \_\_\_\_\_ Cost \_\_\_\_\_
- Total current liabilities \_\_\_\_\_



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**SCHOOL OF BUSINESS**  
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 .... / .... / 2005

**TO WHOM IT MAY CONCERN:**

Dear Sir/Madam,

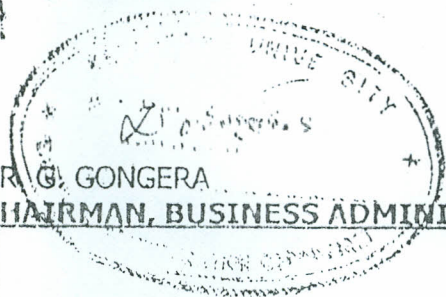
**RE: RESEARCH PROJECT: DATA COLLECTION**

**MORIS MUTISYA - E54/0234/2003 MSC ENTERPRENEURSHIP**

This is to confirm that the above named is our student in the School of Business, Department of Business Administration, Kenyatta University.

The student is embarking on her/his project and would like some information from your organization.

Any assistance you may accord her/him will be highly appreciated.



**DR. G. GONGERA**  
**CHAIRMAN, BUSINESS ADMINISTRATION DEPARTMENT**

## APPENDIX 1

MORRIS MUTISYA  
P.O. BOX 509, MACHAKOS

### TO THE RESPONDENT

The researcher Morris Mutisya is a student at Kenyatta University taking his Masters Degree in Entrepreneurship Development. He is interested in reviewing the impact of the joint World Bank and Kenya government Voucher Training Programme undertaken between the years 1997 - 2001.

Please assist him in collecting information especially for textile business for the purpose of future planning and improvement of training programmes in skills upgrading.

The information you will give will be treated confidently and will not be used for any other purpose but for the purpose of this project only.

Yours faithfully,



Morris Mutisya.