

**THE EFFECTS OF TRAINING ON THE PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES (SMEs) IN MT. KENYA REGION
(A CASE OF SMEs FUNDED BY K.I.E. WITHIN EMBU AND NYERI DISTRICTS)**

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Reg. Number

D/53/OL/1736/02

***A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF AWARD OF MASTERS IN BUSINESS ADMINISTRATION***

(ENTERPRENUERSHIP OPTION)

**SCHOOL OF BUSINESS
KENYATTA UNIVERSITY**

AUGUST, 2005

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*The effects of
training on the*



2009/338458

DECLARATION

I, the undersigned, declare that this is my original work that has not been submitted to any other college, institution or university other than Kenyatta University for academic credit.

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ABSTRACT

This research project was concerned with the effect of training on small and medium enterprises. Without training, small and medium business enterprises performance will be greatly affected thus making it hard for them to achieve their goals and objectives. Lack of training affects the performance of the small and medium size business enterprises. Training is essential for the smooth operations and running of these enterprises. Without training no enterprise will prosper.

The aim of the research was to establish whether there is a relationship between training and performance for small and medium business enterprises. Performance was operationalised to mean profitability, market growth, market share, competitive edge, acquisition of skills and technology. The researcher was of the view that lack of training has a negative impact on performance of these enterprises. The purpose of the study was to evaluate the impact of training on SMEs.

The researcher used various methods to collect primary and secondary data. He made use of structured and unstructured questionnaires to collect primary data. He also made use of literature review to collect Secondary data. The data was then analyzed using statistical tools such as pie charts, table graphs and bar graphs. Analysis of the data was done by excel spread sheet. The researcher used area cluster sampling method. The target population was 500 enterprises operating in Nyeri and Embu Districts. The research was focused on 100 employees (owners or managers) who formed the sample size.

ACKNOWLEDGEMENT

The author of this research project wishes to express sincere gratitude to all those persons who directly and indirectly contributed to the preparation and final compilation of this project.

The author would like to convey special appreciation to the supervisor Mr. Shadrack Bett who tirelessly offered his guidance throughout up to the end of this research project.

The project report would not have been completed without the assistance of Esther N. Waweru who helped to type the research project. To her I offer a lot of thanks.

The author would like to thank the Kenyatta University Administration for the necessary assistance given. Special thanks goes to Mr. Murage the coordinator Nyeri institute of open learning centre and the entire staff for their assistance and support given.

To all mentioned, I owe you all special thanks.

DEDICATION

This work is dedicated to my wife Joyce and my son Jeff for being an inspiration to my life.

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OPERATIONAL DEFINITIONS

SMEs - Small and medium enterprises funded by Kenya Industrial Estates employing 1-50 employees.

Training - Activity geared to equip specific job skills.

Profitability - Trading results of an enterprise where operating expenses are lower than generated or realized revenue. It is a measure of an enterprises performance.

Market growth - Increase of customers in terms of numbers buying enterprise products.

Market share - A geographical Area or % growth where products of an enterprise are sold.

Competitive edge - An enterprise advantage over its rivals.

Acquisition of skills & Technology - Increase of specific skills and acquisition of new technology.

LIST OF ABBREVIATIONS

SMEs - Small and Medium Enterprises

HRD - Human Resources Development

DIT - Directorate of Industrial Training

IFC - International Finance Corporation

DDC - District Development Officers

K.I.E. - Kenya Industrial Estates

CHAPTER ONE

1.0 Introduction

1.1 Background Of The Study

Staff training is a paramount management function in any enterprise. Training equips the workforce with the requisite skills needed for their work performance. Without proper training the enterprise will have drawbacks as it will not compete effectively with its competitors and it will also not be able to seize business opportunities arising from its environment.

The Kenya Government through its policy document sessional paper V.Z2 1997 on industrial Transformation to the year 2020 emphasizes the need to have a trained workforce. The paper stresses that the availability of a well educated and trained workforce is critical to the success of Kenya's Industrialization process. Of great importance to the industrialization process is an assured supply of well trained managers and skilled Technicians at both shop floor and supervisory levels. The paper further stresses that apart from entrepreneurial and managerial skills, there are equal requirements for operational, technician and artisan skills at the shop floor level. The cabinet give approval for the development of a national skills training strategy which is of great significance to the industrialization process. However, the higher level of performance and productivity demanded by the competitive environment will require close collaboration between training institutions and employers of labour, so that the level of mismatch between outlet of graduates and the skill demands of the job market can be bridged. The paper further stresses that the private sector itself must take an increasing responsibility for industrial training and retraining. The Government in collaboration with the private sector is in the process of undertaking the development of a National skills training strategy whose objective is to put in

place a national system of skills training provision in Kenya in light of the current and future needs of the economy.

In Kenya training is regulated through the Industrial Training Act Cap 237. This is an Act of Parliament which make provision for the regulation of the training of persons engaged in the industry. The Directorate of Industrial training (DIT) operates under the industrial training Act (Cap 237). Its role is to regulate technical and managerial training of persons engaged in industry in Kenya. The DIT is developing ways of influencing the direction of training and to have a say in the implementation of National policies. In the DIT Newsletter volume 4 January 2002, it has been emphasized that training needs identified in the past may no longer be valid. Training programs that have been considered adequate are being rendered obsolete by the changing demands of the world of industry and commerce. Effective development and utilization of human resources through ample supply of multi-skilled manpower has never been more in demand. Training needs assessment that have been done must now be reviewed in order to formulate a relevant and harmonized curriculum and syllabus. These changes in the industry will call for more demand – driven training in operational and managerial levels of the industry spectrum. Training is a key component in all activities concerning SMEs promotion and is prerequisite for their success.

1.11 Overview of Kenya Industrial Estates

Kenya Industrial Estates Limited was established in 1967 as a subsidiary of ICDC to extend assistance to indigenous small and medium enterprises (SMEs) throughout the country.

It became an Independent State Corporation in 1978, registered under the companies Act (Cap.486) of the laws of Kenya, with the government as the sole shareholder. The mission of Kenya Industrial Estates Limited is "To facilitate development and incubation of Small and Medium Enterprises (SMEs) countrywide by establishing industrial parks, providing credit and business capacity building (BDS) in a sustainable manner."

1.2 Statement Of The Problem

Most enterprises are faced with dilemma of conducting effective training for their workforce. An enterprise whose staff are not trained cannot meet its set objectives and cannot compete effectively with its competitors. It cannot also embrace technological change within its operations. A trained workforce embrace change easily thus reducing resistance to change. Training also makes enterprise's operations more flexible.

Armstrong (2001) states that the fundamental aim of training is to help the organization achieve its purpose by adding value to its key resource its employees. Training means investing in people to enable them to perform better and to empower them to make the best use of their natural abilities. Organisations with the positive training philosophy understand that they live in a world where competitive advantage is achieved by having higher-quality people than other firm's employ and that this need will not be satisfied unless they invest in developing the skills and competence of their people. They also recognize that actual or potential skills shortages can threaten their future prosperity and growth.

When the workforce is not trained, the overall performance of the enterprise is affected. This research proposes to investigate/assess the impact of training on performance of SMEs. The study tries to identify the performance indicators associated with staff training notably profitability, market growth, market share and competitive edge. The study also assess the impact of training on performance of an enterprise as it pertains to acquisition of skills and technology.

1.3 Objectives Of The Study

The objective of the study included the following:-

General Objective

1. To investigate the effects of training on performance of small and medium enterprises within Mt. Kenya region.

Specific Objectives

2. To determine if training has led to improvement in profitability for SMEs in Mt. Kenya Region.
3. To find if training has led to increase in market growth, market share and competitive edge for SMEs in Mt. Kenya region.
4. To establish if training has led to increase in skills and use of improved technology of small and medium enterprises in Mt. Kenya region.

1.4 Research Questions

1. What is the effect of training in performance of small and medium enterprises within Mt. Kenya Region.

2. Has training led to profitability of small and medium enterprises within Mt. Kenya region?
3. Has training led to an increase in market growth, market share and competitive edge for small and medium enterprises operating within Mt. Kenya region?
4. Has training led to acquisition of skills and use of improved technology for SMEs in Mt. Kenya region?

1.5 Importance of the study/Significance of the problem

The study will benefit:

1. The top management of small and medium enterprises based in Embu and Nyeri Districts. They will use the recommendations adduced from the study for decision making.
2. The government especially the Ministry of Industry which is incharge of small and medium enterprises and other policy makers. The information and conclusions made will assist in planning and decision making for SMEs.
3. Employees and owners of small and medium enterprises. Employees will have insight for these enterprises while the owners will be able to make sound decisions.
4. The customers who are users of products of small and medium enterprises and other stakeholders.
5. Donors dealing with assistance of small and medium enterprises. The donors will make use of information adduced to allocate resources.
6. Institutions dealing with SMEs e.g. KIE, Equity bank, Faulu Kenya & K-rep Bank. These institutions will understand the operations of SMEs.
7. Curriculum developers for SMEs training programmes. Specific training programmes which focus on SMEs will be developed.

8. People willing to venture into SMEs. A lot of data will be available for future investors in SMEs where investors will be able to select business opportunities appropriately.
9. Other researchers and generally to increase the body of knowledge on training for SMEs. The existing body of knowledge for SMEs will be enhanced further by the study.

1.6 Limitation of the Study

The researcher encountered the following limiting factors which affected the study.

Financial Limitations

The researcher was limited by financial constraints in terms of expenses incurred in preparation of the research. The expenses such as administering of the questionnaires, photocopying costs, typing, traveling and costs of writing materials limited the researcher.

Time

Time being an important limited resource compelled the researcher not to investigate fully all the relevant factors in the area of study. The time available constrained the researcher by the fact that he was a distance learner and working at the same time. This limited the extent at which the research was be carried out.

Administration of questionnaires

The respondents misunderstood certain questions in the questionnaires despite thorough editing by the researcher. This distorted the information obtained and affected the overall analysis.

Respondents suspicion

The respondents had suspicions as to why the research was being carried out. For this reason some were not open to the researcher.

Personnel

The researcher was constrained by personnel costs in terms of payment for the people who distributed the questionnaires and collected them e.t.c.

1.7 Scope of the study

The scope of the study was small and medium enterprises (SMEs) within Mt. Kenya Region but the main focus of the study concentrated on enterprises funded by Kenya Industrial Estates at Embu and Nyeri. The sample size was 20% of 500 enterprises operating within Embu and Nyeri. The Area of study was chosen due to its proximity to the researcher.

CHAPTER TWO

2.0 Literature Review

2.1 Introduction to Literature Review

Every organisation needs to have a trained workforce to enable it achieve its set objectives. An organisation cannot meet its profit targets if its workforce is not trained. An organisation must have trained workforce to enable it expand the market for its products, attain its market share and compete effectively with its competitors. Training facilitates the acquisition of skills and new technology which enables an enterprise to keep abreast with technological changes. Training improves the general performance of an enterprise.

Training is defined as educational activities carried out to improve specific job skills. This applies more to the operating employees. The aim of training is to acquire new skills to bring behavioural changes and to empower staff. The benefits of training are improved individual and enterprises performance, improved operational flexibilities by multi-skilling to employees to attract and retain high quality employees by providing training opportunities that enhance their career, increase/improve the employees commitment through orientation or induction, helps to manage resistance to change by educating them about the need and benefits of change, to reduce the need for supervision and lastly to increase staff motivation. According to Schernerhon, Hunt and Osborn (2003). Training is defined as a set of activities that provides the opportunity to acquire and improve job-related skills. Training aims to improve skills and covers such areas as computer skills and implementation of new systems or technology. The main objectives of training are:-

- To improve the performance of the individual and enterprise performance.
- To help people grow within the enterprise through career development activities.
- To prepare employees for future jobs.

Training is based on theories of learning. Various theories of learning have been developed to demonstrate how learning takes place. The most notable theories of learning were developed by Pavlov and skinner.

- Pavlov developed a theory called classical conditioning. Pavlov used a variety of stimuli (bells, tones and buzzers) and found that the dogs could be conditioned to salivate to the sound of one of the stimuli even when no food appeared.
- Skinner produced a thesis of operant conditioning - skinner's experiments showed the effects of reward and punishment on animal learning. He proved that a response would be learned when the animal associated the behavioural response to a reward (or reinforcement) and could be broken with punishment.

C.B. Mamoria (1990) states that every enterprise needs to have well trained and experienced people to prepare for the activities that have to be done. Training is necessary to address the performance gaps. Inadequate job performance or a decline in productivity or changes resulting out of job redesigning or a technological break through require some type of training.

He asserts that in a rapidly changing society, employee training is not only an activity that is desirable but also an activity that an enterprise must commit resources to if it is to maintain a viable and knowledgeable workforce.

Training enables employees to develop and rise within the enterprise and increase their personal value, earning power and job security. It moulds the employees attitudes and helps them to

achieve better co-operation within the enterprise and it increases employees loyalty. Training boosts staff morale for it helps to reduce dissatisfaction, complaints, grievances, absenteeism and rate of turnover. Training is widely accepted as a problem – solving device. Training reduces the need for constant supervision.

Trained workers develop sharper reflexes and a greater capacity for diagnosis and analysis of day-to-day problems. They would not rush to the supervisor every now and then for advice to solve routine problems. This considerably reduces the work-load of supervisors who can practise management by exception and devote the time and energy so saved to tackling larger and more important issues. An enterprise having trained workers will not have any problem of shortage of personnel. Temporary or even permanent absence of few workers will not make any difference to the normal functioning of the enterprise.

Michael Armstrong (2001) defines training as:- “Training is the formal and systematic” modification of behaviour through learning which occurs as a result of education, instruction, development and planned experience.” He further asserts that the fundamental aim of training is to help the enterprise achieve its purpose by adding value to its key resource - the people it employees. Training means investing in people to enable them perform better and to empower them to make the best use of their natural abilities. He further stipulates the objectives of training as:-

- To develop the skills and competences of employees and to improve their performance.

- To help people grow within the enterprise in order that, as far as possible, its future needs for human resources can be met from within.
- To reduce the learning time for employees starting in new jobs on appointment, transfer or promotion, and ensure that they become fully competent as quickly and economically as possible.

It is important to identify the training needs to establish what type of training is required and ensure that it is relevant to the requirements of individuals and the enterprise. The training philosophy of an enterprise expresses the degree of importance it attaches to training. Some firms adopt a laissez – faire approach believing that employees will find out what to do for themselves. Other enterprises pay lip service to training and indiscriminately allocate money to it in good times only. But in the bad times these firms are the first to cut their training budgets.

Armstrong (2001) argues that enterprises with a positive training philosophy understand that they live in a world where competitive advantage is achieved by having higher – quality people than other firms employ and that this need will not be satisfied unless they invest in developing the skills and competence of their people. They also recognize that actual or potential skills shortages can threaten their future prosperity and growth. Training must be relevant in that it satisfies identified appropriate training needs. Training should be problem-based in the sense that it should be planned to fill the gaps between what people can do and what they need to do now and in the future.

The problem may be a negative one in the form of a weakness that needs to be remedied or it may be positive because it refers to how the need to develop new skills or enhanced knowledge to meet future requirements will be satisfied.

The objectives of any training programme should be defined in terms of “deliverables” - this is what people will be able to do after training and this is what they will achieve. The training process should be fully integrated with the systems of relationships, structures, interdependence and work in the enterprise. Training must have a purpose and that purpose can be defined only if the learning needs of the enterprise and the groups and individuals within it have been systematically identified and analysed. Training needs analysis is partly concerned with defining the gap between what is happening and what should happen. This is what has to be filled by training i.e. the difference between what people know and can do and what they should know and able to do.

However, it is necessary to avoid falling into the trap of adopting the deficiency model approach, which implies that training is only about putting things right what has gone wrong. Training is much more positive that it is or should be more concerned with identifying and satisfying learning and development needs – multi-skilling, fitting people to take on extra responsibilities, increasing all round competence and preparing people to take on higher levels of responsibility in the future. Training needs should be analysed first for the enterprise as a whole-corporate needs, second for departments, teams, functions or occupations within the enterprise – (group needs) and third for individual employees - (individual needs). These three areas are interconnected.

The analysis of corporate needs in different departments or occupations while these in turn will indicate the training required for individual employees.

George and Bondreau (2000) defines training as a systematic process of changing the behaviour, knowledge, and/or motivation of present employees to improve the match between employee characteristics and employment requirements. Training tends to shape the individual to fit the job requirements. Beardweu & Holdem, (2001) states that training is important as it plays a key role in helping the process of change. They assert that there seems to be a gap between the perceived importance of training and willingness to do something about it. This view strongly persists in the commercial and industrial sectors where training is seen as a “cost” and not as an “investment.” They continue to argue further that recognition of the importance of human resources development (HR)) in recent years has been heavily influenced by the intensification of overseas competition and the relative success of economies where investment in employee development is emphasized. Technological developments and organizational change have gradually led some employers to realize that success relies on the skills and abilities of their employees and this means considerable and continuous investment in training.

Torrington & Hall (1991) argues that when times are hard, training budget is cut first. They further argue that training should not only be responding to requirements but it should also seek out the needs of the enterprises before they become obvious and anticipate ways in which training could make a contribution to business growth. They further assert that there is a widespread acceptance of the fact that more training needs to be provided but there is lack of enthusiasm to make the provision for training. It is clear that training is a major feature of the

personnel function, yet apathy towards training by other managers causes personnel specialists themselves to lose interest and to advocate the need for training with sufficient vigour.

The duo further agrees that it is difficult to identify and demonstrate the results that training produces. When economic conditions are difficult a normal management reaction is to concentrate on those activities that will produce immediate results because of the need to make enough money to pay the wage bill. Training seldom produces quick results with a tangible pay-off. There is irony that training is most likely to be supported at times of company prosperity rather than times of greatest need. Even prosperous companies do not necessarily invest in training as there remains the question about what training produces.

Mullins (2002) states that research studies are now suggesting that organizations which deliberately foster a culture of learning are the ones which are on the leading edge of development and change. According to him one major area of Human Resource Management function of particular relevance to the effective use of human resources is training and development. Few people would argue against the importance of training as a major influence in the success of an enterprise. Staff are a crucial but expensive resources. In order to sustain economic and effective performance it is important to optimize the contribution of employees to the aims and goals of the enterprise. The importance of training as a central role of management has long been recognized by leading writers. According to Drucker, the one contribution a manager is uniquely expected to make is to give others vision and ability to perform. A basic operation in the work of the manager is to develop people and to direct, encourage and train them.

In many enterprises training is done on an adhoc basis. There is no systematic approach for training. There is no survey of training needs. In most instances the training is either a deviation from the busy work life or respite from the tedious industrial environment. Managers use training as an instrument to favour the blue-eyed employees to sponsor for training programmes. Training programmes in some enterprises are conducted purely for statistical purposes. At times, only sparable employees are sent to training programmes irrespective of whether there is need for them or not. Human Resource Development (HRD) in industry is done through education, training and development to improve knowledge, skills and attitudes of individual and group in an organization. It also involves factors with personal dignity and status, ego satisfaction, social participation, psychological process of motivation, group dynamics and teamwork. The deep need in a society are to belong and to work for what one belongs to. All this is possible only through systematic training.

Dwivedi (2003) defines profit as income accruing to the equity holders in the same sense as wages accrue to the labour, rent accrues to the owners of rentable assets and interest accrues to the money lenders. To a layman, profit means all income that flow to the investors.

To an accountant, profit means the excess of revenue over all paid-out costs including both manufacturing and overhead expenses. For all practical purposes, profit or business income means profit in accountancy sense plus no-allowable expenses. Economists concept of profit or is of pure profit. Pure profit is called economic profit or just profits a return over and above the opportunity cost i.e. the income which a businessman might expect from the second best alternative use of his resources.

In accounting sense profit is surplus of revenue over and above all paid-out costs, including both manufacturing and overhead expenses. The concept of economic profit differs from that of accounting profit. Economic profit takes into account also the imputed or implicated costs. The implicit cost is opportunity cost. Opportunity cost is defined as the payment that would be necessary to draw forth the factors of production from the most remunerative alternative employment. Alternatively, opportunity cost is the income foregone which a businessman could expect from the second best alternative use of his resources. For example if an entrepreneur uses his capital in his own business, he foregoes interest which he might earn by purchasing debentures of other companies or by depositing his money with joint stock companies for a period. Furthermore if an entrepreneur uses his labour in his own business, he foregoes his income (salary) which he might earn by working as a manager in another firm. Similarly by using productive assets (land and building) in his own business, he sacrifices his market rent. These foregone incomes, interest, salary and rent are called opportunity costs or transfer costs. It should also be noted that the economic or pure profit makes provision also for insurable risks, depreciation and necessary minimum payment to shareholders to prevent them from withdrawing their capital. Pure profit may thus be defined as a residual left after all contractual costs have been met including the transfer costs of management, insurable risks, depreciation and payments to shareholders sufficient to maintain investment at its current level.

Conventional theory of firm assumes profit maximization as the sole objective of business firm. Baumol has argued there is no reason to believe that all businessmen pursue the same objective.¹ Recent researchers on this issue reveal the objectives that business firms pursue one more than one.

Some important objective other than profit maximization are maximization of sales revenue, maximization of firm's growth rate, maximization of manager's utility function and entry-prevention and risk-avoidance. However, profit maximization is regarded as the most common and theoretically most plausible objective of business firms.

Accounting profit equals revenues minus all explicit costs and economic profit equals revenue minus explicit and implicit cost. Once profit is defined it should not be difficult to measure the profit of a firm for a given period. But two questions complicate the task of measuring profit.

- (1) Which of the two concepts of profit is to be used for measuring profit? and
- (2) Which costs should be and what should not be included in the implicit and explicit costs?

The answer to the first question is that the use of a profit concept depends on the purpose of measuring profit. Accounting concept of profit is used when the purpose is to produce a profit figure for (i) the shareholders to inform them the progress of the firm, (ii) financial and creditors who would be interested in firms progress, (iii) The managers to assess their own performance and (iv) For computation of tax-liability. For measuring accounting profit for these purposes, necessary revenue and cost data are in general obtained from the firms books of accounts. On the other hand, if the objective is to measure 'true profit', the concept of economic profit should be used. However, 'true profitability of any investment or business cannot be determined until the ownership of that investment or business has been fully terminated. But then life of a corporation is eternal. Therefore, true profit can be measured only in terms of "maximum amount that can be distributed in dividends without impairing the company's earning power. To

estimate income then a forecast of all future changes in demand, changes in production process, cash outlays to operate the business, cash revenues and price changes is needed.

For all practical purposes, profit have to be measured on the basis of accounting concept. But measuring even the accounting profit is not an easy task. The main problem is to decide as to what should be and what should not be included in the cost. One might feel that profit and loss accounts and balance sheet of the firms provide all the necessary data to measure accounting profit. There are however, three specific items of cost and revenue which pose conceptual problem. These items are (i) Depreciation (ii) Capital gains and losses, and (iii) Current Vs historical costs. Measurement problems arise for two reasons (a) Economists view on these items differs from that of accountants, and (b) there is more than one accepted method of treating this items. According to Pandey (1998) profit is the most important measure of a firms performance. In a free-market economy, profit is a guide for allocating resources efficiently. An analysis of the effects of various factors on profits is an essential step in the financial planning and decision-making. An analytical technique used to study the behaviour of profit in response to the changes in volume, cost and prices is called the cost-volume-profit (CVP) analysis.

Training of staff gives the organization an edge over its competitors. Broad and Newsfrom (1992) states that “ for enterprises to remain competitive in the global market place, and to develop the highly skilled workforce that can contribute to solutions for the world’s pressing problems, improving transfer of training must become Human Resources Development’s top priority”. Training is therefore a key element of improved enterprise performance. Training increases the level of individual and enterprise competence. It helps to reconcile the gap

between what should happen and what is happening, between desired targets or standards of actual levels of work performance. Although many employers continue to have reservations about the cost and the extent of tangible business returns from training, the development of vocational skills has been identified as a key factor in sharpening competitiveness and delivering hard, bottom – line improvement in profits. However, although the potential benefits of training may appear obvious, it does not necessarily follow that training, per se will lead to improved performance. There has to be an appropriate training culture. Training helps the firm attain a competitive position that will lead to superior and sustainable performance in the long-term.

Training has to be relevant to the needs and requirements of the enterprise. Enterprises have an obligation to convert the human resource as an asset. This is possible only through continuous recycling of human resource through formal, informal and non formal education involving training and retraining. All the industrial enterprise have realized the importance of training their employees for better production and for imposed productivity. The training programmes for workers neither meet the requirements of the enterprise nor of the individual. In the public sector the training programmes are based on employee development approach while in the private sector it is mainly for the development of the enterprise.

Training attempts to improve employees performance on the current job or prepare them for an intended job in future. Mamoria (1990) further states that training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose. Training of any kind should have as its objectives the redirection or improvement of behaviour so that the performance of the employee

becomes more useful and productive for himself and for the enterprise of which he is part. Training normally concentrates on the improvement of either operative skills (the basic skills related to the successful completion of a task), interpersonal skills, (how to relate satisfactorily with others), decision-making skills (how to arrive at the most satisfactory causes of action, or a combination of all these.

Enterprises provide employees with some kind of training to increase the versatility, knowledge, adaptability and skills so that they can meet the job requirements and perform effectively on their jobs. Training is therefore a desirable activity and managements cannot ignore it. Narayana (1991) defines training as a process of stimulating the skills of personnel, increasing the aptitudes and abilities to perform specific jobs within the enterprise. Michael J. Juliser defines training training as “the process by which the aptitudes, skills, abilities of employees to perform the given jobs are increased.” According to Edwin B. Flippo, training is an act of increasing the knowledge and skills of an employee for doing a particular job.” Training is an organized and systematic procedure for acquiring new manipulative skills, technical knowledge, problem-solving ability for the better performance on the job. Training is a process of learning a sequence of programmed behaviour. Training provides awareness of rules and regulations, the ways of performing given tasks effectively, and prepares the employees to improve the job performance.

Many programs should be directed towards developing knowledge and skills that will be useful to employees in performing either other present jobs or possible future jobs. Training should be job oriented. Skills to be considered are interpersonal relations, supervision, organization and

planning activities and other related abilities. Training enables an enterprise to deal with existing and future competition.

It implies imparting technical knowledge, manipulative skills, problem solving ability and positive attitudes. The purpose of training is to enable the employees to get acquainted with their present or prospective jobs and also increase their knowledge and skills. Training makes new employees more productive and efficient. It makes the old employees familiar with new machines and techniques by refreshing their knowledge. Training job is never finished as long as an enterprise remains in business. Training is not a "One shop process" but it is an on going or continuous process. Training is any process by which the attitudes, skills and abilities of employees to perform specific jobs are increased.

Training is job-oriented or vocational having a more immediate utilitarian objective. Training is largely job centred. Rapid scientific and technological development have made it necessary to provide continuous training facilities in the enterprise itself. This is because even while a worker has been trained in one set of work or methods, he finds that what he has learnt at considerable expense of time and effort has already become outdated due to invention of newer methods. In the absence of proper training facilities in the latest methods, workers of the enterprise might face the danger of getting out of touch with the latest methods. In the matter of learning new methods, one has to keep learning even to remain at the same level of proficiency. An enterprise *with trained personnel can afford to introduce latest techniques of cost reduction, resources allocation, material or quality control and so on.* It does not need to launch intensive training schemes before introducing such techniques. *Increasing complicity of enterprises has led to*

alienation of workers resulting in inter-personal and inter-group problems. Proper human relations training of which many new techniques have been developed can go a long way in overcoming such problems.

Armstrong (2001) further asserts that the training strategy of an enterprise should largely be determined by its business and Human Resources strategies and plans including plans for the introduction of new technology, from which flow human resource plans. The plans should indicate in fairly general terms the types of skills and competences that may be required on the future and the number of people with those skills and competences which will be needed. Job analysis should be conducted for training purposes in detail analyzing the contents of jobs, the performance standards required in terms of quality and output and the knowledge, skills and competences needed to perform the job competently to meet the performance standards. The output of a job analysis should be training or learning specifications. Armstrong (2001) further argues that the philosophy underpinning the learning organization concept as expressed by Garvin (1993) is that learning is an essential ingredient if organizations are to survive, that learning at operational, policy and strategic levels needs to be conscious, continuous and integrated, and that management is responsible for creating an emotional climate in which all staff can learn continuously.

- Mullins (2002) argues that the general movement towards downsizing, flexible structures of organization and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support. Training is necessary to ensure an adequate supply of staff who are technically and socially competent and

capable of career advancement into specialist department or management positions. There is therefore a continued need for the process of staff development and training fulfils an important part of this process. Training should be viewed therefore as an integral process of total quality management. He further states that the purpose of training is to improve knowledge and skills and to change attitudes. Training is one of the most important potential motivators.

Although training helps employees to do their present job, the benefits of training may extend through a persons entire career, whether management or non-management. The essence of training is to meet the future requirements of the enterprise. Every enterprise needs to have a well trained and experienced people to perform the essential activities. If the current or potential job occupants can meet this requirement, training is not important. When this is not the case, it is necessary to raise the skills levels and increase the versatility and adaptability of employees. The importance of employees training has increased as jobs have become more complex. Training provides a pool of skilled manpower in enterprises. Training also improves existing skills.

When job are simple, easy to learn and are influenced only to a small degree by the technological changes, there would be little need for the employees to upgrade or alter skills. In a rapidly changing society, employees training is not an activity that is desirable but also an activity that an enterprise must commit resources to, if it is to maintain a viable and a knowledgeable work force. Training can involve the changing of skills, knowledge, attitudes or social behaviour. It may mean changing what an employee knows, how he works, his attitudes towards his work or his interactions with his co-workers or his supervisor.

Mamoria (1990) states further that the basic purposes of training are mainly:-

Instructions can help employees increase their level of performance on present assignment. Increased human performance often directly leads to increased operational productivity and increased enterprises profit. Better informed workers are less likely to make operational mistakes. When the need arises, enterprises vacancies can more easily be filled internally if an enterprise initiates and maintain an adequate training programs for both its non-supervisory and managerial employees.

A well-trained and educated workforce exhibits positive reactions at the workplace and is easy to embrace change. Proper training can help prevent industrial accidents. A safer work environment leads to more stable mental attitudes on the part of employees. Training enables and enhances personal growth. Training enables employees to do their work in a more effective way thus reducing the learning time, reducing supervision time, reducing waste, and spoilage of raw materials, produces quality goods and develops their potential.

A programme of training becomes essential for the purpose of meeting the specific problems of a particular enterprise arising out of the introduction of new lines of production, changes in design, the demands of competition and economy, the quality of materials processed, individual adjustments, promotions, career development, job and personnel changes and changes in the volume of business. Collectively these purposes directly relate to and comprise the ultimate purpose of enterprise training programs to enhance overall enterprise effectiveness.

Narayana (1991) states that:- Training is an indispensable managerial activity in almost all enterprises. Modern Personnel Managers have become increasingly conscious about the training of rank and file workers to step up the rate of production and contribute to the effectiveness of the enterprise. Training is known to increase the effectiveness of employees – both managers and workers in their present job and to prepare them for promotion to positions with greater responsibility. In this respect training is viewed as a means of succession in an enterprises. It should therefore be related to the needs of the enterprise and the employees concerned. The enterprises will need trained personnel either when it seeks to diversify its product - line necessitating introduction of new technology, or because it wishes to create jobs calling for specialised training. In either case, workers will need training if the enterprise wishes them to handle the present jobs in the new content rather than recruit persons from outside. In every such situation, the training needs of different categories will have to be correctly identified such that the operative workers are able to acquire expertise in handling new machines and managerial personnel may be taught how to plan, organise and control the work of their respective departments in the changed context. Saleemi (1997) asserts that training is the process of increasing the knowledge and skills of an employee for doing particular jobs. It is an organized activity designed to create a change in the thinking and behaviour of people and to enable them to do their jobs in a more efficient manner.

Training gives an employee confidence in handling the job assigned to him. It enables him to achieve the level of performance required by the job to be handled by him. Positive correlation between his skills and the job will give him job satisfaction and boost his morale and self-confidence. The resultant satisfaction of his physical and psychological needs such as security

and esteem need will make him committed to the enterprise goals. Training helps the employees to increase the quantity and quality of output through improvement in work methods and skills. Training helps in reducing number of accidents and breakdowns. A person who has learned how to do a job even before he is put on it will handle the machine more competently than an untrained one.

Training reduces the rate of spoilage and wastage of material. This is because training makes a substantial increase in skills such as that even in the midst of fast changing technology workers do not go out of touch with the modern technology. Trained workers are likely not to complain about their work, machines and tools as compared to untrained workers. With facilities for continuous training, workers develop tremendous skills and gain mastery in new methods and work relationships. This benefit them as well as the enterprise because they can easily be promoted to handle bigger and more challenging jobs. With trained workers, the enterprise can apply its physical, financial and human resources in a better and more economical way. Maximum utilisation of resources becomes possible.

One of the things that hold back the development of small businesses is the need for better management. In Kenya, Yambo (1990) identified lack of adequate business and technical skills and capital to be major problems facing the SMEs. Other Kenyan studies Parker (1992) Okath and Parker (1991) identified the same constraints as being responsible for lack of competition among SMEs. The need for training is also supported by Yambo (1990) and Parker (1992) who concluded that every business requires different skills both technical and managerial.

Managers within industry need to be equipped with skills, knowledge and attitudes necessary for management of change. There is a particular need for training that is demand driven and adaptable to the changing needs of the economy. This requires close collaboration between Government Planners, training institutions (Suppliers of skills and industry and consumers of skills). There is also increasing pressure for the country to create employment opportunities to absorb a large labour force. One of the strategies is to increase employment opportunities mostly in the informal sector. This imposes additional demand on training institutions to supply labour that is trained in both technical and entrepreneurship skills. Training should be demand driven.

The researcher is of the view that lack of staff training affects work performance and this in turn lower production. Training should equip staff with prerequisite skills to improve their work performance. This will eventually motivate staff. Without training, enterprises cannot achieve their set goals and objectives. Enterprises must formulate training policies which will be followed to make staff training effective. The training policy should be clearly understood by all members of staff. The training policy should clearly stipulate how staff training should be handled and managed in an enterprise. The training needs must be identified properly. This is done by doing an enterprise analysis and tasks analysis. Thereafter, the appropriate training methods and training programs are then identified and developed.

Training is defined as the formal and systematic modification of behaviour through learning which occurs as a result of education, development and planned experience. Training is also defined as a process of learning a sequence of programmed behaviour.

It is perceived as an application of knowledge. Training gives people an awareness of the rules and procedures to guide their behaviour. It attempts to improve their performance in the current job or prepare them for an intended job. Training is also defined as the process of increasing the knowledge and skills of an employee for doing particular jobs. It is an organized activity designed to create a change in the thinking and behaviour of people and to enable them to do their jobs in a more efficient manner. Training enhances skills development.

Mullins (1997) in his book management and organizational behaviour emphasizes that the survival of an organization will depend on its ability to harness the energy, knowledge and expertise of all employees. He goes further and asserts that enterprises need to carefully manage knowledge and learning. It is self-evident that there is mutual benefit to be gained from the development of skills which fulfill the goals of the organization as well as meeting individual aspirations. He further asserts that encouraging creativity is of growing interest in the fulfillment of individual and organizational goals. It is essential to develop a conducive learning and innovative climate.

As per Sessional paper No.1 of 1994 on Recovery and sustainable Development to the year 2010 page 71 clause 8.4, the Government recognizes the significant contribution of small scale and Jua Kali enterprise sector to employment and income creation. A general framework for its development is detailed in sessional paper No.2 of 1992 on small enterprises and Jua Kali development in Kenya. This paper identifies a number of constraints on the rapid expansion of the sector, including the inhibiting general policy environment, cumbersome laws and regulations, inadequate training for artisans, poor information dissemination and lack of credit provision.

The small scale “informal” and Jua Kali sector has witnessed a rapid expansion since independence, thus providing not only jobs but a means for many Kenyans to enter the manufacturing and service sectors. While the sector as a whole must continue to expand to provide future employment, it is equally important that individual enterprises consolidate and grow into small and medium scale formal sector businesses. This vital evolution towards a locally controlled manufacturing economy is severely handicapped by lack of business management skills, constraints in the availability of credit, prior marketing organization and the paucity of information concerning appropriate technologies and products. This policy for the sector must adopt a dual focus. On the one hand, the general environment must be made more positive to encourage Kenyans to continue to start up informal small scale enterprises to provide low cost employment opportunities. On the other hand, more attention must be given to facilitating these Kenyan owned enterprises to transform into efficient modern sector businesses that are competitive and able to head the country’s economic development in the twenty-first century.

The same paper on page 47 clause 6.6 further states that education and training continue to be the most important long term means of reducing unemployment levels. Since independence, the Government has placed a high priority on these areas. The primary objectives of education and training programmes as contained in Sessional paper No. 8 of 1988 on Manpower Training for the next decade and beyond, will remain unchanged.

These objectives include, enhancing and improving the relevance and quality of education at all levels and strengthening sector management, planning, budgeting and the availability of information.

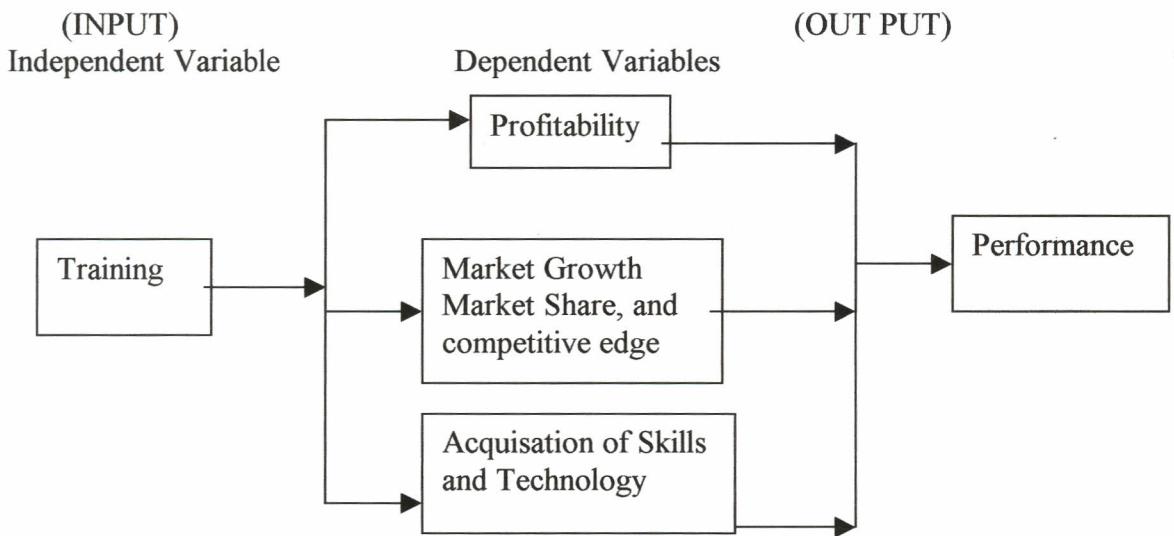
The paper further states that improvements can be made by more closely matching training programmes with the needs of the private sector. Therefore the Government in collaboration with the private sector will introduce and strengthen existing training institutes by formulating training packages to upgrade the skills of industrial workers. The private sector will be increasingly required to meet their own training needs. Efforts will be made to rationalize existing technical institutions so that they are able to provide appropriate industrial techniques. Furthermore, the private sector, in collaboration with Government, will be expected to develop education and training infrastructure. This will ensure a constant flow of trained industrial personnel at both managerial and technical levels.

2.2 Summary and gaps to be filled by the study

The research will fill the gap for information needed for policy formulation for SMEs as presently a lot of emphasis has been laid on the informal sector with very little attention being paid to the SMEs. The study will also increase knowledge on SMEs as very little is known about this sector in terms of their training needs. Mostly much focus has been made on financial needs for SMEs while the aspect of training has been ignored. The study will also fill the gap of articulating the training needs for SMEs. Not much has been done on impact of training especially in relation to SMEs within Embu and Nyeri Districts. This study will bridge a gap that exists in the present knowledge for SMEs in this area.

2.3 The Conceptual Framework

Figure 2.1 Conceptual framework



Source: Author (2005)

Explanation of Variable Relationship

- Training can led to higher profits.
- Training can led to higher market growth, higher market share and competitive edge.
- Training leds to acquisition of skills and technology.

CHAPTER THREE

3.0 Research Design and Methodology

3.1 Research Design

A case study was used to carry out the research. This method involved making a detailed examination of the subject matter under study. This method provided for a detailed research which involved a comprehensive coverage of the enterprises under study. The method was preferred because it gave quicker results. However the method was regarded as subjective as it did not give room for any other information outside the survey under study.

3.2 Target Population

The target population was the aggregate or totality of individuals in the specific field of enquiry that had one or more characteristics in common which was of interest to the researcher. The target population was SMEs funded by K.I.E. at Nyeri and Embu where a total of 500 enterprises as at March, 2005 were earmarked. The main focus was the Managers or owners of such enterprises. The characteristics of the population is as indicated in the following table.

Table 3.1 Target Population

Categories	Population Frequency	Percentage (%)
Embu SMEs	200	40
Nyeri SMEs	300	60
Total	500	100

Source: Author (2005)

3.3 Sampling Design

Sampling design refers to the process of selecting a number of subjects or individuals from a study in such a way that the individuals selected represent the large group of the population from which they were selected. The purpose of sampling is to secure a representative group which enables the researcher to gain information about the population. 20% of the population was selected for the study.

A simple random sampling method was used. The procedure was that 20% from every enterprise was selected. The total sample size selected was 100 employees. From the above population a sample of 20% (or 100) was preferred using area cluster sampling. This is normally used when population of interest is widely dispersed. In this case the researcher visited Embu & Nyeri towns which are far from each other. Simple random sampling technique was used to pick item from each cluster or area. This is as summarized in the following table.

Table 3.2 Sample design

Category of Population	Population Frequency	Ratio	Sample
SMEs in Embu	200	0.2	40
SMEs in Nyeri	300	0.2	60
Total	500		100

Source: Author (2005)

Table 3.3 Identification of Sample size

Category of business	Embu Target population	Nyeri Target Population	Embu Sample Number	Nyeri Sample Number
Agro/food processing	30	40	6	8
Engineering/Welding	28	42	6	9
Wood/Wood products	20	36	4	7
Leather/Leather products	6	5	1	1
Quarrying/Mining	3	4	1	1
Transport	4	2	1	0
Building/construction	8	12	2	2
Service Industries	38	49	7	10
Paper conversion	4	10	1	2
Textile/Tailoring	33	56	6	11
Trade (Retail business)	26	44	5	9
Total	200	300	40	60

Source: Author (2005)

The sample numbers in each category which total forms a sample size of 100 respondents was identified by multiplying each category of business x 0.2 which is a constant ratio to get the specific sample number which formed units of observation in the study.

According to Mugenda (1999) a representative sample is one that is 10% of the target population. The choice of 20% therefore was considered appropriate for the research.

3.4 Data Collection Methods

This refers to the ways of gathering information. The researcher used questionnaires, internal memos and Newsletters as instruments for data collection. The researcher will gather information from primary source and secondary source. The primary data will be collected by use of the following instruments.

- **Questionnaires**

The researcher developed a detailed Questionnaire which contained both closed and open ended questions based on the study objectives. The questionnaire had structured and unstructured questions.

Secondary Data

The researcher collected other information from the Secondary source which included the following instrument.

- **Enterprise Newsletters.** Relevant information on training was obtained from the Newsletters and adduced appropriately.

3.5 Data Analysis Methods

The researcher edited the information to get the relevant data for the study. The information gathered in questionnaires terms was tabulated and the inference in terms of changes in variables was tabulated in percentages of the overall responses.

The researcher presented the same information in form of bar graphs, pie charts and frequency tables to make the information easily readable. The researcher also made use of descriptive analysis to describe the status of training in the enterprises under study.

CHAPTER FOUR

4.0 Data Analysis and Presentation of Results

4.1 Introduction to Data Analysis

Data has been analysed in this chapter using quantitative and qualitative techniques. The chapter details the findings and discussions of the research study. The data is summarised into percentages and frequencies.

4.2 Quantitative Data Analysis

4.2.1 Training

Respondents were asked whether training is carried out in their enterprises, whether training is job related and as to whether staff undertake courses/trades which require certification. The respondents were also asked to state to what extent is training carried out in their enterprises.

The responses are indicated on tables 4.2.2, 4.2.4. bar graph 4.2.3, and pie chart 4.2.5.

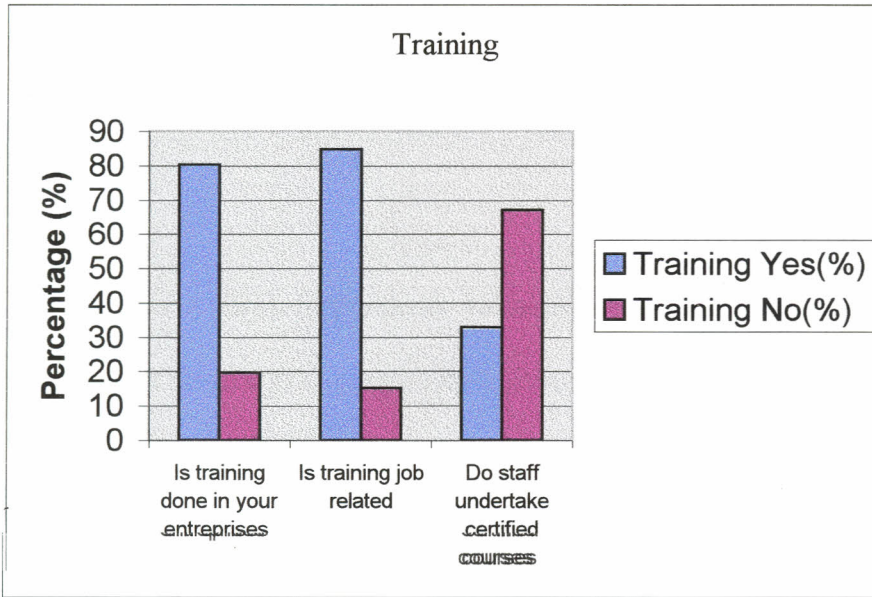
Table 4.2.2 Evidence of training undertaken in SMEs

Responses	Frequency		Percentage	
	Yes	No	Yes(%)	No(%)
Is training done in your enterprises	57	14	80	20
Is training job related	50	9	85	15
Do staff undertake certified courses	22	45	33	67

Source: Author (2005)

From the above most respondents (80%) indicated that training is done in their enterprises (85%) of the respondents stated that the training offered is related to their jobs. However (67%) of the respondents stated that the training offered is not backed by any certification. This can therefore be suggested that training takes place in SMEs and the training offered is job related.

Bar graph 4.2.2 Evidence of training undertaken in SMEs



Source: Author (2005)

It is evident from above that training takes place in SMEs and is job related. Most SMEs do not give certificates to their staff after conducting training. This suggests in general that training has a significant effect on the performance of SMEs.

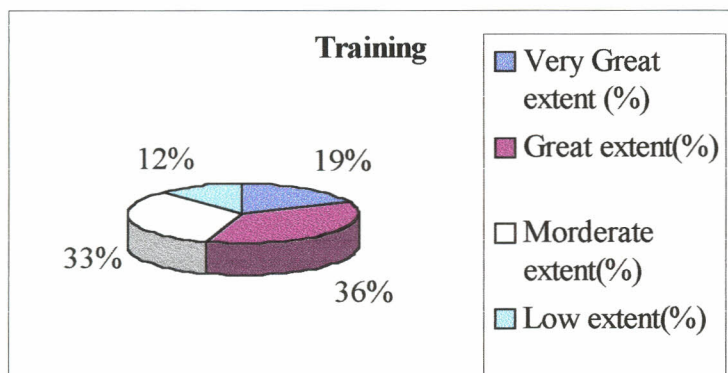
Table 4.2.3 Extent of Training undertaken in SMEs

Responses	Frequency				Percentage			
	Very Great extent	Great extent	Moderate extent	Low extent	Very Great extent (%)	Great extent (%)	Moderate extent (%)	Low extent (%)
Training To what extent is training done in your enterprise	11	21	19	7	19	36	33	12

Source: Author (2005)

From the above most respondents indicated that training is done in a great extent in their enterprises. This further suggests that training takes place in most of SMEs.

Pie Chart 4.2.3 Extent of training undertaken in SMEs



Source: Author (2005)

From the above, most of the respondent (36%) indicated that training is done in a great extent in their enterprises. (33%) indicated that training is undertaken in a moderate extent. (19%) of the respondents indicated that training is undertaken in a very great extent. This suggests in general that training is undertaken in most SMEs.

4.3 Profitability

Respondents were asked as to what extent does training impact on profitability in their enterprises. They were further asked to state the profitability trend over the last few years. They were asked to state the impact of training on profitability. The responses are indicated on tables 4.3.1, 4.3.3, 4.3.5,4.3.7, Bar graph 4.3.6 and Pie charts 4.3.2, 4.3.4, 4.3.8.

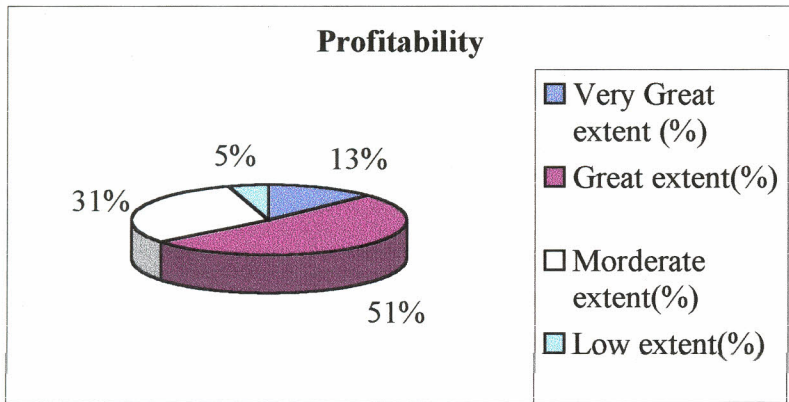
Table 4.2.4 Profitability growth after training in SMEs

Responses	Frequency				Percentage			
	Very Great extent	Great extent	Moderate extent	Low extent	Very Great extent (%)	Great extent (%)	Moderate extent (%)	Low Extent (%)
To what extent does training impact on profitability in your organisation	8	32	19	3	13	51	31	5

Source: Author (2005)

From the above most respondents indicated that training impacts on profitability positively in a great extent. This further establishes that training affects performance of SMEs positively.

Pie Chart 4.2.4 Profitability growth after training in SMEs



Source: Author (2005)

From the above most respondents (51%) stated that training impacts profitability in a great way, (31%) indicated that training impacts profitability in a moderate extent while (13%) indicated that training impacts profitability. Only (5%) of the respondents indicated that training impacts profitability to a low extent. This suggests strongly that training impacts profitability in a great extent.

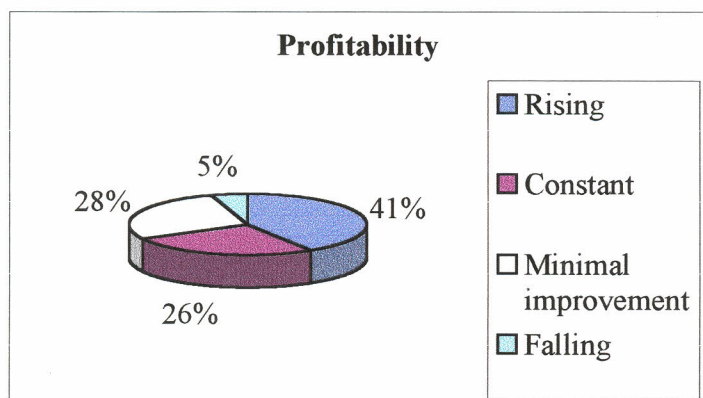
Table 4.2.5 Profitability levels after training in SMEs

Responses	Frequency				Percentage			
	Rising	Constant	Minimal improvement	Falling	Rising (%)	Constant (%)	Minimal improvement (%)	Falling (%)
How has been profitability over the last few years	25	16	17	3	41	26	28	5

Source: Author (2005)

From the above, most respondents indicated that profitability in their enterprises have been rising over the last few years. Very few enterprises indicated that their profitability has been falling over the last few years. This suggests generally that training affects profitability positively.

Pie Chart 4.2.5 Profitability levels after training in SMEs



Source: Author (2005)

Most respondents (41%) stated that profitability has been rising over the last few years. (28%) stated that their enterprises had registered minimal improvement on profitability while (26%) stated that their profitability has remained constant.

Only (5%) of the respondents stated that profitability has been falling over the last few years. This suggests that training impacts profitability for SMEs positively.

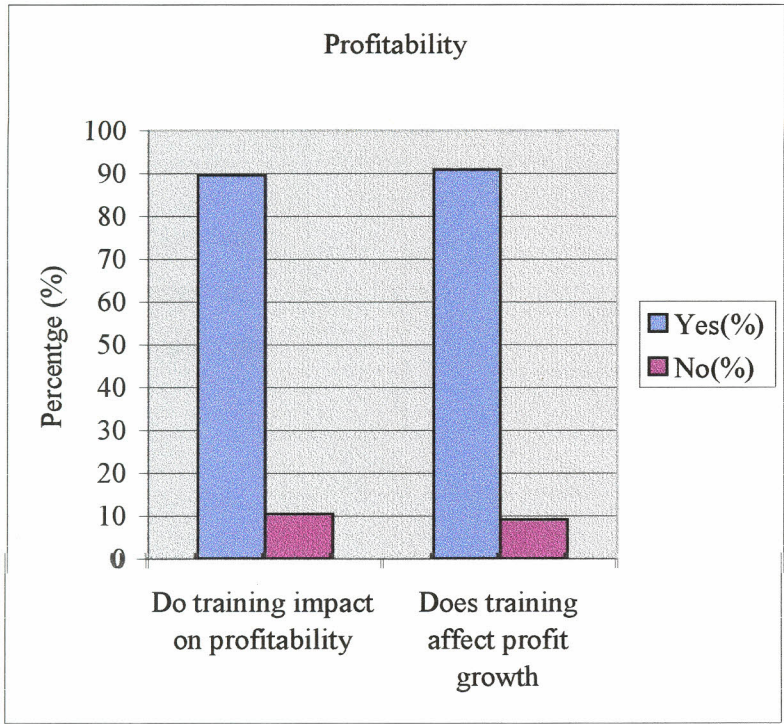
Table 4.2.6 Impact of training on profitability for SMEs

Responses	Frequency		Percentage	
	Yes	No	Yes(%)	No(%)
Does training impact on profitability	60	7	90	10
Does training affect profit growth	50	5	91	9

Source: Author (2005)

From the above most of the respondents (91%) indicated that training affects profit growth. In addition (90%) of the respondents indicated that training impacts on profitability. This suggests that training impacts on profitability and profit growth positively. Only (10%) and (9%) of the respondents indicated that training does not impact on profitability and it does not affect profit growth respectively.

Bar graph 4.2.6 Impact of training on profitability for SMEs



Source: Author (2005)

From the above it is further evident that training impacts on profitability positively and it also affects profit growth in a positive way. This further establishes that training affects performance of SMEs positively.

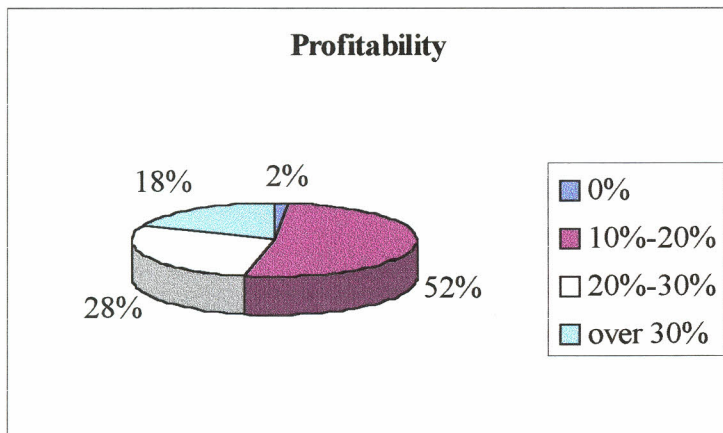
Table 4.2.7 Range of profitability after training for SMEs

Responses	Frequency				Percentage			
	0%	10% - 20%	20% - 30%	Over 30%	0%	10% - 20%	20% - 30%	Over 30%
What percentage has training impacted in profitability within the last 10 years	1	31	17	11	2	52	28	18

Source: Author (2005)

From the above most respondents indicated that profitability within the last 10 years has been impacted at the range of 10-20%. Only 2% indicated that profitability has been impacted by 0%.

Pie Chart 4.2.7 Range of profitability after training for SMEs



Source: Author (2005)

From the above most of the respondents (52%) stated that profitability has been impacted by training between the range of (10% - 20%) within the last 10 years. (28%) of the respondents indicated that profitability has been impacted by training within (20% - 30%). In addition (18%) of the respondents indicated that profitability has been impacted by training at the range of 30%

over the last 10 years. Only (2%) of the respondents indicated that training does not affect profitability. This suggests that training has a positive impact on profitability growth for SMEs.

4.4 Market Growth, Market Share and Competitive Edge

Respondents were asked to state whether training affects market growth. They were also asked to state whether they operate in more centres or markets after training. Respondents were also asked to state whether training has led to competitive edge. The responses are indicated on tables 4.4.1, 4.4.3, Bar graph 4.4.2 and Pie chart 4.4.3.

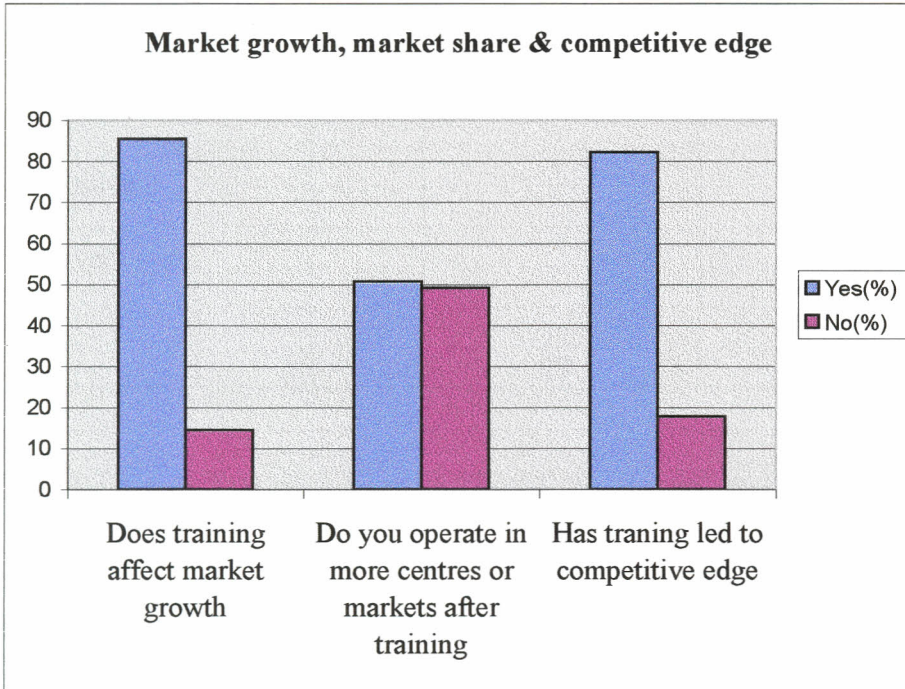
Table 4.2.8 Impact of training on Market Growth, Market Share and Competitive Edge

Responses	Frequency		Percentage	
	Yes	No	Yes(%)	No(%)
Does training affect market growth	53	9	85	15
Do you operate in more centers or markets after training	32	31	51	49
Has training led to competitive edge	51	11	82	18

Source: Author (2005)

From the above most respondents (85%) indicated that training has led to competitive edge over their rivals. (51%) of the respondents indicated that they operate in new centres/markets after conducting training for their staff. This suggests that training affects market growth and market share positively. It further suggests that training leads SMEs to have competitive edge over their rivals.

Bar graph 4.2.8 Impact of training on market growth, market share and competitive edge for SMEs



Source: Author (2005)

From the above most respondents indicated that training affects market growth and it enables SMEs to have competitive edge over their rivals. Most respondents indicated that they operate in new centres/markets after conducting training. This suggests in general that training affects market growth and market share positively. It further suggests that training leads SMEs to have competitive edge over the rivals.

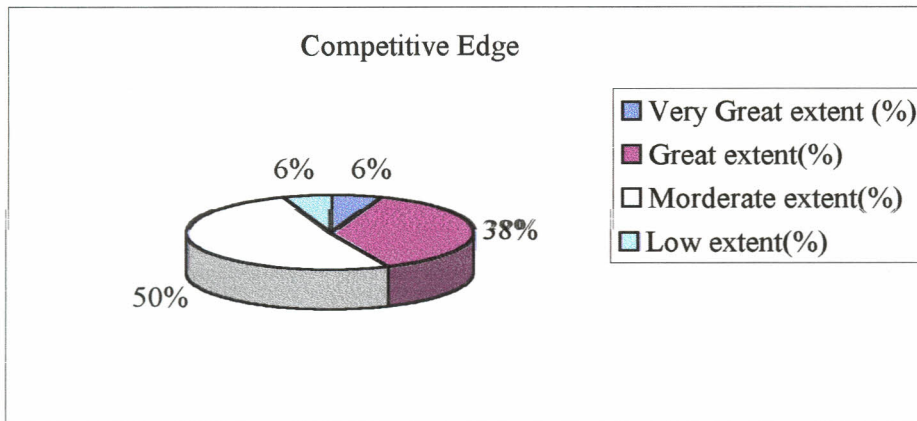
Table 4.2.9 Impact of training on Competitive Edge for SMEs

Responses	Frequency				Percentage			
	Very Great extent	Great extent	Moderate extent	Low extent	Very Great extent (%)	Great extent(%)	Moderate extent (%)	Low extent (%)
Extent of competitive edge over rivals	3	20	27	3	6	38	50	6

Source: Author (2005)

From the above most respondents indicated that training enables SMEs to have competitive edge over their rivals in a moderate extent. In addition a big number indicated that training impacts competitive edge to a great extent. This suggests that training enables SMEs to have competitive edge over the rivals.

Figure 4.2.9 Impact of training on Competitive edge for SMEs



Source: Author (2005)

From the above most respondents 50% indicated that training leads SMEs to have competitive edge over their rivals by moderate extent. (38%) of the respondents indicated that training enables SMEs to have competitive edge over their rivals by a great extent.

In addition 6% indicated that training enables SMEs to have competitive edge over their rivals by very great extent. This suggests further that training enables SMEs to have competitive edge over their rivals.

4.5 Acquisition of Skills and Technology in SMEs

Respondents were asked to state whether training improves job skills and knowledge to perform their work. They were also asked to indicate whether training enables their enterprises to keep abreast with new technology. The respondents were asked to state whether their staff acquire new skills through on the job training. The responses are indicated on table 4.5.1 and Bar graph 4.5.2.

Table 4.3.0 Impact of Training on Acquisition of Skills and Technology in SMEs

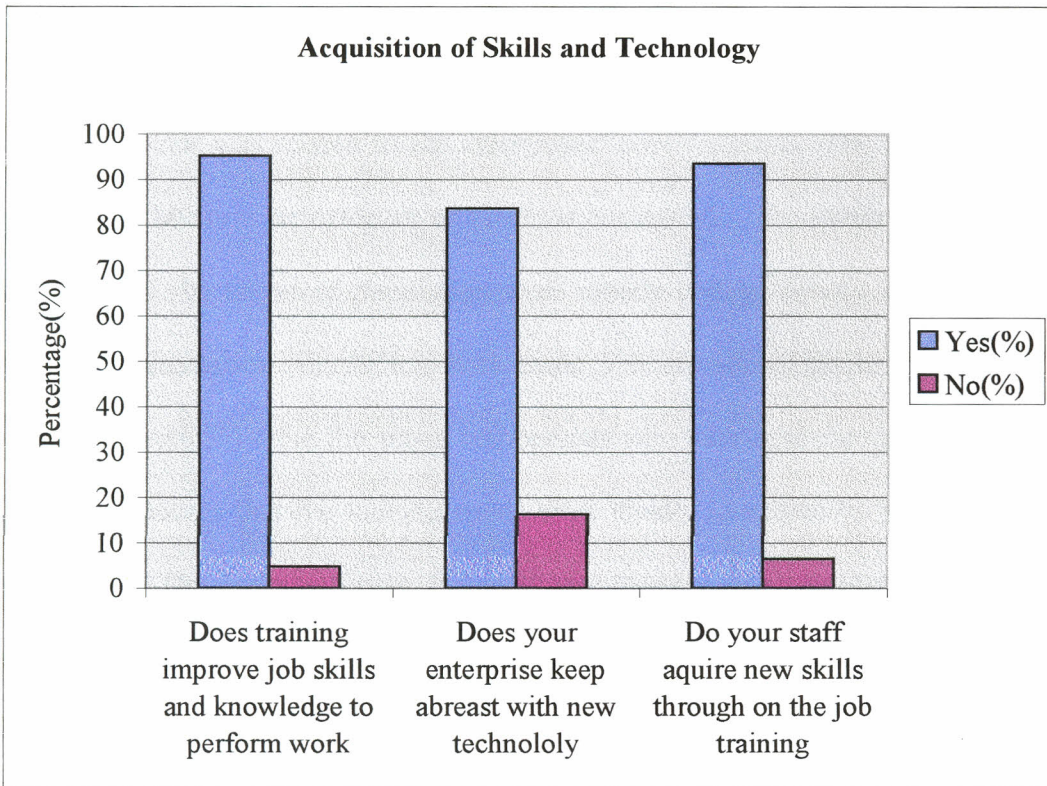
Responses	Frequency		Percentage	
	Yes	No	Yes(%)	No(%)
Does training improve job skills and knowledge to perform work	60	3	95	5
Does your enterprise keep abreast with new technology	56	11	84	16
Do your staff acquire new skills through on the job training	58	4	94	6

Source: Author (2005)

From the above most respondents (95%) indicated that training improves job skills and knowledge to perform one's job. (94%) of the respondents indicated that staff acquire new skills through on the job training. In addition (84%) of the respondents indicated that their

enterprises keeps abreast with new technology as a result of training. Only (5%) of the respondents who indicated that training does not improve job skills and knowledge to perform work. Another (16%) of the respondents indicated that training does not enable SMEs to keep abreast with new technology while 6% indicated that staff do not acquire new skills through on the job training. This suggests in general that training improves job skills and knowledge to perform work. It further suggests that staff acquire skills through on the job training which enables the enterprises to keep abreast with new technology.

Bar graph 4.3.0 Impact of training on Acquisition of skills and Technology for SMEs



Source Author (2005)

From the above it can be suggested that training improves the job skills/knowledge to perform one's job. It further suggests that training helps SMEs to keep abreast with new technology. It is evident that training enables staff working for SMEs to acquire new skills through on the job training.

4.6 Qualitative Data Analysis

Data was analysed using qualitative technics from open ended questions to generalise statements from the data obtained. The researcher endeavoured to evaluate the data to gather useful information to answer the research questions. The findings were presented in a narrative form.

4.6.1 Training

The research findings confirmed that training is a key variable in enterprise performance. Respondents indicated that training do take place in their enterprises. Most of the training which was carried out was related to the enterprises' core functions. The training was also relevant to the type of business or category of business concerned . The owners of businesses or managers who formed the target of population were mostly college leavers or secondary school leavers whose representation was 39% in both cases. Primary school leavers were 16% while university graduates were 7% from the actual respondents who answered the Questionnaires. It was evident from the findings that the training needs were mostly identified by the owners of the businesses themselves. The findings further indicated that in some cases management identified the training needs for staff.

The findings revealed that training takes place in SMEs mostly through on the job training method. The on the job training was conducted through inhouse training, exposing staff to practical work situations and working through instructions. It also came out that new machine operators were taught on how to operate and to maintain the machines at their work places. Staff were also trained through practical participation as they performed their work. The staff were

also put to work under supervision. The on the job training was also conducted through seminars and open field days. Lectures were also used a method of training. On the job training was implemented by other members of staff passing their job knowledge to their colleagues. On the job training was also conducted through induction. Other methods of on the job training were effected by attaching staff to work under skilled workers.

4.6.2 Profitability

From the findings, it was adduced that training impacts on profitability through proper use of resources, by increasing productivity, by increasing incomes for the enterprises and enhancing machine maintenance. Training also impacted on profitability through production of quality products which translates to higher revenue for the enterprises. Training facilitated products diversification and it equally created customer satisfaction. Training reduced the level of accidents, enabled proper use of raw materials and instilled discipline among workers which in turn enhanced profitability.

4.6.3 Market Growth, Market share and Competitive edge

From the findings respondents indicated that training affected market growth positively. Further information revealed that training facilitated to increase volume of sales by attracting more customers translating to income growth. Training also facilitated marketing of products. It was noted that training triggers business expansion which translates into market growth. Training improved skills which gave the enterprises competitive edge among their rivals. Training enabled enterprises to venture into new markets thus expanding their market share.

The findings further indicated that training made marketing easy thus enabling the enterprises to market their products. Training enabled enterprises to compete effectively with their rivals.

The findings indicated that the enterprises were able to produce more products after training thus expanding their markets. The respondents indicated that they were able to distribute their products to new centres after conducting training. The findings indicated that customers appreciated the finished goods for SMEs which conducted training thus resulting to market expansion. Respondents stated that they were able to penetrate more markets after carrying out training.

Respondents indicated that they were able to record sales increase after effecting training which indicated that training assisted to expand the market share. The respondents stated that they were able to capture new customers in new areas after conducting training. Respondents indicated that training enabled the enterprises to have good customer care hence big market share. Others stated that training assisted them to have proper record keeping which enabled them to plan effectively to compete with their competitors. From the findings, the respondents indicated that their competitors were other businesses who were engaged in similar businesses of the same line and dealt with the same products.

The findings revealed that there was overseas competition. It also came out that competition was also coming from large scale local businesses.

Further findings indicated that training has an impact on sales growth and it improved the quality of products and services. The quality products competed effectively in the markets. The findings also indicated that training brings about customer satisfaction which leads to more sales hence

leading to market growth. The findings also indicated that training enables expansion of businesses which translates to more sales hence larger markets. The findings indicated that training enabled enterprises to cover more areas hence resulting to market growth. Other respondents indicated that they were able to do business in a competitive market after training. Respondents stated that they learnt to compete with their competitors by producing superior quality goods after training. Others indicated that training resulted to good customer relations which translated to higher sales hence expanded markets. Respondents stated that training gave them competitive edge over their rivals.

The respondents stated that training enabled them to have access to market information. They indicated that training enabled their workers to produce more and expanded the range of their products. Respondents indicated that training enabled them to have well informed workers thus producing quality products which enhanced competition. Other respondents stated that training is proportionally related to market growth, and competitive advantage. Some respondents stated that training really assists in registering higher sales hence higher profits. Respondents indicated that they operated in new centres after conducting training in their enterprises. They stated they were able to penetrate new markets which made them to increase their market share. Some respondents indicated that they opened new branches after conducting training and they were able to sell in markets that were previously dominated by their competitors. The respondents indicated that training enabled them to sell into the COMESA region and overseas markets.

4.6.4 Acquisition of skills and technology

It was noted that training facilitated to improve service delivery and enhanced the general knowledge of running of the enterprises. Training enabled good decision making, assisted in improvement of interpersonal relationships among staff and customers. Training resulted into learning new technology, improved confidence among staff and customers. From the findings it was evident that training resulted into sales increase, meeting orders on time and enabled the owners to see new business opportunities and new markets. Training also facilitated businesses to expand and enabled staff to perform in a better way. It was also evident that training reduced operational costs. It came out from the findings that training resulted to minimal supervision of staff, improves on the utilization of materials and enables proper use of machines which enhances enterprises' performance.

The findings indicated that training enabled the enterprises to make classic and quality products thus facilitating them to compete with their rivals as a result of using skillful workers. The respondents indicated that they were able to improve on the design techniques after training. Other respondents indicated that they gained more knowledge on how to maintain their markets and they enlisted more customers after training.

From the findings, respondents stated that training enabled them to learn new skills which made them keep abreast with new technology. Others stated that training empowered them and restored customer confidence for their products. Respondents indicated that training enabled them to have stable business growth. Other respondents stated that training improved the packaging and branding of their products, costing and pricing.

Other respondents stated that training enabled their workers to work with speed which translated to meeting their customer needs and work schedules timely.

CHAPTER FIVE

5.0 Summary of Findings, Conclusions and Recommendations

5.1 Summary of findings

It was established that SMEs conduct training for their staff. It was also established that the training offered is related to the jobs. The research also established that most staff are not issued with certificates after training. It was found out that training is offered in a great extent in SMEs. The research established that training affects profitability for SMEs and it also affects profit growth. The research also established that training affects market growth positively and it affects market share. Training also enables SMEs to have a competitive edge over their rivals. The research further established that training impacts on acquisition of skills and technology for staff working for SMEs. The research also established that training improves the job skills and the knowledge to perform work for staff working in SMEs.

5.2 Answers to Research Questions

On the question of the effect of training on performance of SMEs, most respondents stated that training has a positive effect on the performance of SMEs. On the question as to whether training has led to profitability of SMEs, most respondents stated that training impacts profitability in a positive way. On the question as to whether training has led to an increase in market growth, market share and competitive edge for SMEs over their rivals, most respondents indicated that training affects market growth and market share positively. Most respondents indicated that training has led SMEs to have a competitive edge over their rivals. On the question as to whether training has led to acquisition of skills and use of improved technology, most

respondents stated that training has enabled staff working for SMEs to acquire skills and it has also enabled SMEs to make use of improved technology.

5.3 Conclusions

It can be concluded that SMEs carry out training for their staff in a great extent. Training makes staff to become skillful and it enhances SMEs performance and profit growth positively. Training facilitates distribution for SMEs products and ease entry of their products into new markets. Training improved the quality of products and services provided by SMEs. It also reduces accidents at work places. Training enables SMEs to have stable business growth.

Training also enables SMEs to have competitive edge over their rivals. Customers appreciates the finished goods for SMEs as a result of training which lead to market expansion for their products. Training impacts sales growth positively for SMEs products and it facilitates customer satisfaction due to quality improvement of their products. Training is proportionally related to market growth and makes SMEs to have competitive advantage. Training enables SMEs to penetrate new markets previously dominated by competitors and it facilitates owners of SMEs to see new business opportunities.

Training enables staff working for SMEs to acquire skills and to make use of improved technology. This makes SMEs to keep abreast with the latest technology. Training also increases production for SMEs. Training facilitates staff working for SMEs to embrace customer care.

Training offered by SMEs is related to specific jobs. This improves the quality of their products. Staff working for SMEs master their jobs through training which is carried out in these enterprises.

Training offered by SMEs is not supported by certification. This may lead to over training or under training as there are no proper records for training. This may result to no value being added to the staff concerned.

Training offered by SMEs is mostly through on the job training by exposing staff to practical work situations and working through instructions. This makes staff working in SMEs to acquire the required expertise to perform their job tasks. Training triggers business expansion. Training enables SMEs to improve service delivery and enhance general knowledge of running these enterprises. Training enables good decision making, assists in improvement of interpersonal relationships for staff and customers.

Training gives confidence among staff and customers for SMEs. It also reduces operational costs and results to minimal supervision of staff, proper utilization of materials and enables proper use of machines which enhances performance. Training improves design techniques and improves the packaging and branding of SMEs products, costing and pricing. Training also enables the workers to work with speed which assists SMEs to meet customer needs and work schedules timely.

5.4 Recommendations

SMEs should continue carrying out training for staff working in these enterprises as training is a paramount aspect of their performance. Budget allocation for training should always be provided.

SMEs should continue to lay emphasise on training their staff to enable them maintain their profitability levels and profit growth.

SMEs should continue to focus on training to retain their market growth, market share and competitive edge over their rivals. Staff training should be a continuous process.

SMEs should continue to train their staff to ensure that they continue to acquire skills and to keep abreast with improved technology.

SMEs should diversify their training programmes to cover both specific training needs and overall general training covering all their business operations e.g. managerial and supervisory courses.

SMEs should issue certificate to their staff who undergoes training programmes for good record keeping. This will facilitate skills audit for these enterprises. Certification will also facilitate manpower planning and career progression.

SMEs should expose their staff not only through the on the job training methods but should use other training methods e.g. sponsoring their staff to training institutions e.t.c. to enable them empower their staff.

5.5 Room for further study

Future research could cover SMEs based in other regions of the country to increase the body of knowledge on the impact of training on the performance of SMEs. It will also confirm or disconfirm the variables tested in this research project.

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QUESTIONNAIRE

Instructions

Please tick where appropriate and give details where necessary in the spaces provided. If the spaces are not adequate you can write on the back of the page.

Section A

Introduction

1. Name (Optional):

2. Sex (a) Male

(b) Female

3. Years in Service or in business

A - 0 - 5

B - 5 - 10

C - 10 - 15

D - 15 Years and over

4. Category of business

5. Level of Education

(a) Primary

(b) Secondary

(c) College

(d) University

(e) Others specify

Section B

Training

1. Is training of staff done in your enterprise.

Yes

No

2. If yes, to what extent

A. Very great extent

B. Great extent

C. Moderate extent

D. Low extent

3. What areas do training cover

4. Is training related to your job?

Yes

No

5. Who identifies, co-ordinates the training needs.....

.....

Section C

Profitability

1. Do you think training has impacted on profitability of your enterprise?

Yes

No

2. If Yes, to what extent

A. Very great extent

B. Great extent

E. Moderate extent

F. Low extent

3. How has been profitability over the last few years?

A. Rising

B. Constant

C. Minimal improvement

D. Falling

4. What percentage has training impacted in profitability within the last 10 years

- A. 0% B. 10% - 20% C. 20% - 30% D. Over 30%

5. Comment on anything else relating to the impact of training on profitability

.....

.....

6. Do your enterprise record any profit growth after training

Yes

No

Section D

Market growth, Market share & Competitive edge

1. Has training affected market growth in your enterprise

Yes

No

2. If yes in what ways.....

.....

3. Do you operate and sell in more centres or markets after the training?

Yes

No

4. If yes, what additional markets do you operate in after training.....

5. Who are your competitors?

6. Has training led to competitive edge over your rivals?

Yes

No

7. If yes to what extent

A. Very great extent

B. Great extent

C. Moderate extent

D. Low extent

8. Comment on any additional information that you may have on impact of training on market growth, market share and competitive edge.....

Section E

Acquisition of skills and Technology

1. Does training improve your job skills/knowledge to perform your work

Yes

No

2. Does your enterprise keeps abreast with new technology by training your staff?

Yes

No

3. Do your staff acquire new skills through on the job training

Yes

No

4. If yes, how is on the job training conducted?

.....

5. Do your staff undertake any courses/trades which require certification in information technology.

Yes

No