EFFECT OF ENTREPRENEURSHIP TRAINING ON SUSTAINABLE SMALL AND MEDIUM ENTERPRISES GROWTH: A CASE OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI CITY COUNTY

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ABSTRACT

SMEs are facing tremendous competitive challenges and threats to survive despite being at the centre stage in the economic development of many countries. Studies indicate that three out of five fail within the first few months of operation and over 60% fail each year while most do not survive to their third anniversary. The Government of Kenya Sessional paper Number 2 indicated that entrepreneurs venture into business without the vital skills to start, survive and grow their businesses and that lack of basic skills in business management and entrepreneurship was a major drawback in the growth and development of the SMEs in Kenya. Despite this being the case, very few studies have focused on entrepreneurship training and SMEs growth. There is an inadequacy of research that focuses on the aspects of entrepreneurship training and small and medium enterprise growth. The current study established the effect of entrepreneurship training on sustainable SME growth with a focus on SMES in Nairobi City County with a key focus on financial management training, marketing skills training, human resource management training and strategic management training. The study adopted a descriptive survey design guided by cross-sectional research design. The target population of the study included 30252 SMEs in all the 9 sub counties in Nairobi County. Stratified random sampling was applied in carrying out the study. The sample size was 400 SMEs. Primary data was collected using a questionnaire. A multiple linear regression analysis model was used to test the hypotheses and link the variables. The study findings indicated that financial management training, marketing skills training and strategic management
Training had positive and significant effect on sustainable growth of SMEs while HRM training had a positive but not significant effect on sustainable growth of SMEs.

**Key words:** Financial management training, Marketing Skills training, Human Resource management training, Strategic management training, sustainable growth of SMEs

**Background of the study**

The importance and contribution of SMEs to achieving macroeconomic goals of nations, especially in developing nations, has attracted the attention of scholars in the entrepreneurship discipline in recent years (Markova, Perry & Farmer, 2011). A complex global environment in which SMEs survive, grow and thrive is, therefore, considered an important objective of policymakers in both developed and emerging economies around the world. SMEs are generally known for their labour intensive activities and also for their use of local resources. Support for SMEs is a common theme because it is recognized that SMEs contribute to the national and international economic growth.

Due to globalization, small and medium sized enterprises (SMEs) face increasing pressure from competition from across the world. When compounded with the changing sophistication of customers worldwide it becomes apparent that SMEs face increasing difficulty in maintaining and improving business performance in time, unless they can actively manage these pressures. SMEs are encouraged to implement an entrepreneurial mindset to recognize the threats and opportunities in the environment of the firm in order to make sure that the firm will continue to exist in the future (Kraus, Rigtering, Hughes & Hosman, 2012).

The Lloyds TSB survey, found that 70% of SMEs were adopting a sustainable approach in order to secure new business, while 54% are becoming sustainable to save money. Sustainability not only serves altruistic motives, but is also smart business because it can deliver higher profit — both in the short and the long term. A sustainable business is more efficient, has a more resilient business model and is therefore able to generate reliable cash flow (AICPA, 2013).

Sustainable growth of SMEs has been linked to entrepreneurship training by some scholars for instance, Walliser & Descotes (2010), who argues that provision of management training enhances long-term strategies and managerial competencies of SMEs. The need for training in entrepreneurial competencies has further been emphasized in many policy and scholarly documents (Tien, Aho and Udén, 2014). However, despite the training that is handed to prospective entrepreneurs, most of the new enterprises collapse before their third birthday (Urban and Naidoo, 2012; Kibassa, 2012; Odunayo, 2014). The collapse of small and medium enterprises begs the question of whether the entrepreneurial training handed out is adequate or appropriate. This state of affairs leads to another question of whether another approach of imparting entrepreneurial competencies is necessary. Before that, there is a need to establish the effect of entrepreneurship training on performance of SMEs. This will go a long way in helping to find a solution to the high failure rate of SMEs.

**Statement of the Problem**

The contribution of the SME sector to the economy worldwide can’t be ignored. In Austria, SMEs contribute up to 75% of all the jobs while in Japan they contribute up to 76.5% of the employment. In Kenya, KNBS (2015) report indicated that employment by the SMEs informal sectors went up...
by 5.9 per cent from 14,319.2 thousand in 2014 to 15,160.8 thousand in 2015. The report also indicated that the informal SMEs sector created 713.6 thousand new jobs in 2015 compared to 695.9 thousand new jobs in 2014 constituting 84.8 per cent of all new jobs created. The SME sector contributed a higher percentage, 5.9 per cent increase in employment as compared to the public sector which contributed 2.5 per cent increase in employment. This sector is therefore important for the economy of Kenya (KNBS, 2015).

Despite their importance to the economy, SMEs are facing tremendous competitive challenges and threats to survive despite being at the centre stage in the economic development of many countries. A research by the World Bank indicated that the SMEs sector in Kenya is characterized by high mortality rate (World Bank, 2014). Further, studies by Dumbu & Chadamoyo (2012) and RoK (2013) found out that three out of five SMEs fail within the first few months of operation and over 60% fail each year (KNBS, 2015) ; and most do not survive to their third anniversary (Ngugi, 2013).

The Government of Kenya Sessional paper Number 2 indicated that entrepreneurs venture into business without the vital skills to start, survive and grow their businesses and that lack of basic skills in business management and entrepreneurship was a major drawback in the growth and development of the SMEs in Kenya. Despite this being the case, very few studies have focused on entrepreneurship training and SMEs growth (Mungai, 2013). There is an inadequacy of research that focuses on the aspects of the business management training and small and medium enterprise growth.

Previous studies have mainly indicated that the determinants of sustainable growth of SMEs are macro-economic factors for instance GDP, inflation as well as bank lending rates (Mwobobia, 2012) ; Jekanyika, 2012) and micro economic factors such as leadership, availability of capital, number of employees, business culture, administrative costs, access to financial resources, access to productive resources particularly capital, technology, information and markets and availability of business networks influence SMEs sustainability (Bekeris, 2012).

Other scholars argue that despite all these, survival of SMEs depends on the human capital managing the business. Jekanyika (2012) state that the issue of training cannot be overlooked as they point out that the provision of management training enhances long-term strategies and managerial competencies of SMEs. Studies have shown that innovative and creative entrepreneurs have a higher potential of developing their enterprises and expand (Bettiol, Di Maria & Finotto, 2012).

With the argument that only a few studies have given entrepreneurship training focus (Mungai, 2013) and with the high mortality rate characterizing SMEs in Kenya (World Bank, 2014), the current study sought to fill this gap by focusing on the effect of entrepreneurship training on sustainable SME growth of SMES operating in Nairobi county.

**Study Objectives**

i. To establish the effect of financial management training on sustainable SMEs growth of SMEs in Nairobi County

ii. To determine the effect of marketing skills training on sustainable SMEs growth of SMEs in Nairobi County
iii. To find out the effect of human resource management training on sustainable SMEs growth of SMEs in Nairobi County

iv. To establish the effect of strategic management training on sustainable SMEs growth of SMEs in Nairobi County

LITERATURE REVIEW

Resource Dependence Theory

The Resource Dependence Theory was developed in the 1970s by Davis and Cobb. The theory is based on the premise that organizations acquire power when they possess resources that are valued by other organizations. The resource dependency theory draws attention to the firm’s internal environment as a driver for competitive advantage and emphasizes the resources that firms have developed to compete in the environment. Furrer et al. (2008) changed the focus of inquiry from the structure of the industry, to Structure-Conduct-Performance (SCP) paradigm and the five forces model) to the firm’s internal structure, with resources and capabilities. The theory is relevant to the study as it hinges on the independent variable of the study which is entrepreneurial training. Specifically, the theory can be linked to human resource management training. Having a capable workforce adds to the unique resources which an organization has and with that, an organization has a competitive edge over its competitors. The theory is hence relevant to the study as it helps link human resource management training to growth of SMEs. The study sought to test whether its applicability holds in the Kenyan context of SMEs in Nairobi County.

Finance Theory

The theory was proposed by Megginson (1997) and is under three main threads: capital budgeting, capital structure and working capital management. Capital budgeting and capital structure decisions are mostly related with financing and managing long-term investments while working capital management concerns financial decisions about working capital related with financing and managing short-term investments that undertake both current assets and current liabilities simultaneously. In most cases short-term financial management is referred to as working capital management. Efficiency in working capital management is important because it directly affects liquidity and performance of any firm (Raheman and Nasr, 2007).

Marketing Impact & Persistence (MIP) theory

The theory was proposed by Borden & Culliton (1965). According to Gruca & Rego (2005), there is a dire need to measure the impact of marketing activities as its neglect or mildness leads to the intensified and increased pressure on firms to justify their marketing expenditures vies a vie the return on investment. Consequently, marketing as a functional unit, practitioners and scholars have been put on a blind spot to account for the marketing and show how marketing activities link to shareholder value, profitability and ROI. It is important to note that marketing efforts and actions such as product differentiation, pricing, promotion and distribution help in building long-term brand assets or positioning translated into customer retention, satisfaction and brand loyalty or equity hence organizational performance.

Theory of Strategic Balancing

Strategic balancing is based on the principle that the strategy of an organization is partly equivalent to the strategy of an individual. Indeed, the performance of organizations is influenced by the actors’ behaviour, including the system of leaders’ values (Casley and Krishna 2007). An alliance
wavers between multiple antagonistic poles that represent cooperation and competition. This gives room to various configurations of alliances, which disappear only if the alliance swings towards a majority of poles of confrontation. The strategic balancing gathers three models, namely the relational, symbiotic and deployment models. Competition proves to be part of the relational model and the model of deployment.

**Conceptual Framework**

**Financial Management Training**
- Cash flow management skills
- Debt collection
- (Accounts receivables) skills
- Record keeping (cash reconciliation skills)

**Marketing Skills Training**
- Customer care management skills
- Opportunity recognition skills
- Informal networking skills

**Human Resource Management Training**
- Performance management skills
- Recruitment and selection skills
- Employee training and development

**Strategic management training**
- SWOT analysis
- PEST analysis
- Organizational Goal formulation

**Sustainable growth of SMEs**
- Profitability
- Increase in sales
- Expansion in volume of trade

Independent Variables | Dependent variable
--- | ---

**Figure 1 Conceptual Framework**

**RESEARCH METHODOLOGY**

The study adopted a descriptive survey design guided by a cross-sectional research design. Cross-sectional studies are designed to collect data once over the same period of time, analyzed then reported while descriptive survey design is designed to collect data from a sample with a view of analyzing them statistically and generalizing the results to a population (Blumberg, Cooper &
Schindler, 2014). Using cross-sectional design, the researcher was able to obtain research data over the same period of time. While descriptive survey design was used to establish the cause and effect relationship between the dependent variable (sustainable growth of SMEs) and the independent variables (entrepreneurship training). The target population of the study included 30252 SMEs in all the 9 sub counties in Nairobi County (Company Registrar, 2016). The unit of observation was the SME owners, one from each SME in cases where there were more than one owner. The most effective and simplest equation, which is used by many scholars such as Swim and Stangor (1998) and Bell & Bryman (2003), is Yamane (1967) formula indicated below. \( n = \frac{N}{1+N(\epsilon)^2} \).

Inferential analysis was done using a correlation and regression analysis. \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \)

Where: \( Y \) is the dependent variable (Sustainable growth of SMEs), \( X_1 \) is Financial Management training, \( X_2 \) is Marketing Skills Training, \( X_3 \) is Human Resource Management training, \( X_4 \) is Strategic management training, \( \beta_0 \) is the regression constant or intercept, \( \beta_1, \beta_2, \beta_3, \) and \( \beta_4 \) are the unknown parameters (regression coefficients) \( \epsilon \) is the error term.

**DATA FINDINGS, ANALYSIS AND DISCUSSION**

**Response Rate**

The study was conducted in Kenya, Nairobi County bringing a total number of accessible SMEs in the County to 30252 SMEs in all the 9 sub counties in Nairobi County. A sample of 400 SMEs was selected using stratified random sampling technique. Out of the sample covered, 312 were responsive. This gave a percentage response rate of 78%. This percentage is rated as very good and adequate for analysis. A response rate of 50% is adequate, 60% is good and 70% and above is very good (Mugenda & Mugenda, 2008).

**Respondent’s Background Information**

**Respondent’s Level of Education**

Figure 2 clearly shows that education is essential for one to be trained and effectively run an SME. All SME owners had secondary education and above with those who had college education posting the highest percentage of 64%. Similar findings were echoed by Kinoti and Miemie (2011) where the findings indicated that 68.3% of SME owners held college education and above, with approximately 64.5% of them with formal education and entrepreneurial subjects. This shows that the academic qualification affects the sustainable growth of Small and medium enterprises in Kenya.

![Figure 2 Respondent’s Level of Education](http://www.ijsse.org)
Number of Years in the SMEs sector

As shown in Table 1, those with over three years of experience in the SMEs sector had the highest percentage (49%). However very few (18%) of the respondents had been in the SMEs sector for over 5 years which indicates high failure rate of SMEs. It was therefore evident that training is essential to effectively run an SME to sustainable growth levels. The findings agree with those of Ruhui (2016) who indicated that business training play an intricate part in small businesses’ potential for long-term survival.

Table 1 Number of Years in the SMEs sector

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than one year</td>
<td>44</td>
<td>14</td>
</tr>
<tr>
<td>1 to 2 year</td>
<td>59</td>
<td>19</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>153</td>
<td>49</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>56</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>312</td>
<td>100</td>
</tr>
</tbody>
</table>

Respondents’ Age

The findings indicate that 42% of the 312 respondents were aged between 31-40 years. Those aged above 51 years were 14% and those below 30 years were 28%. The results indicate that the entrepreneurship culture has been embraced more by people in below 40 years. The findings are in agreement with the findings by Price (2006) who maintained that there are two natural age peaks correlated to entrepreneurship, namely the late twenties and mid-forties. The study findings are almost similar to a study done in America by Muijanack, Vroonhof and Zoetmer (2003) who determined that the optimum age for entrepreneurs was 25-40 years.

Figure 3 Respondent’s Age

Descriptive analysis

Financial Management Training

The findings indicate that 46.1% of the respondents agreed that business staff have been trained on cash flow management skills, 41% indicated that they have been trained on effective accounts receivable management skills, 20.5% indicated that they have been trained on effective cash reconciliation procedures, only 12.8% indicated that they have been trained on overall working capital management skills and only 19.2% agreed that they have been trained on effective accounts
payable management skills. These findings showed that financial management training among the SMEs is low. There is hence a need to initiate programmes to improve financial management training among the SMEs.

Table 2 Financial Management Training

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The business staff have been trained on cash flow management skills</td>
<td>16.70%</td>
<td>17.90%</td>
<td>19.20%</td>
<td>20.50%</td>
<td>25.60%</td>
<td>3.21</td>
<td>1.43</td>
</tr>
<tr>
<td>The business staff have been trained on effective accounts receivable</td>
<td>20.50%</td>
<td>15.40%</td>
<td>23.10%</td>
<td>20.50%</td>
<td>20.50%</td>
<td>3.05</td>
<td>1.42</td>
</tr>
<tr>
<td>management skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The business staff have been trained on effective cash reconciliation</td>
<td>14.10%</td>
<td>33.30%</td>
<td>32.10%</td>
<td>20.50%</td>
<td>0.00%</td>
<td>2.59</td>
<td>0.97</td>
</tr>
<tr>
<td>procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The business staff have been trained on overall working capital</td>
<td>25.60%</td>
<td>33.30%</td>
<td>28.20%</td>
<td>9.00%</td>
<td>3.80%</td>
<td>2.32</td>
<td>1.07</td>
</tr>
<tr>
<td>management skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The business staff have been trained on effective accounts payable</td>
<td>10.30%</td>
<td>57.70%</td>
<td>12.80%</td>
<td>19.20%</td>
<td>0.00%</td>
<td>2.41</td>
<td>0.91</td>
</tr>
<tr>
<td>management skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>2.72</strong></td>
<td><strong>1.16</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The frequency of conducting financial management training for the last 3 years was also established. The average frequency indicated by respondents per year enabled the study to draw a trend analysis presented in Figure 4. The results showed that on average, the SMEs had less than 2 trainings per year since the year 2014 to 2016. There was no significant increase in the average financial training frequency among the interviewed SMEs. The study findings are consistent with the findings of a study by Uskov & Casalino (2012) who indicated that only percent of entrepreneurs were engaged in meaningful training.

Figure 4 Frequency of Financial Management training
Marketing Skills Training

The results indicated that 42.3% of the respondents agreed that they have undergone customer care management training, 78.2% have been trained on competition management skills, 75.6% have been trained on better strategic positioning of products ways, 32.1% have been trained on ways to recognize opportunities while of the respondents indicated being trained on informal networking skills and better negotiating skills. The results indicate poor marketing skills training among the SMEs and this is an indicator that there is a need to initiate programmes to equip SMEs with marketing skills training.

Table 3 Marketing Skills Training

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The staff have undergone customer care management training</td>
<td>20.50%</td>
<td>12.80%</td>
<td>24.40%</td>
<td>19.20%</td>
<td>23.10%</td>
<td>3.12</td>
<td>1.43</td>
</tr>
<tr>
<td>The staff have been equipped with competition management skills</td>
<td>6.40%</td>
<td>5.10%</td>
<td>10.30%</td>
<td>16.70%</td>
<td>61.50%</td>
<td>4.22</td>
<td>1.21</td>
</tr>
<tr>
<td>The staff have been trained on better strategic positioning of products ways</td>
<td>1.30%</td>
<td>3.80%</td>
<td>19.20%</td>
<td>28.20%</td>
<td>47.40%</td>
<td>4.17</td>
<td>0.95</td>
</tr>
<tr>
<td>The staff have been trained on ways to recognize opportunities</td>
<td>17.90%</td>
<td>17.90%</td>
<td>32.10%</td>
<td>20.50%</td>
<td>11.50%</td>
<td>2.90</td>
<td>1.25</td>
</tr>
<tr>
<td>The staff have undergone a training on informal networking skills</td>
<td>50.00%</td>
<td>17.90%</td>
<td>32.10%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.82</td>
<td>0.89</td>
</tr>
<tr>
<td>The staff have undergone a training better negotiating skills</td>
<td>50.00%</td>
<td>17.90%</td>
<td>32.10%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>1.82</td>
<td>0.89</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.01</strong></td>
<td><strong>1.10</strong></td>
<td><strong>1.10</strong></td>
<td><strong>1.10</strong></td>
<td><strong>1.10</strong></td>
<td><strong>1.10</strong></td>
<td><strong>1.10</strong></td>
</tr>
</tbody>
</table>

The frequency of conducting marketing skills training for the last 3 years was also established. The average frequency indicated by respondents per year enabled the study to draw a trend analysis presented in Figure 5. The findings also showed that the frequency of conducting marketing skills training is on average lower than two times a year. Even though the average frequency indicates increasing trends, a signal that there is realization of the need to undergo marketing skills training by some of the SMEs. The study findings are consistent with the findings of a study by Uskov & Casalino (2012) who indicated that only percent of entrepreneurs were engaged in meaningful training.
The respondents who indicated that they have been trained on ways to manage employee performance were only 39.7%, 47.4% have been trained on better recruitment and selection skills, 51.35% on the other hand have been trained on better employee training and development ways while 52.6% have been trained on better employee motivational ways. The findings are consistent with Boxall (2012) who indicated that organizational performance can be achieved through various HR practices such as employee recruitment, reward management, involvement and participation and training and development, performance management among other practices (Boxall, 2012).

Table 4 Human Resource Management Training

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management have been trained on ways to manage employee performance</td>
<td>21.80%</td>
<td>21.80%</td>
<td>16.70%</td>
<td>25.60%</td>
<td>14.10%</td>
<td>2.88</td>
<td>1.38</td>
</tr>
<tr>
<td>The management have been trained on better recruitment and selection skills</td>
<td>11.50%</td>
<td>16.70%</td>
<td>24.40%</td>
<td>33.30%</td>
<td>14.10%</td>
<td>3.22</td>
<td>1.22</td>
</tr>
<tr>
<td>The management have been trained on better employee training and development ways</td>
<td>14.10%</td>
<td>17.90%</td>
<td>16.70%</td>
<td>20.50%</td>
<td>30.80%</td>
<td>3.36</td>
<td>1.43</td>
</tr>
<tr>
<td>The management have been trained on better employee motivational ways</td>
<td>14.10%</td>
<td>16.70%</td>
<td>16.70%</td>
<td>20.50%</td>
<td>32.10%</td>
<td>3.40</td>
<td>1.44</td>
</tr>
<tr>
<td>The management have been trained on better on boarding practices</td>
<td>12.80%</td>
<td>16.70%</td>
<td>15.40%</td>
<td>20.50%</td>
<td>34.60%</td>
<td>3.47</td>
<td>1.43</td>
</tr>
</tbody>
</table>

The frequency of conducting HRM training for the last 3 years was also established. The average frequency indicated by respondents per year enabled the study to draw a trend analysis presented.
in Figure 6. The results shows that compared to marketing skills and financial management training, training on human resource management have been conducted more among the SMEs. This is indicated by higher average scores. Even though this is the case, the average frequency is still below two times a year from the year 2014 to 2016. The trends have however been increasing. The results imply an increase in the number of SMEs being trained on HRM skills as shown by improving average scores over the years. The study findings are consistent with the findings of a study by Uskov & Casalino (2012) who indicated that only percent of entrepreneurs were engaged in meaningful training.

![Figure 6 Frequency of HRM training](image)

**Strategic Management training**

The findings showed that 50% of the respondents indicated that they have been trained on better goal formulation strategies, 23% agreed that they have been trained on better SWOT analysis ways, 83.4% agreed that they have been trained on better PEST analysis procedures, 42.3% on the other hand indicated that they have been trained on how to formulate strategies while those who indicated that they have been trained on better ways of making strategic choices were 69.7% of the total respondents. On average the response on strategic management training indicated low rate of training among the SMEs. He findings agree with Maina (2015) that among the key motives of strategic management is specification of an organization’s objectives, developing policies and plans to achieve and attain these objectives, analyzing the business environment and allocating resources so as to implement the policies and plans with the single minded intention of helping an organization do a better job

**Table 5 Strategic Management Training**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The business managers have been trained on better goal formulation strategies</td>
<td>14.10%</td>
<td>21.80%</td>
<td>14.10%</td>
<td>25.60%</td>
<td>24.40%</td>
<td>3.24</td>
<td>1.40</td>
</tr>
<tr>
<td>The business managers have been trained on better SWOT analysis ways</td>
<td>38.50%</td>
<td>17.90%</td>
<td>20.50%</td>
<td>11.50%</td>
<td>11.50%</td>
<td>2.40</td>
<td>1.39</td>
</tr>
<tr>
<td>The business managers have been trained on better PEST analysis procedures</td>
<td>0.00%</td>
<td>3.80%</td>
<td>12.80%</td>
<td>24.40%</td>
<td>59.00%</td>
<td>4.38</td>
<td>0.85</td>
</tr>
</tbody>
</table>
The frequency of conducting strategic management training for the last 3 years was also established. The average frequency indicated by respondents per year enabled the study to draw a trend analysis presented in Figure 4.6. Training on strategic management among the SMEs is the least conducted since on average, the training was conducted 0.6 times in the year 2014, 0.9 times in the year 2015 and 1.1 times in the year 2016. These findings show that majority of the respondents have never been trained on the strategic management training and that is why the average score is below one in the year 2014 and 2015. The study findings are consistent with the findings of a study by Uskov & Casalino (2012) who indicated that only percent of entrepreneurs were engaged in meaningful training. The frequency of conducting strategic management training for the last 3 years was also established. The average frequency indicated by respondents per year enabled the study to draw a trend analysis presented in Figure 4.6. Training on strategic management among the SMEs is the least conducted since on average, the training was conducted 0.6 times in the year 2014, 0.9 times in the year 2015 and 1.1 times in the year 2016. These findings show that majority of the respondents have never been trained on the strategic management training and that is why the average score is below one in the year 2014 and 2015. The study findings are consistent with the findings of a study by Uskov & Casalino (2012) who indicated that only percent of entrepreneurs were engaged in meaningful training.

**Figure 7 Frequency of Strategic Management training**

**Sustainable Growth of SMEs**

With regard to sustainable growth, majority of the respondents indicated an improvement in market share (79.5%), revenue (82.1%), reliable cash flow (83.35), employee retention rate (67.9%) and business branches (67.9%). These findings reveal that despite the fact that the SMEs have undergone less entrepreneurial training, they have recorded high performance. This implies that the effect of entrepreneurial training on growth of SMEs is positive and improvement in the frequency of training will likely lead to higher SMEs growth and sustainability. The findings are consistent with Jones, Beynon, Pickernell & Packham (2013) who argued that better-trained members will perform more effectively and efficiently, be more motivated and valuable, take greater responsibility and make a greater contribution to performance and that training is crucial.
in productivity as it influences the quality, depth and flexibility of members’ skills and generates positive attitudes such as job satisfaction.

Table 6 Sustainable Growth of SMEs

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The business has experienced an increase in the market share since its inception</td>
<td>3.80%</td>
<td>1.30%</td>
<td>15.40%</td>
<td>30.80%</td>
<td>48.70%</td>
<td>4.19</td>
<td>1.00</td>
</tr>
<tr>
<td>The business has experienced an increase in revenue since its inception</td>
<td>3.80%</td>
<td>3.80%</td>
<td>10.30%</td>
<td>33.30%</td>
<td>48.70%</td>
<td>4.19</td>
<td>1.03</td>
</tr>
<tr>
<td>The business has continued to experience a reliable cash flow</td>
<td>0.00%</td>
<td>3.80%</td>
<td>12.80%</td>
<td>24.40%</td>
<td>59.00%</td>
<td>4.38</td>
<td>0.85</td>
</tr>
<tr>
<td>The business has continued to experience a high employee retention rate</td>
<td>12.80%</td>
<td>3.80%</td>
<td>15.40%</td>
<td>34.60%</td>
<td>33.30%</td>
<td>3.72</td>
<td>1.31</td>
</tr>
<tr>
<td>The business’s branches has increased over the years</td>
<td>12.80%</td>
<td>3.80%</td>
<td>15.40%</td>
<td>34.60%</td>
<td>33.30%</td>
<td>3.72</td>
<td>1.31</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.04</td>
<td>1.10</td>
<td></td>
</tr>
</tbody>
</table>

The study further established the rating on the percentage increase or decrease in the indicators of growth namely revenue, market share (number of customers) and coverage (number of branches). The rating was on a scale of 1 to 4 where 4 = Increased by over 50%, 3 = Increased by less than 50%, 2 = Decreased by less than 50% and 1 = Decreased by over than 50%. The average ratings were established and trend analysis conducted on the results as shown on Figure 8. The findings confirmed the results in Table 4.8 that there has been an increasing trend on the customer base, number of branches as well as revenue generated for the last three years. Revenue had higher values followed by market share captured as the customers and lastly coverage captured as the number of branches. On average the study concludes that the introduction of training, even though, it has the lowest frequency, had a significant impact on growth of SMEs from the year 2014 to 2016. There is hence a need to invest more on entrepreneurship training. These findings confirm the argument Durst & Runar Edvardsson (2012) that failure of management training and financial accountability contributes to business failure, along with general management incompetence.
Correlation analysis is a statistical method that determines the degree of association between two different variables. The results of the correlation showed that financial management had a positive and significant effect on sustainable growth of SMEs. The association was strong on a scale of 0 to 1 (Pearson Moment Correlation = 0.524, Significance = 0.000). The findings imply that an increase in the frequency of conducting financial management training leads to better sustainable growth of SMEs. This is an indication that an improvement in financial management training is positively associated with sustainable growth of SMEs. The findings are consistent with Mungai (2013) who found out that business management training had a positive effect on the entrepreneurs. Marketing skills training also had a positive and significant correlation with sustainable growth of SMEs. The correlation was weak on a scale of 0 to 1 (Pearson Moment Correlation = 0.412, Significance = 0.000). These findings imply that an increase in marketing skills training is positively associated with sustainable growth of SMEs. The findings are consistent with Moyi & Njiraini (2005) who indicated that marketing skills training enables SMEs to adequate access to market information that could benefit their businesses as well as adequate knowledge about marketing their products both nationally and internationally hence positively affecting their growth. Furthermore, the results revealed that HRM training had a positive and significant association with sustainable growth of SMEs even though the correlation was weak on a scale of 0 to 1 (Pearson Moment Correlation = 0.182, Significance = 0.001). The results imply that if the HRM training is improved, there will be an improvement in sustainable growth of SMEs. The findings are consistent with the findings of a study conducted to examine the impact of HR practices on organizational performance in Pakistan by Bin Atan, Raghavan & Mahmood (2015) and found that HR practice and systems influence business performance positively. Strategic management training also had a positive and significant correlation with sustainable growth of SMEs. The correlation was weak on a scale of 0 to 1 (Pearson Moment Correlation = 0.364, Significance = 0.000). This shows that an improvement in strategic management training is associated with an improvement in sustainable growth of SMEs. The findings are consistent with the findings of a study by Mucheke (2014) to establish the effect of strategic management practices on performance and established that there are positive effects of strategic management practices on performance.

Table 8 Correlation Analysis

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Financial Management</th>
<th>Marketing Skills training</th>
<th>HRM training</th>
<th>Strategic Management training</th>
<th>Sustainable growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, 3.1</td>
<td>3.2</td>
<td>2.8</td>
<td>2.4</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>Market Share, 3.3</td>
<td>3.4</td>
<td>2.88</td>
<td>2.88</td>
<td>3.4</td>
<td>3.2</td>
</tr>
<tr>
<td>Coverage, 3.9</td>
<td>3.1</td>
<td>2.91</td>
<td>2.81</td>
<td>3.0</td>
<td>2.91</td>
</tr>
</tbody>
</table>

Figure 8 Percentage Change in Growth
Multivariate Regression Analysis

The multiple linear regression analysis was carried out to determine the combined effect of entrepreneurship training on the dependent variable (Sustainable Growth of SMEs). The findings showed that entrepreneurial training which is composed of financial management training, marketing skills training, HRM training and Strategic management training has a high positive correlation with sustainable growth of SMEs as shown by a joint Pearson Correlation value of 0.670. On the other hand, the results showed that entrepreneurial training which is composed of financial management training, marketing skills training, HRM training and Strategic management training has a coefficient of determination value of 0.648. This shows that financial management training, marketing skills training, HRM training and Strategic management training accounts for up to 64.8% of the variations in sustainable growth of SMEs. The implication is that there are other factors that also account for sustainable growth of SMEs in the tune of 35.2% which are captured by the regression model as the error term. These other factors can be established through other further studies. The findings are consistent with the findings of a study by Chi, Wu & Lin (2008) which indicated that entrepreneurial training account for up to 64% of the variation in performance of SMEs in China.

### Table 9 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.670</td>
<td>0.648</td>
<td>0.641</td>
<td>0.5771</td>
</tr>
</tbody>
</table>

*a Predictors: (Constant), Strategic management training, Marketing Skills Training, HRM training, Financial Management training*

The regression model also indicated the model analysis of variance which showed the deviation of the predicted model from the actual model. This indicates the model significance. This part sought to establish whether the model linking entrepreneurship training to sustainable growth of SMEs was significant. The results showed that the $F$ calculated value of 62.399 was significant at 5%
level of significance as shown by a significance level of 0.000. This shows that financial management training, marketing skills training; HRM training and Strategic management training can jointly be used to predict sustainable growth of SMEs. Furthermore, a comparison of the F calculated value was compared with F critical value of 2.401 established from the F distribution table using a numerator degrees of freedom of 4 and denominator degrees of freedom of 307. The statistical interpretation is that if the F calculated value is greater than the F critical value, then the overall model was significant.

Table 10 Analysis of Variance (Model Significance)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>83.137</td>
<td>4</td>
<td>20.784</td>
<td>62.399</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>102.258</td>
<td>307</td>
<td>0.333</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>185.395</td>
<td>311</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Dependent Variable: Sustainable growth of SMEs
a Predictors: (Constant), Strategic management training, Marketing Skills Training, HRM training, Financial Management training

The financial management training has a positive and significant effect on sustainable growth of SMEs (Beta = 0.419, Sig = 0.000). This shows that a 1% increase in financial management training for instance cash flow management skills, accounts receivable management skills, cash reconciliation procedures, working capital management skills and accounts payable management skills leads to a significant improvement in sustainable growth of SMEs by 0.419%. The findings agree with Durst & Wilhelm (2012) who indicated that effective financial management is vital in ensuring sustainable growth and development of businesses. The marketing skills training also has a positive and significant effect on sustainable growth of SMEs (Beta = 0.245, Sig = 0.000). This shows that a 1% increase in marketing skills training for instance customer care management training, competition management skills, strategic positioning of products ways, recognition of opportunities and informal networking skills leads to a significant improvement in sustainable growth of SMEs by 0.245%. These findings are consistent with an argument by Alvesson & Willmott (2012) who indicated that a good marketing strategy allows an organization to concentrate its limited resources on the greatest opportunities to increase sale and achieve suitable competitive advantages, to develop and exploit firm’s management. The regression findings further showed that strategic management training also has a positive and significant effect on sustainable growth of SMEs (Beta = 0.449, Sig = 0.000). This shows that a 1% increase in strategic management training for instance goal formulation strategies, SWOT analysis ways, PEST analysis procedures and making strategic choices leads to a significant improvement in sustainable growth of SMEs by 0.449%.

The findings of the study are consistent with the findings of a study by Ng’eno (2012) which revealed that adoption of the strategic change management practices led to reduction in cost hence increase in profits; better services to customers hence increase in deposits and also training and giving incentives to employees hence improving their productivity. The effect of HRM training on sustainable growth of SMEs was positive but not significant (Beta = 0.044, Sig = 0.112). This shows that HRM training in programmes like employee performance, recruitment and selection skills, employee training and development ways and employee motivational ways can positively improvement sustainable growth of SMEs but the improvement will be insignificant as compared
to the other three variables. The findings are consistent with an argument by Busienei (2013) and Kamau and Nyaribo (2013) who pointed to the competitiveness of the current business and need to develop long term human resource management strategies advising that the way firms manage their people influences its performance.

**Table 11 Regression Coefficients Results**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.509</td>
<td>0.252</td>
<td>2.023</td>
<td>0.044</td>
</tr>
<tr>
<td>Financial Management Training</td>
<td>0.419</td>
<td>0.051</td>
<td>8.198</td>
<td>0.000</td>
</tr>
<tr>
<td>Marketing Skills Training</td>
<td>0.245</td>
<td>0.063</td>
<td>3.866</td>
<td>0.000</td>
</tr>
<tr>
<td>HRM training</td>
<td>0.044</td>
<td>0.028</td>
<td>1.596</td>
<td>0.112</td>
</tr>
<tr>
<td>Strategic Management Training</td>
<td>0.449</td>
<td>0.051</td>
<td>8.747</td>
<td>0.000</td>
</tr>
</tbody>
</table>

*a Dependent Variable: Sustainable growth of SMEs*

**Optimal Regression Model**

Sustainable growth of SMEs = 0.509 + 0.449 Strategic Management training + 0.419 Financial Management Training + 0.245 Marketing Skills training

The model shows that strategic management training has the largest significant effect on sustainable growth of SMEs (0.449%) followed by financial management training (0.419%) and lastly marketing skills training (0.245%). HHRM Management training was not included because it has an insignificant effect on sustainable growth of SMEs.

**Conclusion**

The study concludes that financial management training, marketing skills training and strategic management training have a positive and significant effect on sustainable growth of SMEs while HRM training have a positive but not significant effect on sustainable growth of SMEs. An improvement in the frequency of conducting financial management training, marketing skills training and strategic management training leads to a significant improvement in sustainable growth of SMEs. The study also concludes that entrepreneurial training has a positive and significant effect on sustainable growth accounts for up to 44.8% of the variations in sustainable growth of SMEs which underpins its importance in the SMEs sector. Lastly the study concludes that when considering the best entrepreneurial training programmes for SMEs, strategic management training should be given a priority followed by financial management training and marketing skills training since they affect growth of SMEs in that order.

**Recommendations**

The study recommends that SME owners should consider investing in entrepreneurial training programmes like strategic management training, financial management training and marketing skills training since they affect growth of SMEs positively and significantly. Some of the vital financial management training programmes to be focused on are cash flow management skills, accounts receivable management skills, cash reconciliation procedures, working capital management skills and accounts payable management; Marketing skills programmes are customer care management training, competition management skills, strategic positioning of products ways, recognition of opportunities and informal networking skills is poorly practiced by SMEs and strategic management training programmes can be goal formulation strategies, SWOT analysis.
ways, PEST analysis procedures and making strategic choices. The government can also consider setting up incubation centres like the one at Strathmore University and Kenyatta University where SME owners can be trained on how to effectively run their businesses. This will help improve the sustainability rate of the SMEs.

ACKNOWLEDGEMENT

I wish to acknowledge the invaluable support of my family who endured many days of my absence as I tried to complete this project. I also have a special mention for my supervisor, Dr. Allan Kihara for his continuous advice. I am greatly indebted to him for his guidance, support and the timely comments to this proposal. To JKUAT, my colleagues and lecturers, I acknowledge you.

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