



AFRICAN JOURNAL OF BUSINESS AND MANAGEMENT
(AJBUMA)
ISSN 2079-410X



**THE RELATIONSHIP BETWEEN ENTREPRENEURIAL TRAINING AND
ORGANISATIONAL PERFORMANCE OF GOVERNMENT-FUNDED YOUTH
GROUP ENTERPRISES IN TAITA TAVETA COUNTY, KENYA**

Mwagandi Shadrack Mwakio¹, Bitange Ndemo², Awino Zachary Bolo³
Muya Ndambuki⁴

¹University of Nairobi - mwakiomwagandi@gmail.com
^{2,3,4} University of Nairobi

Date Received | Date Accepted
24/05/2022 | 22/10/2022

Abstract

World over, entrepreneurship has been sold as a solution to unemployment. The group of the population that seems most affected by dwindling job opportunities is the youth. Organisations, both governmental and non-governmental have been seen to engage in initiatives that are aimed at building and enhancing the capacities of youth to start and run their enterprises. A case in point is the establishment of youth funds by governments that provide money capital and entrepreneurial training to youth. This approach has not had the impact expected. It is in light of this, that this study sought to establish the relationship between entrepreneurship training and organizational performance of government-funded youth enterprise groups in Kenya. It specifically targeted those that were registered with the Youth Enterprise Development Enterprise Fund in Taita Taveta County. A cross-sectional survey was conducted, where questionnaires were personally administered to 97 groups out of a sample of 156. Technical, business management, and personal entrepreneurial skills were used to measure training in entrepreneurship while both financial and non-financial measures were employed to indicate performance. Regression analyses were performed on the data. It was established that there is a significant relationship between entrepreneurship training and organizational performance. The results indicated that 100% increase in entrepreneurship training brings about 32.3 percent increase in organizational performance. These findings indicate that training in entrepreneurship is key to the success of entrepreneurial ventures. It is recommended that organisations in the space of financially empowering youth to venture into businesses should consider training them before disbursements of the funds and continuous after the capital is provided.

Keywords: *Entrepreneurship training, organisational performance, government-funded youth enterprises*

Introduction

The challenge of unemployment is common to many a country. The world employment and social outlook report of year 2021 by the International Labour Organisation (ILO) indicate that 187 and 220 million people were not in employment in the years 2019 and 2020 respectively. The percentages were 5.4 and 6.5 in the same order. In Africa, the unemployment rates in years 2019, 2020, and 2021 were 6.8%, 7.2%, and 7.5% in that order. These translate to 34, 35, and 38 million people correspondingly. Lower-middle-income countries, where Kenya is categorised, reported 56 (5.1%) million for 2019 and 67 (6.3%) million for 2020. The report also shows that the world unemployment rate for youth was 13.5% in 2019 and 14.6% in 2020, and; for lower-middle-income countries, it was 15.1% and 15.4% for the same years in the same order. These figures communicate the need for the world to focus on creating opportunities for people to earn livelihoods.

Entrepreneurship and small business development have been proposed as potential solutions to unemployment. Many countries have adopted this approach. The United States of America and the United Kingdom were quick to implement business incubation models in their respective markets (Al-Mubarak & Busler, 2010). The Africa Entrepreneurship Policy Forum, in 2017, noted that special business development programs such as business development funds, business advisory services, and community processing centers have been established in the majority of African countries. This is done in the hope

that it will improve entrepreneurial performance. Capacity building initiatives, primarily training in entrepreneurship, are expected to enable those trained to deliver better organizational performance.

Entrepreneurship training (ET) refers to activities that instil in a person a mindset capable of identifying and pursuing opportunities for the creation and operation of new ventures (Mayuran, 2016). It covers topics like idea generation, innovation, identifying opportunities, starting a business, and expanding a business. It also instils attitudes and skill sets aimed at arousing a proclivity for entrepreneurship (Ediagbonya, 2013). It initiates and delivers personality changes that allow a person to engage in legal money-making activities (Nyello, Kalufya, Rengua, Nsolezi & Ngirwa, 2015). Training is essential for both new and established entrepreneurs.

Typically, entrepreneurship training programs are organized around specific skill areas (Kutzhanova, et al, 2009; Cooney, 2012). These are technical skills, business management skills, and personal entrepreneurial abilities. Technical skills comprise, communication, environment scanning, problem-solving, and technology use amongst others. Planning, goal setting, decision making, human resource management, marketing, finance, accounting, customer service, quality control, negotiation, business expansion management, and rule compliance are examples of business management skills. Personal entrepreneurial skills include, among other things, innovation, anger

management, perseverance, leadership, system building, and intuition.

Organisational performance is the end result of all of a firm's decisions and operations, and comprises earnings and satisfaction (Lumpkin & Dess, 1996). Performance assesses the extent to which various organisational objectives are met (Daft, 2007). According to Manojlović (2016), it is the achievement of expected outputs and outcomes relative to the resources used to achieve them. The balanced scorecard, developed by Kaplan and Norton, is a collection of measures and indicators of organizational performance. They consider various perspectives of measuring performance, namely; finances, customers, internal processes, and growth and learning (Kaplan & Norton, 1992). Due to time and resource constraints, Small and Medium Enterprises usually rely more on monetary measures of performance than non-financial measures of performance (Perera & Baker, 2007).

Theoretical Foundations

Policymakers believe that entrepreneurship training is critical to achieving entrepreneurship growth (European Commission, 2006). Van Vuuren and Nieman (1999) support this belief in their theory of business training and performance. They developed a training model that demonstrates that entrepreneurial performance is determined by motivation, entrepreneurial, and business skills. According to the model, there is a direct linear relationship between business skills and business performance.

There is literature that supports Van Vuuren and Nieman's point of view. According to Mayuran (2016), entrepreneurship training has a significant positive effect on the performance of small businesses. These findings were derived from a correlation and regression analysis of data collected from sixty employees of Sri Lankan small businesses. Linguli (2015) used a survey research design to conduct a study on agro-based enterprises run by youth in Ngoliba, Kiambu County, Kenya, and discovered that entrepreneurial training improves performance.

However, the belief that entrepreneurship training improves business performance is not universal. Some studies have yielded contradictory results. Karlan and Valdivia (2011) used randomized control to assess the marginal effect of providing business training to Peruvian women micro-entrepreneurs. They found no evidence of changes in key outcome areas such as business proceeds, net income, or employee recruitment. According to a study conducted by Martinez et al., (2016), entrepreneurship training has a minor impact on financial performance. They also discovered that ET improves entrepreneurs' use of good business practices. Cho and Honorati (2013) found out that training in entrepreneurial elements does not have any effect on income.

The Government of Kenya, in its bid to reduce unemployment, is encouraging entrepreneurship among its populace by among other things, training the target groups, including youth. This is evidenced by the establishment and designation of the

Youth Enterprise Development Fund as a priority project under its vision 2030's social pillar. This fund helps young and marginalised populations to start and run businesses by providing financial assistance and entrepreneurship training. It was thought that by taking this step, youth would be able to find work. However, seemingly, this is yet to be achieved, The Kenya National Bureau of Statistics' Economic Survey for 2018, reported that 20.4 percent of employed people in the working-age population were underemployed in 2017. This is greater than the rates of 15.2% and 18.7% in 2009 and 2005/06 respectively. The majority of those who were underutilized were between the ages of 15 and 19. With a rate of 19.2 percent, the age group of 20 to 24 years had the highest jobless rate. The question that begs, therefore, is 'What is the relationship

between entrepreneurship training and organizational success of government-funded youth enterprises?'. Subsequently, the objective of this study was to establish the relationship between entrepreneurship training and organisational performance.

Methodology

This study adopted the cross-sectional survey design. The target population of this study was all government-funded youth enterprises and considered its sampling frame as all the youth enterprise groups that were registered with the Youth Enterprise Development Fund for Taita Taveta County. As of April 2019, there were 262 registered groups. Guided by the sampling formula by Krejcie and Morgan (1970), a sample figure of 156 was arrived at as shown below.

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2 P(1-P)} = \frac{1.96^2 * 262 * 0.5(1-0.5)}{0.05^2(262-1) + 1.96^2 * 0.5(1-0.5)} = 156$$

Where:

S = Required Sample size

X = Z value (1.96 for 95% confidence level)

N = Population Size

P = Population proportion (expressed as decimal, assumed to be 0.5)

d = Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error

The sample was then randomly drawn from the frame. Structured questionnaires were thereafter personally administered by the researcher and his research assistants to allow for clarification of questions because

some of the respondents possessed low levels of

formal education. Questions about entrepreneurship training related to the venture-specialised skills, business

administrative skills and personal entrepreneurial skills. Those about organizational performance pointed at fiscal, client, processes and advancement aspects. These questions were responded to by the office bearers of the self-help groups. These were either the chairman, or the secretary, or the treasurer.

Findings

Out of the 156 youth group enterprises that were targeted for data collection, 97 responded positively. This represents a response rate of 62 percent. Success rates of approximately 60 percent for data collection from a sample are considered acceptable for a survey-research designed study (Fincham,

2008). The objective of the study was to establish the relationship between entrepreneurial training and organizational performance of youth group enterprises. To achieve it, the null hypothesis ‘There is no significant relationship between entrepreneurship training and organizational performance of youth enterprise groups’ was tested by regressing entrepreneurship training on organisational performance as guided by the following equation:

$$OP_1 = \beta_{10} + \beta_{11}ET + \epsilon_1$$

The tests, whose output is shown in table 4.1, were performed using the Statistical Package for Social Sciences.

Table 4.1 Regression Results for Entrepreneurial Training and Organisational Performance

(a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.323 ^a	.104	.095	.57164

a. Predictors: (Constant), Entrepreneurship Training

Source: Research data (2021)

It is illustrated, by the upshot, that the association between entrepreneurship training and organizational performance is positive (R=0.323). Ten percent of the

discrepancy in organizational performance is elucidated by changes in entrepreneurship training.

(b) Analysis of Variance^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.620	1	3.620	11.078	.001 ^b

Residual	31.043	95	.327
Total	34.663	96	

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Entrepreneurship Training

Source: Research data (2021)

It is put on display by table 4.1 (b) that the model depicting the association between entrepreneurship training and organizational performance significantly fits the data ($F=11.078$, $p < 0.05$). It can also be concluded

that the data provided by the sample supports the notion that the regression model is a better fit for the data compared to the model without the independent variable. The independent variable, does, therefore, dependably forecast the dependent variable.

(c)Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.337	.273		4.905	.000
1 Entrepreneurship Training	.388	.117	.323	3.328	.001

a. Dependent Variable: Organisational Performance

Source: Research data (2021)

Table 4.1 (c) displays that the standardized coefficient of entrepreneurship training is 0.323 and is also statistically significant ($t=3.328$, $p<.05$). It can therefore be said that a 100% increase in entrepreneurship training brings about 32.3 percent increase in organizational performance. The y-intercept is shown as 1.337. The resultant model is therefore as follows:

$$OP = 1.337 + 0.323 ET$$

Where;

OP – Organisational Performance

ET – Entrepreneurship Training

Overall, the regression results presented in the foregoing discussion indicate there is a significant relationship between entrepreneurship training and organizational performance. Thus, the null hypothesis is rejected.

The results of this study support the postulations of the Entrepreneurship Training Model as advanced Van Vuuren and Nieman in the year 1999. These proponents had conjectured that motivation, entrepreneurial and business skills have a direct linear relationship with entrepreneurial performance. Entrepreneurial and business skills are the subject of entrepreneurship training. In the same vein, the theory propounds that ET has a direct positive effect on OP. This study found that organisational performance is a function of entrepreneurial training.

These findings agree with those of Mayuran (2016) who obtained data from sixty staff of small enterprises in Sri Lanka and utilized correlation and regression statistics to analyse it. Mayuran's study showed there is a significant positive impact of training in entrepreneurship on the performance of small enterprises. The outcome does also agree with those of a survey by Linguli (2015) in Kenya, which established that the performance of agro-based enterprises run by youth is positively affected by ET. The main difference between the studies mentioned and this one lies in the context. Mayuran's research was conducted in Sri Lanka while this one was conducted in Taita Taveta County, Kenya. While Linguli's study was carried out in Kenya, it did not cover government-funded youth group enterprises, it focused on agro-based enterprises. Further, when reviewing literature, the researcher did not come across studies on these constructs on government-funded youth groups in Taita Taveta County. Subsequently, these findings may be considered new knowledge in this space.

Contrary to the foregoing discussion, the findings of this study do disagree with those of some studies conducted in the area of ET and OP. For instance, Karlan and Valdivia (2011) measured the marginal effect of adding training in business to women micro-entrepreneurs in Peru and found virtually no proof of changes in key result areas like business proceeds, net incomes, or employee recruitment. They had employed randomized control. This could be attributed to methodological and contextual differences.

Conclusion, Recommendations, and Implications

The results of this study demonstrate that training in entrepreneurship has a direct and significant connection to the performance of an organization. An increase in the amount of training is followed by an increase in performance. Subsequently, the corresponding null hypothesis was rejected.

The results outputted in this study go a long way in contributing to the success of youth group enterprises, whether government-funded or not. It underscores the importance of enhancing the entrepreneurial capacities of youth that plan to or engage in entrepreneurship. It recommends that the government and other sponsors that provide money capital for the youth to start and run businesses, should be actively involved in inculcating technical, business management and personal entrepreneurship skills in them. ET should be made a prerequisite to the disbursement of funds. Enough time should also be provided to allow for assimilation of the knowledge so gained, and training be made as practical as possible.

Acknowledgements

The author is very grateful to the University of Nairobi for developing his research skills. He is also thankful to Taita Taveta University for providing a work environment that supported this study.

References

- Africa Entrepreneurship Policy Forum. (2017, Dec 14). Retrieved from https://unctad.org/meetings/en/SessionalDocuments/diaecpf2017d01_report_en.pdf on 14 April 2020
- Al- Mubarak, H. M., & Busler, M. (2010). Business incubators models of the USA and UK: A SWOT analysis. *World Journal of Entrepreneurship, Management and Sustainable Development*.
- Berg, J., Hilal, A., El, S., & Horne, R. (2021). World employment and social outlook: trends 2021. Retrieved from https://www.ilo.org/wcmsp5/groups/public/--dgreports/--dcomm/publ/documents/publication/wcms_795453.pdf on 26 September 2021
- Cho, Y., & Honorati, M. (2013). Entrepreneurship programs in developing countries: A meta regression analysis. The World Bank
- Cooney, T. M. (2012). Entrepreneurship skills for growth-orientated businesses. Copenhagen, Danish Business Authority.
- Daft, R.L (2007). *Understanding the Theory and Design of Organizations*. (10th Ed). Australia. South Western Cengage Learning.
- Ediagbonya, K. (2013). The roles of entrepreneurship education in ensuring economic empowerment and development. *Journal of business administration and education*, 4(1).
- European Commission (2006). *Entrepreneurship education in Europe: Fostering entrepreneurial mindsets through education and learning*. Final Proceedings of the Conference on Entrepreneurship Education in Oslo.
- Fincham, J. E. (2008). Response rates and responsiveness for surveys, standards, and the Journal. *American journal of pharmaceutical education*, 72(2).
- Government of Kenya (2007). Kenya Vision 2030. Ministry of Planning, National Development and Vision 2030. Nairobi
- Kaplan, R. S., & Norton, D. P. (1992). The Balanced Scorecard-Measures That Drive Performance. *Harvard Business Review*.
- Karlan, D., & Valdivia, M. (2011). Teaching entrepreneurship: Impact of business training on microfinance clients and institutions. *Review of Economics and statistics*, 93(2), 510-527.
- Kenya National Bureau of Statistics. (2018). *Economic Survey 2018*. Nairobi. Government Printer.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and psychological measurement*, 30(3), 607-610.
- Kutzhanova, N., Lyons, T. S., & Lichtenstein, G. A. (2009). Skill-based development of entrepreneurs and the role of personal and peer group coaching in enterprise development. *Economic Development Quarterly*, 23(3), 193-210.
- Linguli, G.M. (2015). Entrepreneurial factors influencing performance of youth run agro-based enterprises in Ngoliba ward, Kiambu County, Kenya. *The Strategic Journal of Business Change and Management*. 2 (99): 1458-1482
- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of management Review*, 21(1), 135-172.
- Manojlović, R. (2016). Organizational Size as a Determining Factor of Performance and Quality Measurement: Lessons for the

- Croatian Local Self-Government. *Hrvatska i komparativna javna uprava: časopis za teoriju i praksu javne uprave*, 16(2), 237-266.
- Martinez, C. ., Puentes, E. ., & Ruiz-Tagle, V. . (2016). Micro entrepreneurship support programme in Chile (No. 40). International Initiative for Impact Evaluation. Retrieved from http://www.3ieimpact.org/media/filer_public/2016/02/16/ie40_microentrepreneurship-chile.pdf
- Mayuran, L. (2016). Impact of entrepreneurship training on performance of small enterprises in Jaffna district. *Global Journal of Commerce and Management Perspective*, 5(2), 1-6.
- Nyello, R., Kalufya, N., Rengua, C., Nsolezi, M. J., & Ngirwa, C. (2015). Effect of Entrepreneurship Education on the Entrepreneurial Behaviour: The Case of Graduates in the Higher Learning Institutions in Tanzania. *Asian Journal of Business Management*, 7(2), 37-42
- Perera, S., & Baker, P. (2007). Performance measurement practices in small and medium size manufacturing enterprises in Australia. *Small Enterprise Research*, 15(2), 10-30.
- Van Vuuren, J. J., & Nieman, G. H. (1999, June). Entrepreneurship education and training: A model for syllabi/curriculum development. *In 44th ICSB World Conference Proceedings*.