

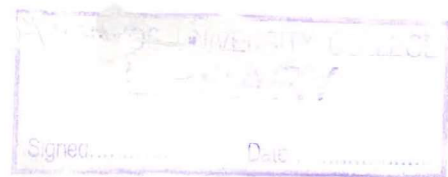
**THE ROLE OF TRAINING ON EMPLOYEE PRODUCTIVITY  
A CASE OF MSME'S IN KENYATTA MARKET, NAIROBI**

**BY**

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**MARCH, 2009**

**DECLARATION**

I hereby declare that this Research Project report is my original work and has not been presented for a degree in any other University.

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## **DEDICATION**

**This study is dedicated to my mother Grace Mumbua, my children Billy, Sheila and Mwende and my brother John Nzevela. Thank you and God bless you always.**

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## **ACRONYMS/ABBREVIATIONS**

<b>CBS</b>	Central Bureau of Statistics
<b>EBT</b>	Enterprise-based training
<b>GDP</b>	Gross Domestic Product
<b>IDS</b>	Institute for Development Studies
<b>HRD</b>	Human Resource Development
<b>HRM</b>	Human Resource Management
<b>MSMEs</b>	Micro Small and Medium Enterprises
<b>MSME</b>	Small and Medium Enterprises
<b>SPSS</b>	Statistical Package for Social Science
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America

## OPERATIONAL DEFINATION OF TERMS

**Productivity** is the ratio of output to one or more of the inputs used in production – labour, land, capital (plant, machinery and equipment) etc. For the purposes of this proposal, Labour productivity is defined as: output/labour inputs, and is therefore a partial productivity measure. Productivity provides us with a way of looking at how efficiently production inputs are used in an economy.

**Enterprise-based training:** Any form of purposeful skills transfer taking place in an enterprise.

**Training:** Any purposeful activity intended to develop skills and knowledge.

**Vocational training:** Transfer of skills and knowledge in order to pursue a trade or secure a livelihood.

**Micro:** Business enterprise regarded as very small.

**Small:** Business enterprise not large in size.

**Medium:** Business enterprise considered to be of reasonable Size between micro and small.





## **ABSTRACT**

Most countries in Africa are undergoing reforms that are opening their economies to greater international competition. However, domestic factor markets are not adequately developed to ensure the successful adaptation of Micro Small and Medium Enterprises (MSMEs) to this new competitive environment. Unlike larger firms, which can more easily absorb the transaction costs, MSMEs are at a disadvantage and require specific compensatory assistance.

MSMEs play an important role in fostering income stability, growth, and employment. Modern economies operate as complex networks of firms in which a firm's competitive position depends, in part, on the efficiency of its suppliers. Therefore MSME's competitiveness affects the competitive position of the economy as a whole. In addition, MSMEs improve the efficiency of domestic markets and make productive use of scarce resources, such as capital, facilitating long-term economic growth.

Training and skill development was not viewed by the early scholars as an activity that could help organizations create "value" and successfully deal with competitive challenges posed by other organizations. Githinji (2005) in his unpublished research on factors encouraging on-the-job training pointed out that this was the most preferred method of training in the Jua-kali sector because of its cost implication. He also found that institutions that use innovative training and development practices are likely to report better financial performance than their competitors.

The purpose of this study was to establish the role of training on employee productivity and the factors that influence training in Kenyatta Market. It also tried to find the extent of training stipulated above. The study attempted to look closer into the problems faced by the MSMEs in relation to training and offer possible solutions. The study was guided by four objectives, to assess the role of education on employee productivity, to find out the effect of employee training in relation to productivity, to investigate the impact of employee salary, fringe benefit and working conditions in relation to productivity and to explore the effect of employee age on productivity.

It was found out that the above factors have a major role to play in employee productivity. All the employers that train their employees and those that employed people who had attained a K.C.S.E level of education reported better productivity in terms of service provision and profit margins. The same was also reported for those who offered higher salaries.

The study adopted a descriptive survey method. It was carried out at Kenyatta market in Nairobi. All the 200 stalls in the market were included in the research. The study instruments used were interview schedule and questionnaires to collect the required information. Both primary and secondary data was gathered. The information generated was subjected to Statistical Package for Social Sciences for analysis (SPSS). It helped to establish the link between MSME employee training and productivity. It will have an impact on future MSME strategies on the workforce and possibly the whole country

# CHAPTER ONE

## I.0 INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

A micro small and medium enterprise (MSME) is the sector which has the largest number of employees. In Kenya it is commonly known as Jua Kali. It has played a special role in developing countries Kenya included. This sector is overwhelmed by, many constraints such as capital constraints, market and information failures, in appropriate laws caused by inappropriate regulations.

MSME has helped many including the youth to learn and know more about their talents and explore from others and reduce unemployment. The problem mainly facing MSME is training the employees to drive their engine best for rapid economic development. Despite the big percentage of people in this sector not more than 35% have the required skills and knowledge. (Nonaka, 1995)

The intensity of training and pace with which knowledge becomes obsolete are heralding an era where leadership, structure and control systems must increasingly focus on the management of knowledge and skills within organizations. Such an environment requires management of systematically design an infrastructure that is tailored to the needs of an increasingly mobile knowledge worker and supports organizational learning in areas of strategic concern (Cross, 1997). In modern time, a knowledgeable worker must exhibit judgment, creativity, technical expertise, and interpersonal skills that promote knowledge creation and productivity. These are intangibles that often cannot be forced like a labor standard on line of duty. (Nonaka, 1995)

Research evidence from studies conducted out by the U.S. National Association of Business Economics and the U.S. National Association of Manufacturers show that fifty eight person to reporting companies have a short of skilled workers and sixty four percent of manufacturers believe entry-level workers lack the necessary skills to positively impact their company (USA Today , 1989) These acute skills include good work habits, people skills and cognitive skills specific to the workplace, as well as to technical



knowledge. The acquisition of such skills is critical for today's workers if they expect to obtain and maintain jobs and excel in a work environment.

Traditionally, training and skill development was not viewed as an activity that could help organizations create "value" and successfully deal with competitive challenges posed by other organizations. In recent time companies that use innovative training and development practices are likely to report better financial performance than their competitors that do not. Training and development also helps a company to meet competitive challenges. As companies attempt to expand into foreign marketplaces, their success will be determined by employees' ability to work in a new culture (the global challenge). (Noe, 1998)

From an employers' point of view, there is now abundant evidence that graduates with well-developed teamwork and 'people skills' are highly prized. Even the most cursory glance through the Position Vacant section of the newspaper demonstrates the positions ranging from factory floor, to service industries, to top management and professionals, all require teamwork skills (**Business/Higher Education Round Table, 1991, 1993**). The above research revealed that, employers consider professional knowledge 'less important than the development of skills in communication, decision-making, problem-solving, the application of knowledge to the workplace, working under minimum supervision, and the ability to learn new skills and procedures. According to Githinji (2005) in his study on, on-the-job training in the Jua Kali sector, he found those people employed with formal training find different environment, different machines and processing from those of their formal training and hence on the job training becomes necessary.

The above research did not adequately address the question of the importance of human capital particularly in training in-house components among Small and Medium Enterprises (MSME) in Kenya. According to Lucas (1993) the accumulation of human capital constitutes the main engine of macro-economic growth. At the firm level, the resource based theory of the firm points to the (implicit) knowledge of employees as a major source for sustained competitive advantage for individual firms. Individual human capital is determined initially by abilities and schooling, and learning by doing and

training can result in further knowledge increase generally speaking, both knowledge and human capital refer to the small concept: the possession of specific information and skills by individuals. However, little is known about the relation between firm-provided training and productivity. This study seeks ascertain the relationship between the organization in-house provided training on overall productivity.

## **1.2 Employment in Micro Small and Medium Enterprises in Kenya**

The micro and small enterprise sector, often called the “informal” or “*Jua Kali*” sector, has often subjected to much speculation, both in terms of the amount of employment it can generate and its overall impact on growth (Dondo, (2002). The increasing role of the MSME sector is confirmed by the recent completed Kenya 2006 Economic Survey According to the survey, total employment recorded in the informal sector increased from 4.7 million employees in 1999 to 6.1 million in 2006, while the formal sector increased only from 2.74 million to 3.76 million employees during the same period. However, the growth of the informal sector in number of employees does not necessarily reflect growth and high productivity of the enterprise itself, as the number of informal sector companies grew largely because of the depressed informal economy and underemployment in the formal firms.

Institute for Development studies (IDS) in 2006, carried out a survey covering both urban and rural areas and focused exclusively on informal sector enterprises. In this study the MSMEs in Kenya are scarce; although the National MSE Baseline Survey provides additional comprehensive and reliable information, on the actual number of the MSMEs in the country. The survey indicates that the contribution of the MSMEs sector to the GDP increased from 15.8 percent in 2003 to 21.4 percent in 2006.

Rising unit labor costs has been identified as a key factor in the erosion of the competitiveness of the Kenya MSME. Although unit labor cost in Kenya is lower than other Sub-Saharan African countries, it is about 12 percent higher than in India and 33 per cent higher than in China. Given the higher rate of literacy among the Kenyan workforce when compared to other sub-Saharan countries, the labor productivity issues



are associated more with the prevalence, level and quality of skills development and technical training.

The report published by the Institute for Development Studies (IDS) in 2006 is the most reliable, since it covers both urban and rural areas and focused exclusively on informal sector enterprises. The report shows the contribution in Kenya pounds to the economy as a result to training overtime. This is shown on the table below.

<b>Economic Activity</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Manufacturing	246,031	289,670	362,855	418,152
Construction	12,112	15,303	18,561	21,205
Wholesale and Retail trade, Hotel and Restaurant	535,223	662,481	862,735	985,578
Transport and Communication	13,907	16,977	20,629	24,388
Community, social & Personal Services				
<b>Total</b>	<b>862,654</b>	<b>1,054,337</b>	<b>1,317,921</b>	<b>1,555,148</b>

*Table 1 Distribution of Informal Sector Firms by board Economic Activity 2003-2006*

Source: Central Business Statistics -2006

### **1.3 STATEMENT OF THE PROBLEM**

Dondo (2002), while carrying out a study on economic activities, came up with the following findings:-For many years, majority of employees in the informal sector do not receive the training they need in order to remain competitive in the market, and to increase their productivity. This is largely due to the fact that Small and Medium Enterprise (MSMEs) are often unable to afford expensive or time consuming training programs. He also found that many organizations are not able to spare one employee to focus exclusively on training, neither are they able to hire independent consultants to train employees. As a result, the number of skilled employees in the workforce is diminishing among Small and Medium Enterprises MSMEs. **With absence of Training, in MSMEs, there is a direct negative impact on employee productivity.**

### **1.4 PURPOSE OF THE STUDY**

The purpose of this study was to establish the link the between MSME employee training and employee productivity. This study is geared towards helping small and medium enterprise make informed decisions regarding training in relation to overall business productivity.

### **1.5 OBJECTIVES**

- a) To assess the role of education on employee productivity,
- b) To find out the effect of employee training in relation to productivity,
- c) To investigate the impact of employee salary, fridge benefit and working conditions in relation to productivity,
- d) To explore the effect of employee age on productivity.

### **1.6. RESEARCH QUESTIONS**

- a. What is the role of employee education level in relation productivity?
- b. What is the effect of training on employee productivity?
- c. What is the impact of an employee's income, fridge benefit and working condition to productivity?
- d. What is the effect of an employee age in relation to productivity?

### **1.7 SIGNIFICANCE OF THE STUDY**

This study will have a significant impact on future organization strategies on the workforce and possibly the whole market. Entrepreneurs may gather the direct benefits of applying the training to all the businesses. Entrepreneurs can use the findings to tailor their training in specific knowledge and skills that impact their MSME goals and become aware of the expectations of employee training.

### **1.8 LIMITATION OF STUDY**

The scope of this study was carried in selected institutions of which the findings may not necessarily reflect real situation in whole of Kenya. In urban setups this study will apply a lot. Due to the veil of confidentiality surroundings the subject, most respondents may be reluctant to participate. The researcher assured the respondents on the confidentiality of the information and that it was only meant for study purposes. Due to busy schedule of most entrepreneurs, did not have time to participate in the study. The spouses gave the required information on their behalf.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 INTRODUCTION**

Training is evolving from a reactive to a proactive approach in meeting organizations' needs. The training field now boasts a variety of new terms such as e-learning, performance analysis, human performance technology, learning organization, knowledge management, and strategic business partner, to name a few. As company looks to create the ideal work world in the face of an upcoming merger, the best practices of other companies, as well as training theories and practices, become increasingly important to research.

This section reviews literature on research conducted in organizational settings with emphasis on training. The chapter documents sub topics on: small business training and development, societal benefits of training, education/training and productivity, impact of training on productivity, purpose of training and outcomes of training.

#### **2.1 SMALL BUSINESS TRAINING AND DEVELOPMENT ISSUES.**

There are three prominent issues in today's small business training environment. The first issue questions where small business will find qualified employees in an economy where capable labor is going to be a relatively scarce good. The second issue concerns how small businesses are projected to use training to raise their productivity in order to complete in the marketplace (Lichtenstein, 1992). The third issue is that small businesses have created most of the new jobs in recent years and will need training if they are to survive and grow. The fourth factor in training environment is the issue of policy. Studies in Kenya have shown that policy framework many times is to the disadvantages of the small entrepreneur. For example studies disclose that import tariff applied favor larger companies and the use of advanced technologies. As a result of the policy framework is that many entrepreneur are tempted to use an inappropriate technology. Limited technical skills mean that maintenance will be poorly done and machinery will deteriorate.



However, despite the above developments, the growth and transformation of enterprise is not clearly understood and very little is known. Such studies are still in their infancy in Kenya and other African Countries. There are other authors who view the perspective that small businesses are generators of employment and income as too general, simplistic and potentially misleading (Storey, 1987: West head, 1988: Turok, 1991)

## **2.2 EMPLOYEE TRAINING NEEDS**

A study conducted by the American Society for Training and Development addresses the first issue. The study shows that most American workers are not getting the training they need to keep their companies competitive. With such a lack of training, it is expected that by the year 2000, there are likely to be too few well-educated and well-trained workers to satisfy the nation's economic needs (USA Today, 1989). Other surveys illustrate the extent of the skills gap as perceived by American business: a recent Coopers and Lybrand (1998) showed that a shortage in skilled workers was hurting the business revenue growth. Analysis of the Kenyan contest indicates that inadequate skill, technology and support services and infrastructure are important constrains on the growth and productivity of small and micro enterprises.

Small firms create ninety eight percent of all new positions, causing owners/managers to be concerned that they will be severely affected by the growing shortage of qualified entry-level employees (Feuer, 1988). The conclusion is that "business leaders are increasingly coming to realize that the work force necessary for fueling a country's economy now, in the near future, and into the Twenty-First Century, is not one that they can simply buy or borrow. (American Society for Training & Development, 1989).

## **2.3 TRAINING FOR COMPETITIVE ADVANTAGE**

Fairfield-Sonn (1987) suggests that training and development, is often mentioned but rarely viewed as a potential source of competitive advantage. Lack of investment in training is an often-cited reason why Kenyan MSMEs lack information about consumer demand and competition. Moreover they lack skills and resources to conduct market

research. The similarity of their products, coupled with tendency to serve the same market segment, erodes any competitive advantage. This forces them to compete by reducing prices, which in turn reduces profits and opportunities for growth. (Wangwe 1993).

Senior managers often fail to consider training and development as a serious means of attaining a competitive advantage (Bolt, 1985). There also may be a tendency on management's part, to overlook or avoid this area because they do not have a clear model to aid in making decisions regarding whether or not training and development activities will give them a competitive advantage (O'Neil, 1986). A study conducted by American Society for Training Development concluded that managers in Europe were more likely to describe globalization as the most fundamental force driving their skill creation needs than were managers in the United States. U.S managers were more likely to identify rapid technological change as the most significant force shaping their changing skill requirements (Training and Development, 1999).

Training departments provide new knowledge and skills, but the managers' behavior determines whether or not that new behavior happens back on the job to improve job performance. Brinkerhoff and Gill (1994) state that manager's impact training by:

- a) Influencing the attitude of the trainee coming to the training event.
- b) Approving the time and money spent for the training.
- c) Providing or not providing time to practice the new skills back on the job.
- d) Providing or not providing reinforcement of the knowledge and skills.

Without a solid partnership between training departments and managers, training will continue to be inefficient, expensive, and will not meet business goals. But management is not the only guilty part in not meeting the learning needs of employees. The training function is also partially responsible for not meeting needs. Many training departments have professional standards that must up-held in the design.

Zahn (2001) discusses the ongoing transition of training departments and states that the function of training is increasingly being seen by senior managers as a necessity for

recruitment, selection, retention, promotion, and evaluation of quality employees. Management recognizes the need for an environment that demands performance enhancement and expects professionalism of its trainers.

#### **2.4 TRAINING AND PRODUCTIVITY**

Small businesses can raise productivity by training their employees. Informal sector in Kenya work is labor intensive, operates with little capital or none at all, utilizes a low level of technology and skill and therefore, operates at low level of productivity (Maundu, 1997). Training ensures that the right people learn the right things at the right time and in the right priority order (O'Connor, 1996). As a result, training is one of the primary ways to bring less qualified employees up to acceptable standards of performance, and to increase their productivity in a time of global competitiveness (Lichtenstein, 1992). In the long run, the only sustainable source of competitive advantage is an organization's ability to learn faster than its competition (Senge, 1994). Small businesses need to train employees in order to increase productivity and to gain a competitive advantage, but smaller firms are generally the ones that can least afford training. (Feur, 1988)

#### **2.5 ECONOMIC IMPLICATIONS OF TRAINING**

Small business may not participate in training programmes as a result of financial constraint, where training tends to be dealt with on an "if-we-can-afford-it basis" in small firms (Feuer, 1988). Less than nineteen percent of small businesses include formal training programs for new hires, compared to forty four percent of large firms. This lack of formal training is due to the high costs of training, and may put smaller firms at a competitive disadvantage (Lichtenstein, 1992). Many companies just cannot justify the cost of creating a one-person training department or hiring consultants on a regular basis (Feuer, 1988). When training is afforded, though, it can take place on-the-job or off-site, depending on the small business' training needs. The idea that training pays off is sometimes hard to support. However, some recent studies have shown that training does pay off.



## **2.6 SOCIETAL BENEFITS OF TRAINING**

In its broadest sense, training has an impact on both economic well-being and social inclusion in organization. Blundell (199) in the UK notes the societal benefits of an educated and literate population, including increased participation in democratic institutions and social cohesion. Johns6ton (2004) in New Zealand suggest s that the wider benefits of training include better health, less crime, improved civic participation and greater life satisfaction.

A number of studies have attempted to evaluate the effects of training on economic growth at a macro level. For example, in the US, Cohen and Soto (2001), using cross-country time-series data, found statistically significant positive effects of training on economic growth. (Dowrick2002) found that an additional year of training in the adult population would lead to an increase in long-run growth of between 0.2% and 8.0%. A common finding from the literature (Krueger, 2001) in the US, is that, there is a positive contribution to growth from the initial level of schooling (a stock of human capital) measured by literacy rates for example, In New Zealand, (Hendy, 2003) found that roughly one-third of the variation in employment growth across industries/occupations is associated with qualification factors.

## **2.7 EDUCATION/TRAINING AND PRODUCTIVITY**

If we turn to the link between education and productivity at a macro level, the OECD (2004) estimate that increasing average education by one year would raise aggregate productivity by at least 5%, with possibly a stronger effect in the long-run. In Canada, (Colombe,2004) found that a rise of 1% in adult literacy scores relative to the international average are associated with an eventual 2.5% relative rise in labor productivity.

The level of education of the employee will affect the decision at the enterprise level of which technology to use. Entrepreneur need technical and management skills to choose adapt and effectively use technology. A study carried in Kenya indicates that many



entrepreneurs in MSMEs lack education, training management experience that may help them in assessing the demand of their products, estimating the rate of change in technology and gathering information about alternative technologies. Therefore the ability to read and write, exposure to broader word, and training in science enhances one's ability to understand, respond to use and control technologies (management development branch; Ake sahlin).

## **2.8 IMPACT OF TRAINING ON WAGES**

A number of studies have been undertaken to examine the effect of increasing training on wages; most find a positive effect. (Blundell, 1999) in the UK found that:-

- a) Individuals undertaking employer-provided or vocational training earn, on average, just above 5% higher real earnings than individuals who have not undertaken such training.
- b) The rates of return are in the 5 – 10% range if the training also results in a middle or higher vocational qualification being obtained.
- c) Skills acquired from training depreciate over time, suggesting that training needs to be renewed to retain its benefits.

Other studies have included the following:-

- I) (Dearden,2000) in the UK found that increasing the proportion of workers trained in an industry by 5 percent points (say from 10% to 15% ) is associated with a 1.6 per cent increase in wages.
- II) In Australia, Smith (2001) summarized the international literature that measures the wage effects of participation in enterprise-based training. The wage effects ranges varied within and between studies, as well as by country, with the average range being 8 – 9%
- III) Also in Australia, Long (2001) found that the average earnings effects for males of skilled vocational Qualifications is 9.2% and for Basic Vocational Qualification is 7.6%.
- IV) In the Netherlands, (Groot, 1995), found that for participants in enterprise-related training the wage effects are 21%.

## 2.9 PURPOSES OF TRAINING

Organizations provide training for many reasons. They wish to orient new hires to the organization or teach them how to perform in their initial assignment. Some organizations also wish to improve the current performance of employees who may not be working as effectively as desired, or to prepare employees for future promotions, or for upcoming changes in design, processes, or technology in their present job (Fisher, 1999). Training can help an organization succeed in a number of ways. Traditionally, training facilitates the implementation of strategy by providing employees with the skills and knowledge needed to perform their jobs.

Recent changes in the environment of business have made Human Resource Development function even more important in helping organizations maintain competitiveness and prepare for the future (Goldstein and Gilliam, 1990). Technological innovations require training, with employees often needing more sophisticated skills in troubleshooting and problem solving than they did previously. The pressure of global competition is also changing the way organizations operate and the skills that their employees need. For instance, organizations have been increasingly providing quality management and customer service training in an attempt to keep up with rising consumer expectations (Bellizzi, 1990 and Lee, 1991)

Approximately 70 percent of employers provide some formal training (Noe, 1998). The larger the company, the more likely its workers were to have been trained. In smaller companies, 75 percent of respondents in firms with fewer than 500 employees received some training, compared with 82 percent in companies with more than 1,000 people (Schaaf, 1998). Smaller to midsize firms, employing 100 to 499 people, averaged 140,040 dollars per company for training; these companies make up about 78 percent of the Dun and Bradstreet data base of 146,837 U.S. organizations. Those firms employing between 500 and 999 people, about 10 percent of the database, planned to spend about 237,600 dollars each. The largest companies, those with 10,000 or more employees (1% of the database), had training budgets that averaged well over 15 million dollars. Small

companies (50-99) employees spend about one-third as much as large employers- (500 + employees) (Noe, 1998).

Most training goes to managerial, supervisory, white-collar, salaried employees. Eighty percent of people at work today are hourly workers. (Mincer 1997) also reported that people who in the past have received training are more apt to undergo further training in the future.

(Balnchard, 1998) affirm that, of the nearly \$60 billion expended by organization employing one hundred or more employees, 42.1 billion dollars was spent for HRD staff salaries, and another 14.7 billion dollars was allocated for outside services, (seminars, conferences, materials, etc. ). The most recent reports estimate that employers spend around one percent of payroll on training. To keep up with the current trend, this amount is expected to increase to three percent by the year 2000 (Chance, 1998).

Firm-provided training is just one of many human resources management (HRM) practices. The studies discussed so far all focus on the relevance of training. In contrast, Ichniowski *et al.* (1997) look into the combined effects of various HRM practices; they classify observations into four different HRM systems, ranging from 'traditional' to 'innovative'. Their findings are that adopting a system of more innovative HRM practices has large effects on productivity, while changes in individual work practices have little or no effect. This conclusion also holds for the incidence of off-the-training. According to (Armstrong 2000), an organization's most valued asset are the people working there, who individually and collectively contribute tot the achievement soft is objectives for sustainable competitive advantage. The emphasis should therefore be o obtaining added value from the people by the process of human resource development and performance management.

Chapman and Torrington (1987) in their book *Personnel Management: A new Approach* state that it has been argued that the most significant feature of an employment package offered by recruiters is the extent of training promised in the offer. They further state that identifying training needs is a key stage in training administration. Systematic training



which is specifically designed to meet defined needs is planned and provided by people who know how to train. The impact of training is carefully evaluated before, while in progress and after it has taken place. Kenny and Reid (1988) defined planned training as a deliberate intervention aimed at achieving the learning necessary for improved job performance.

According to Graham and Bennet (2000) in their book: *Human Resource management*, training should be concerned with identifying and satisfying developmental needs multi-skills or fitting people to take an extra responsibility. Werther and Keith (1996) states that training and development teaches existing employees new knowledge, skills and abilities ensuring their continued usefulness to the organization and meeting their personal desires for advancement. The employer must be committed to training and development of staff and show this by realizing from regular work to attend training and even sponsor them where possible.

## **2.10 OUTCOME OF TRAINING**

Most studies on the returns to training are limited to the employee's share of these returns: the impact of training on wages. The general outcome of these studies is that training has a positive impact on wages (Groot, 1999). Barron *et al.* (1999) make a distinction between the impacts on the level of starting wages on a subsequent wage growth. Human capital theory predicts a negative relation between (expected) time spent in training and starting wages, but they do not find robust support for this prediction. They do find a positive impact of training on both wage growth and productivity.

A limited number of studies consider the impact of training on productivity. These studies focus on productivity at either individual or firm level. Since it is difficult to obtain objective measures of individual productivity, subjective evaluations are used. These are based on comparing productivity before and after training, or by comparing the productivity between employees who have and have not followed training courses. Bishop (1994) studies whether current productivity of individual employees depends on schooling, work experience and formal training obtained at previous employers. Using dummy variables on the incidence of formal training he finds that employees who receive

formal off-the-job training at previous employers are on average 16% more productive than otherwise comparable employees without previous training. In general Kenya's MSMEs is composed of extremely small (1-2), young firms, which are vulnerable to economic conditions and which rarely grow.

There are three prominent issues in today's small business training environment. The first issue question where small business will find qualified employees in an economy where capable labor is going to be a relatively scarce good. The second issue concerns how small businesses are projected to use training to raise their productivity in order to compete in the marketplace (Lichtenstein, 1992). The third issue is that small businesses have created most of the new jobs in recent years and will need training if they are to survive and grow. Each issue will be discussed in turn.

A study in Kenya (Thyra A Riley and William F Steel) indicate that as an entrepreneur's level of education is directly correlated with his business' potential growth and an employee education is correlated with his potential productivity, Kenya's declining rates of education are negatively bellwether for the micro and small enterprise sector overall income and employment growth potential.

(Chance 1998) asserts that the age group of 16 to 24 years old is diminishing in size, and a significant portion of the remaining group is poor educated. As a result, small businesses will have to look for less qualified employees to fill new positions (Lichtenstein, 1992), and will have to work harder to keep their existing workforce and increase their productivity (O'Connor, *et al.*, 1996). On the other hand, small firms seem to create ninety eight percent of all new positions, causing owners/managers to be concerned that they will be severely affected by the growing shortage of qualified entry-level employees (Feuer, 1998). The conclusion is that "business leaders are increasingly coming to realize that the work force necessary for fueling America's economy now, in the near future, and into the Twenty-First Century is not that they can simply buy or borrow. They must build it (American Society for Training and Development, 1989) .



Training and development, is one that is often mentioned but rarely viewed as a potential source of competitive advantage (Fairfield-Sonn, 1987). Lack of investment in training is an often-cited reason why most of the Kenyan small scale microfinance is involved in the marketing sector other manufacturing sector. A survey carried by K-rep and Gemini identified a lot of 900,000 micro and small scale; enterprises of which approximately 300,000, (30%) are in manufacturing and about 55% are in retail and commerce.

Studies indicate that on average, U.S. companies only spend about one-third as much as Japanese companies on training per year. Some statistics also suggest that only sixteen percent of U.S. employees have ever received any training from their employer (Noe, 1998). Often training and development may sometimes be viewed by management as a luxury or "necessary evil" (Athos, 1983). Additionally, few members of senior management have the time to become personally involved in these labor-intensive activities (Mintzberg, 1973), so they do not see the direct benefits that may be gained from these efforts.

Senior managers often fail to consider training and development as a serious means of attaining a competitive advantage (Bolt, 1985). There also may be a tendency on management's part, to overlook or avoid this area because they do not have a clear model to aid in making decisions regarding whether or not training and development activities will give them a competitive advantage (O'Neil, 1986). Interesting results were obtained from the study conducted by American Society for training and development. It concluded that managers in Europe were more likely to describe globalization as the most fundamental force driving their skill creation needs than were managers in the United States. U.S. managers were more likely to identify rapid technological change as the most significant force shaping their changing skill requirements (training and development, 1999).

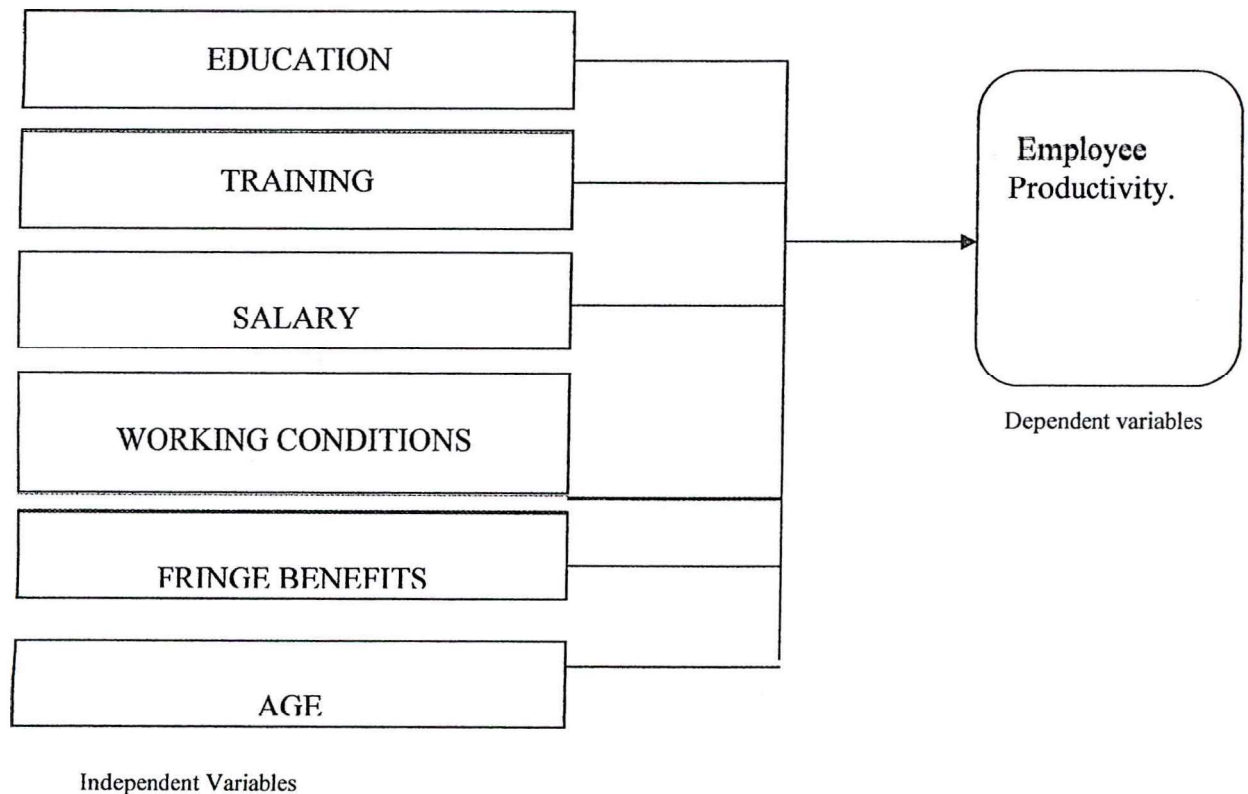
Despite huge investments in information technology over the past five or six years, Productivity gains in the United States are still rather modest of about one to one and one-half percent per year. The United States is not investing enough on the human side of the equation in the people who fix the technology, use and sell the technology, and envision its possibilities. Robert B. Reich, former U.S. secretary of labor, stated:

‘Without investing in people as a corollary to invest in technology, you simply have a lot of machinery. You cannot generate the capacity for productivity improvements when people are not adequately trained in technological skills and people skills.’ (Training and Development, 1999). Analysis of Kenyan contest indicates that inadequate skills technology and specialized management constrains on the growth on the growth and productivity of the micro and small enterprises.

From the aforementioned, it is clear that organizations can raise productivity by training their employees. Training ensures that the right people learn the things at the right time and in the right priority order (O’Connor, et al., 1996). As a result, training is one of the primary ways to bring less-qualified employees up to acceptable standards of performance, and to increase their productivity in a time of global competitiveness (Lichtenstein, 1992). In the long run, the only sustainable source of competitive advantage is an organization’s ability to learn faster than its competition (Senge, 1994). Small businesses need to train employees in order to increase productivity and to gain a competitive advantage, but smaller firms are generally the ones that can least afford training (Feuer, 1998).

## 2.11 Conceptual Framework

This study will adopt a Theoretical framework, which will take into account the independent variables (Employee training needs, benefits accrued from the training needs programmes). The Independent variable for this duty is the end product of training, which is MSME growth and sustainability. For any training programme to be initiated there has to be an impending need of improving the human capital among the employees in relation to adding in new skills. The need for training may be as a result of changing technologies, product line, and the MSME motivation for their employees to acquire new skills or perhaps the knowledge of the new trends in innovation calling for training programmes. The concepts are illustrated diagrammatically figure 1 below.



**Figure 1 Factors influencing Employee Training.**

*Source:* Researcher, 2008.



## LITERATURE OVERVIEW

This study was found necessary on the strength that people get employed in the MSMEs without formal training. Those with formal training find different environments, different machines and process from those in their formal training. It is therefore very necessary to give training to cope and to conform to the new situation.

In the National Development Plan (2000-2008) the government of Kenya intends to maximize the utilization of all technical training institution through upgrading the capacity , introducing flexible curriculum and upgrading some of the institutions to be centers of excellence in specific skills (pg 61). Poor economic status of people hampers such ambitious plans. Many parents cannot afford to take their children for formal training. It is therefore important to study the reasons why people choose to train at MSME's. A study at the training will bring out important information on the necessity to look afresh at the informal training interventions.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 INTRODUCTION

This chapter discusses the research design, target population and sampling procedure, research instruments, limitations of study data collection and data analysis procedure. The chapter further presents the expected outcome of the study.

#### 3.1 RESEARCH DESIGN

This research adopted an exploratory approach using a descriptive approach survey design to assess the relationship between house training and organization productivity. Moreover, this approach was considered to be valuable in assessing the phenomena.

#### 3.2 STUDY LOCALITY

The study was carried out at Kenyatta market in Nairobi. All the 200 stalls in the market will be included in the research. The researcher choose the market in question out of others located in Nairobi like Kariobangi, Gikomba, Uhuru markets because of its accessibility and has interest in it as one of the stakeholder in the market.

#### 3.3 TARGET POPULATION AND SAMPLING STRATEGIES

The target population comprised of employees of SME's and entrepreneurs. A purposive sampling criterion was used to get respondents. A total of 200 respondents would be sampled from an average population of 500 persons working in the market. 100 of the persons comprised of employees and 100 of entrepreneurs. The respondents were sampled from different business enterprises and the activities they do. At least 4 employee respondents and 4 entrepreneurs in the 25 different types of business were selected for the issue of questionnaire and interviewed respectively. This resulted to 40% of the respondents.

### **3.4 RESEARCH INSTRUMENTS**

The researcher collected data through questionnaires and an interview schedule. The questionnaire captured information that is not directly observable. An interview captured information on the training policies, benefits of training, performance of employees before and after training and business performance. It also included records of participant's background and experiences on training, significance of the training and its application to the business performance and productivity. It was also important to elicit information on why the respondents thought it was potentially important to train them and whether the businesses were prepared to carry out training activities from time to time.

The interview schedule Data collection method was utilized because the entrepreneurs and their employees have direct and indirect responsibilities in running the day to day activities of the enterprises.

### **3.6 DATA COLLECTION PROCEDURE**

A permit to allow the researcher to carry out the study was sought from the Ministry of Education, Science and Technology (MOEST). Data was collected from both primary and secondary sources.

- 1) From primary sources an interview schedule was administered to the entrepreneurs and employees.
- 2) Secondary data information was gathered from journals, periodical magazines, Internet etc
- 3) Personal observation was also used to gather data.

### **3.7 DATA ANALYSIS AND PRESENTATION METHOD**

Data was analyzed using descriptive statistics with the help of Statistical Package for Social Science (SPSS). Data was interpreted and inferences made and presented descriptively using charts, tables and percentages.

## CHAPTER 4

### 4.0 Data Analysis, Findings, Presentation and Discussion.

#### 4.1 Introduction

The research was conducted in Kenyatta market Located in Nairobi Province. A total of 200 interview schedule were meant to be conducted to respondents. A total of 165 interviews were conducted and have been included in this analysis. The balance was as a result of absence of the entrepreneurs and some of the employees. Some stalls (5) had been closed due to unknown reasons. This amounted to 83 % of the total population.

The analysis that follows was guided on the basic research questions and objectives, which were presented in the form of interview schedule. The objectives of the study were: -

- a) To assess the role of education on employee productivity,
- b) To find out the effect of employee training in relation to productivity,
- c) To investigate the impact of employee salary, fridge benefit and working conditions in relation to productivity,
- d) To explore the effect of employee age on productivity.

The findings are discussed under the following sub- headings:

1. Respondents' analysis.
2. Naming the Business and Products Analysis
3. Employees' analysis and training criteria.
4. Contributions of training to business enterprises.

#### 4.2 Respondents' analysis

The need of training of employees at any business enterprises is in the rise today. This has been as a result competitive challenges that are posed by other organizations in the sales and production of products. It has been reported that, companies that use innovative training and development practices are likely to report better financial performance than



their competitors that do not. The research was done in Kenyatta market in Nairobi Province as mentioned above. The respondents were Entrepreneurs and Employees in the stalls in the market.

The following table shows the respondents' analysis.

**Table 4.1: Types of respondents**

<b>Types of respondent</b>	<b>Total number of Respondents</b>	<b>Percentage</b>
Owners	15	8%
Managers	8	04%
Owner/Manager	23	12%
Supervisors	10	05%
Casual Employees	94	47%
Others ( Permanent Employment)	7	04%
Non respondents	30	15%
Closed stalls	5	3%

From the table; it was observed that most stall owners employ casual labor of about 47% to run them. Owners who acted as managers of their own businesses amounted to 12%. Those employed as managers by the owners amounted to 4%. Most owners and managers operate together with their employees. Very few stalls are run without employees at all. Employees hired on permanent basis are negligible of about 4%.

The table below shows an analysis of the entrepreneur's level of education

Education level of Entrepreneurs

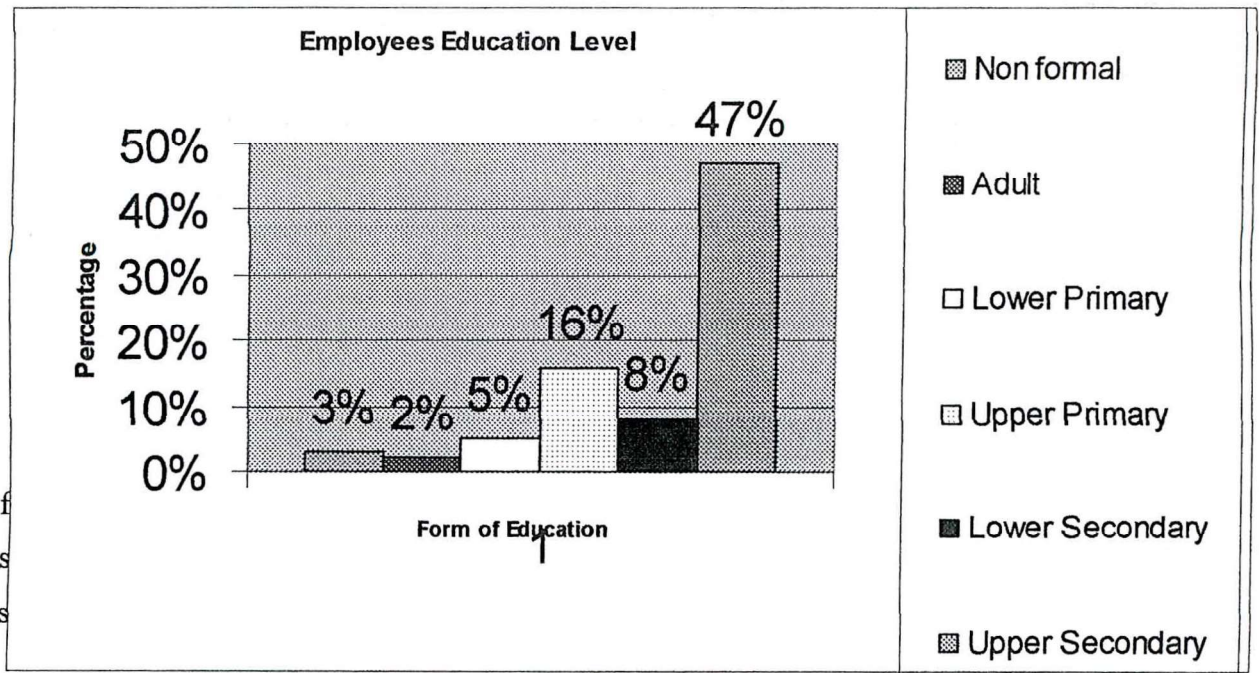
**Table 4.2: Education Level of Entrepreneurs**

<b>Education Level</b>	<b>Number of respondents</b>	<b>Percentage</b>
Non formal	1	2%
Adult	2	4%
Primary	7	15%
Secondary	11	23%
College	19	40%
University	3	6%
Vocational Training	5	10%

The table above shows the education level of the respondents who own the stalls, those employed as managers and those employed as supervisors. Majority of the entrepreneurs are college graduates. Primary school and Secondary graduates it was observed that these have succeeded in starting and managing their own business which are doing very well. They contribute about 40% , 15% and 23% respectively.

The figure below shows the employees level of education

**Figure 2: Employee Education Level**



### 4.3 Naming the Business and Products Analysis

Giving a business a unique name is very essential. Psychologists argue that, there is more in a name and hence should take time to come up with a good and attractive name for a business. In Kenyatta Market, the traders are aware of this and majorities have given their stalls unique names signifying the name and type of the business they operate.

The following table shows the type of business with special names and those identified with stalls number only.

**Table 4.3: Type of Business and business naming**

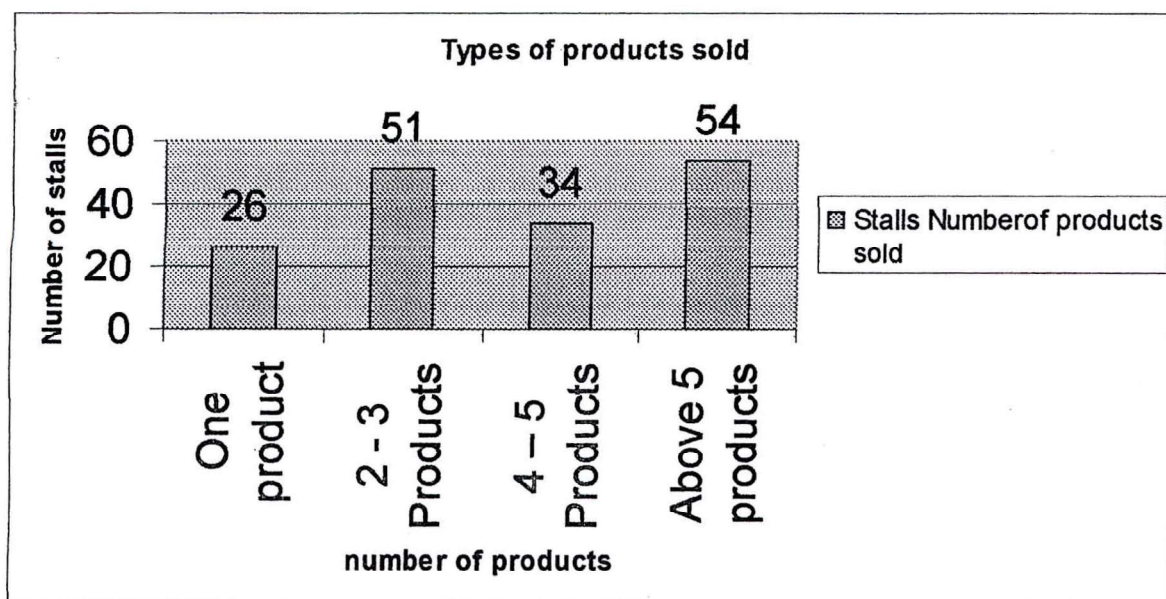
<b>Type of Businesses</b>	<b>With name</b>	<b>Special</b>	<b>Without Special names</b>	<b>Total</b>	<b>Percentage</b>
Grocery	4		2	6	4%
Butchery	7		2	9	6%
Hair Salon	10		3	13	8%
Beauty products	6		3	9	5%
Hard ware	2		0	2	1%
Electronics	7		1	8	5%
Electrical	8		0	8	5%
Designers	6		1	7	4%
Clothing/ boutique	26		3	29	18%
Juice Pallor	3		0	3	2%
Tailoring	11		1	12	7%
Copy Bureau	4		3	7	4%
Book shop	3		0	3	2%
Retail shops	2		2	4	2%
Bars	4		0	4	2%
Hotels/ cafes	10		0	10	6%
Shoe shops	3		0	3	2%
Ladies bags	3		0	3	2%
Barbers	4		0	4	2%
Chemists	3		0	3	2%
Fish centre	3		0	3	2%
Telecommunication	4		0	4	2%
Car seats	2		0	2	1%
Second hand clothes	0		3	3	2%
Vehicle spares	4		0	4	2%



From the table, majority of the stalls deal in clothing related products in the market. This makes about 18% of the total respondents of 165 stalls. Stalls dealing with Tailoring activities make about 7%. Businesses dealing with Hair salon and Beauty products are also substantial and make about 8% and 5% respectively.

The figure three below shows the types of products sold.

**Figure 3: Types of products sold**



From the figure above it is observed that most stalls sell more than five products making 54% followed by 2-3 products which constitute 51% then 4-5 products which make 34%. The least stalls sold one product and these made 26% of the total stalls.

### Size of the Businesses

The table 4.4 below shows an analysis of the size of the businesses.

**Table 4.4: Size of Businesses**

Type of Business	Number of Stalls	Percentage
Small size	112	68%
Medium size	53	32%

From the table above it is observed that most of the businesses in Kenyatta market are small scale making 68% while the medium scale ones make 32%.

### Number of years in Business

Majority of the business (59%) have been in existence from 2 - 5 years, Those in existence for 6-9 years are 29%. New businesses were 12 %. The table below is an analysis of the above information.

**Table 4.5: Number of years in Business**

<b>Number of years in Business</b>	<b>Number of Stalls</b>	<b>Percentage</b>
Less than 1 year	20	12%
2 – 5 years	98	59%
6 – 9 years	47	29%

### Number of years in the current employment

The table 4.6 below shows a tabulation of employees period of employment.

**Table 4.6: Number of years in the current employment**

<b>Number of years in current Employment</b>	<b>Number of Employees</b>	<b>Percentage</b>
Less than 1 year	34	36%
2 – 5 years	48	52%
6 – 9 years	7	7%
More than 10 years	5	5%

Majority of the employees (52%) have taken 2 – 5 years in their current employment. Most of them have less than one year in their current employment (36 %). Those that have been working in the current business for more than 10 years are very few. This shows there is possibility of a lot of employee turn over.

#### 4.4 Employees' Analysis and training criteria

It was found that most stalls have employed one or two employees. Those with more than two employees are not many. They choose their employees basing on various factors. Only a few employers in Kenyatta market who advertise for job vacancies. They are recruited locally. The considerations taken into account include experience, wages they ask for and Education level. Those who are guided by the experience of the employee are the majority making about 50 %. Those guided by the education level are a minority.

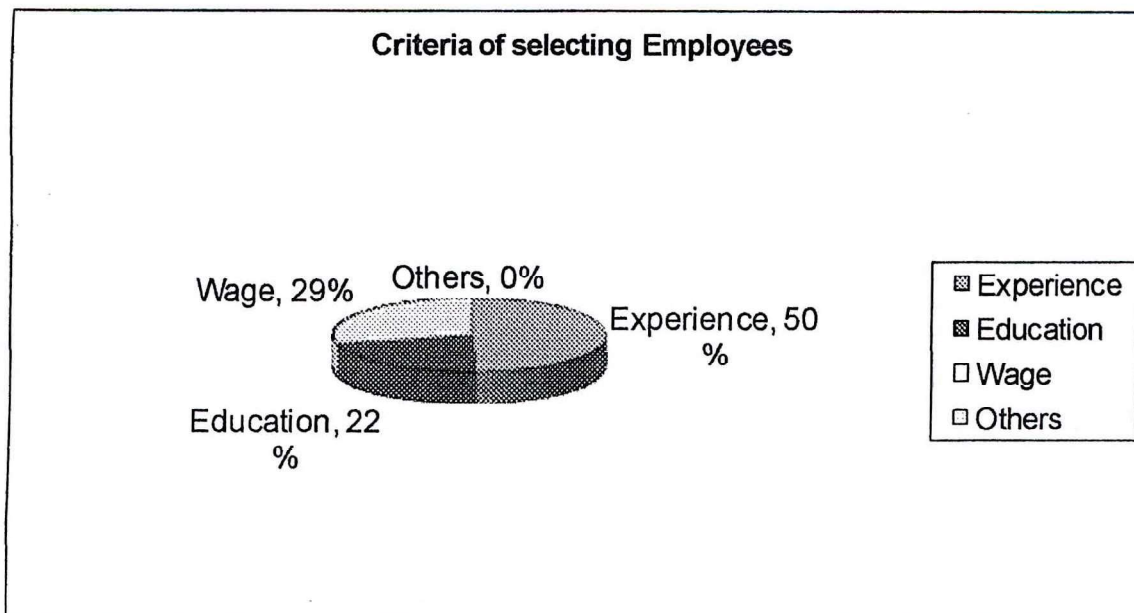
The table below shows an analysis of the criteria followed in selecting employees.

**Table 4.7: Criteria of Selecting Employees**

Selection of Employees criteria	Number of Employers	Percentage
Experience	47	50%
Education	21	22%
Wage	26	29%
Others	0	0%

The figure below has been used to support the table above in tabulating the criteria used in selecting employees

**Figure 4: Criteria of selecting Employees**





The table 4.8 below shows the qualification of employees.

**Table 4.8: Qualification of Employees**

<b>Qualification of Employees</b>	<b>Number of employees</b>	<b>Percentage</b>
Highly Qualified	70	74%
Semi Qualified	24	26%
Not Qualified	0	0%

Employees were described as highly qualified, semi- qualified and not qualified at all. In most stalls the employees according to the employers and according to them are highly qualified. Those that are semi qualified makes about 26 %.

#### **Selection of Employers criteria**

Employees likewise have their own criteria of selecting their employers ranging from educational level of the employer, experience and wages/salary provided to the employee.

The table 4.9 below shows an analysis of how employees choose their employers

**Table 4.9: Selection of Employers criteria**

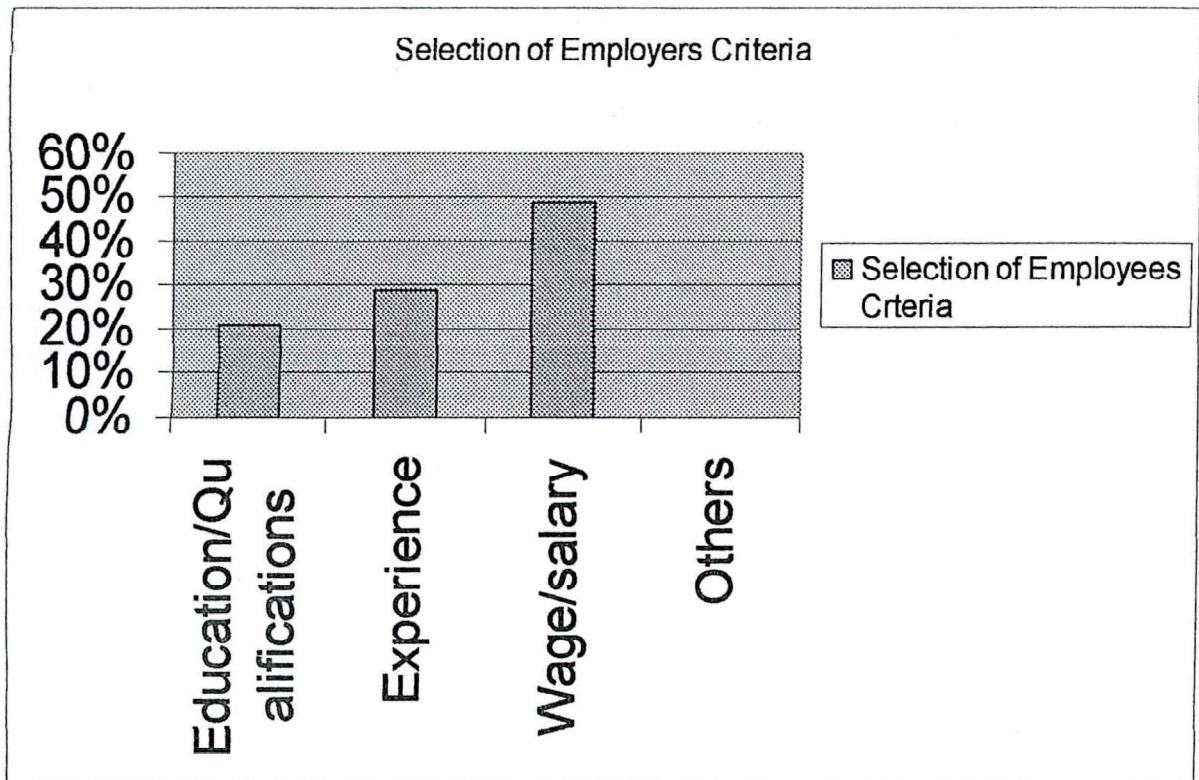
<b>Selection of Employers criteria</b>	<b>Respondents</b>	<b>Percentage</b>
Education/Qualifications	20	21%
Experience	28	29%
Wage/salary	46	49%
Others	0	0%

From the table above it was observed that most of employees worked for people who offered better salaries making 49% followed by those who considered employers who were experienced in their work making 29%. Education level and qualification made 21%.



The figure 5 below gives a further tabulation of the criteria used by employees to select their employers.

**Figure 5: Criteria of selecting Employers**



Majority of the employees consider wages provided as the key factor to consider in choosing the employer, this amounted to 49% according to the respondents. If the employer provides enough wages, the employees do not need other considerations.

#### **4.5 Training of Employees**

Most employees and Employers find in-house training a very noble idea. Some receive training while working but majority do not receive any, making them to rely on their old and traditional skills of operating and running businesses. Apprenticeship is the type of training applied by most employers where the employees learn new skills on the job. A few learn from mentoring and observations.

The table 4.9.1 below shows the views of employers on training their employees

**Table 4.9.1: Importance of Training Employees**

Its important for in-house Train of Employees	Respondents	Percentage
Yes	130	79%
No	20	12%
Not sure	15	9%

From the table above it was discovered that most employers that is 79% supported training of the employees 12% did not support while 9% were not sure.

The table below shows the type of training provided by employers to the employees.

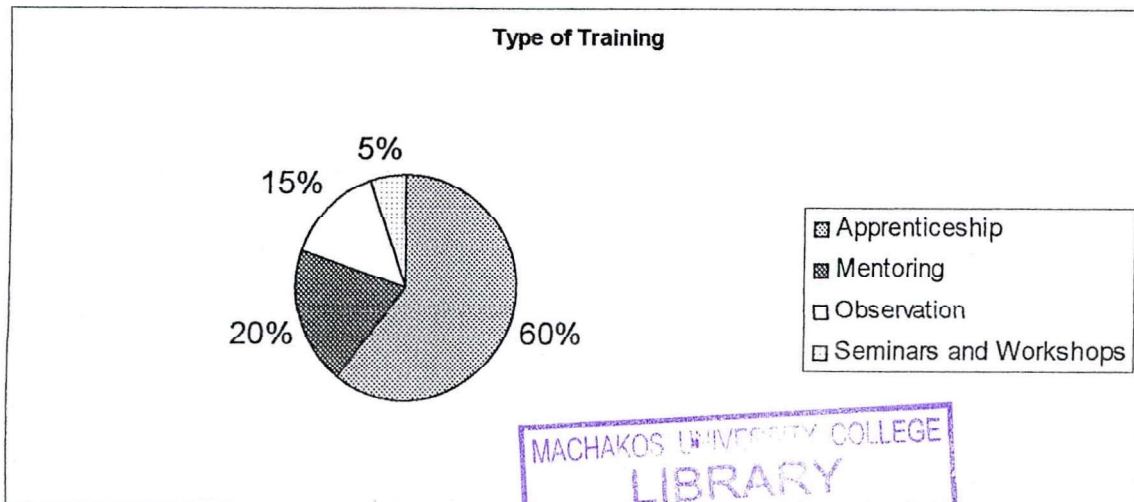
**Table 4.9.2: Type of Training provided**

Type of Training provided	Respondents	Percentage
Apprenticeship	56	60%
Mentoring	19	20%
Observation	14	15%
Others (Seminars and Workshops)	5	5%

The most common type of training provided was apprenticeship as seen above. Seminars and workshops are very few. Some learn from observation making about 15 % of the employees' respondents.

The figure below is a further tabulation of the type of training provided.

**Figure 6: Type of Training**



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LIBRARY  
Signed..... Date.....

The length of training lasts from 3 days to 6 months. Most businesses take about one month to train their employees. There are a few which takes from 6 months and above. These are those that deal with Electrical and Electronic services. A few of them set aside money from their budget for this important venture.

The number of trainees trained in every session is below 10 in a year. This shows a deficiency in skills disposal yearly.

Majority of the trainers provide service related training to their employees. Those in the Hair salons and beauty shops are trained in chemical prescription to hairs, chemical storage and display. Those in the clothing's and tailoring services are trained on design. Almost all are trained in customer care and good relations.

Payment of the training is done by the employers. At times some of the employees pay for their training especially if they are taking the course outside their employment place.

#### **4.6 Contribution of training to the Businesses**

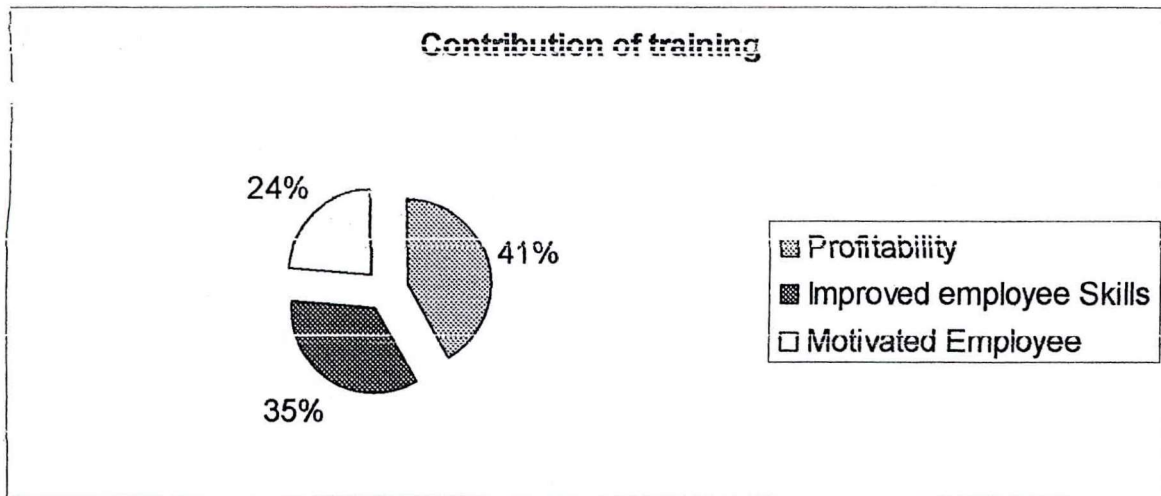
Training according to the respondents contributes a lot in the provision of services and profit creation. Different respondents had their own views on the importance of training to their businesses. Their views are as shown on the table below. Those who perceive benefit of training in terms of profitability, form the largest number of respondents at about 41%.

**Table 4.95: Contribution of Training**

<b>Contribution of training</b>	<b>Respondents</b>	<b>Percentage</b>
Profitability	38	41%
Improved employee Skills	32	35%
Motivated Employee	22	24%



**Figure 7: Contribution of Training**



To the respondents, businesses that train their employees tend to benefit a lot in terms of profit and in improvement of skills to the employees. Like wise the employees are motivated in their provision of service. They feel indebted to the businesses and hence encourage them to work hard and control any eventualities that may result in business loss. Training motivates employees both intrinsically and extrinsically. Lack of training restricts profit and skills advancement. At the same time it makes employees detached from the business and hence cannot protect the business interests from being raped.

Most of the respondents interviewed had their own personal opinion on the importance of training. These opinions includes:-

- It alerts both the employee and employer on the best opportunity on current information.
- It increases output in business.
- It increases sales.
- It helps in promotion of quality service.
- It helps to retain employees.
- It helps in enriching employees' knowledge.
- It provides tips on how to control finances.
- It provides information on how to run the business.
- It also helps in diversification of business venture.

Given a chance the employees would like to be trained in various areas. These include, mechanical engineering, textile management, food and beverage management, fashion and design, beauty therapy and hair dressing, information technology, textile design and marketing, Entrepreneurship, accounting, Nail Therapy, Leather- work for those working in the shoe firms. Majority of them want to be trained on customer and public relations as well as customer care.

Some of the respondents argued that training needs a lot of time and found time as a barrier for training. They find themselves tied up with a lot of activities and lack time to attend training sessions.

## CHAPTER FIVE

### **5.0 Summary, conclusion and recommendations**

#### **5.1 Introduction**

This is the final chapter of this project paper and it gives a summary and conclusions of the study, recommendations from the study, recommendations for further research and limitations of the study.

The researcher used interview schedules as research instruments and the study was carried out in Kenyatta market in Nairobi province.

#### **5.2 Summary of the Major findings**

There were four main objectives of this study; to assess the role of education on an employees productivity, to find out the effect of employee training in relation to productivity, to find out the effect of employee training in relation to productivity, to investigate the impact of an employees salary, fringe benefits and working conditions on their productivity and finally to explore the effect of age on an employees productivity.

It was found that, training is very essential in any business and should be encouraged always. Those businesses that did training were different in provision service and productivity. Those that provided any training however small were found to be different in terms of delivery of service. According to the Entrepreneurs, they got more profit than those that do not train at all. Majority of Stalls in Kenyatta market recruited untrained employees who learn on the job. Most of them are employed on casual basis and hence employers do not take much interest on their training, though they value the need of training. They argued that training was expensive and are not ready to spend so much money on employees who are ready to leave their jobs any time.

The level of training of employees in Kenyatta market was therefore found wanting and very low. The stall owners should be encouraged to do in-house train their employees for



profit. They should think of employing their workers on permanent basis, though to retain them after training.

It was discovered that all the employees in Kenyatta Market had attained some level of education. However, a big percentage of the enterprises that were doing well had employees who had attained the K.C.S.E level of education. It was noted that these employees handled their clients well and had better communication skills, they also knew what they actually wanted from their employment. Employers of such employees reported higher profit margins due to better service in their enterprises compared to their counterparts who had employees with a lower level of education. Owners are therefore encouraged to consider hiring employees who have at least a minimum four level for better productivity.

Education level was a major factor that determined hiring and retaining an employee. Employees were seen to consider the amount of money they were being offered in a salary and not paying attention to either other fringe benefits or even working conditions. The employees who were given higher salaries were most motivated and had stayed in the same job for a longer period.

Most of the employees in all the stalls were youth, age didn't seem to matter to employers. It was however discovered that experience in the job was also a significant factor in getting a job in Kenyatta Market.

### **Conclusions**

From the summary above, it was concluded that:

There is great importance in in-house training of the employees in business enterprises by the entrepreneurs in order to improve employees' productivity and job satisfaction.

Enterprises that undertake training are better off in terms of service provision and customer generation than those that do not bother at all.

- c) There is need for employees training and the training should be extended outside the working places and can be done after work to avoid inconveniences to the employers.
- d) Technical training institutions should be upgraded to introduce flexible curriculum and be made centers of excellence skills for persons already employed.
- e) Employees should be mostly trained in the things that they face during their normal operations. Avoid training in anything that the employee does not use directly.
- f) Giving a unique name to your business is essential as it communicates a lot. There is a lot in a name. Stalls that just use numbers as their way of identification should be encouraged to come up with special names for their businesses.
- g) Experience and wages are key factors that the employers use to choose their workers. Very few employers are interested with the education level of the employee.
- h) Majority of the businesses are small scale and their role in training of their employees is very minimal simply because of the cost element. Key beneficiaries like the government should assist.

#### **5.4 Recommendations**

In the view of the findings and conclusions of this study, the researcher made the following Recommendations:

- 1) Training should be made a mandatory activity to all businesses employing more than two employees
- 2) All Entrepreneurs should be trained on the need of a name to a business.
- 3) Government should come up with training plans that favor the employees in the informal sector.

## **5.5 Recommendations for Further Research**

With respect to the finding of the study, the researcher made the following recommendation for further study:

A similar research can be carried in other Markets in large towns and cities in Kenya on a larger scale for comparison of findings of this study.

A study can be taken to establish why people chose to train at the MSME's.



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## APPENDIX

### INTERVIEW SCHEDULE FOR EMPLOYEES

1. Market.....

2. Name of enterprise.....

3. Position of the respondent

i. Manager

ii. Supervisor

iii. Casual

iv. Other (Specify)\_\_\_\_\_

4. Education of level

i. No formal education

ii. Adult education

iii. Lower primary

iv. Upper primary

v. Lower secondary

vi. Upper secondary

5 Size of business

i. Small business

ii. Medium business

6. Type of products

- i. Vegetables -----
- ii. Cereals -----
- iii. Hotel -----
- iv. Other (Specify).....

7. No of years in current employment

- i. Less than 1 year
- ii. 2-5 years
- iii. 6-9 years
- iv. More than 10 years.

8. How many products do you sell?

- i. 1 products
- ii. 2-4 products
- iii. More than 5 products
- iv. N/A

9. How did you choose this employer?

- i. Educational level / qualifications
- ii. Experience
- iii. Wage/salary
- iv. Other (Specify) .....

10. Which of the following best describes you in relation to your job?

- i. Highly qualified
- ii. Semi qualified
- iii. Not qualified



- iv. Not sure
- v. Other (Specify) .....

11. Have you received any training while working here?

- i. Yes
- ii. No

12 In your opinion is training of employees working in MSMEs necessary?

- i. Yes
- ii. No

13. Given the choice, what would you wish to be trained?

- I. \_\_\_\_\_
- II. \_\_\_\_\_
- III. \_\_\_\_\_

14. If your answer in II above is Yes how would your performance after training?

- i. Higher
- ii. Lower
- iii. Same as before
- iv. Others specify .....

## APPENDIX 2

This questionnaire covers academic work and the information collected will be treated with a lot of confidentiality.

### Interview Schedule for Entrepreneurs

1. Market.....
2. Name of the Enterprise.....
3. Position of the Respondent
  - a) Owner
  - b) Manager
  - c) Owner/Manager.
  - d) Other (Specify)

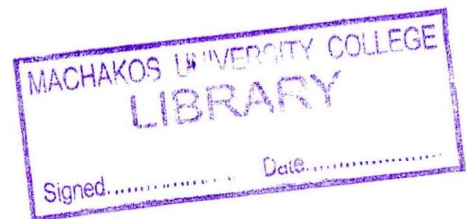


4. Education Level.

No Formal education	<input type="checkbox"/>
Adult education	<input type="checkbox"/>
Primary	<input type="checkbox"/>
Secondary	<input type="checkbox"/>
College	<input type="checkbox"/>
University	<input type="checkbox"/>
Vocational training	<input type="checkbox"/>
5. Type of training

i. Apprenticeship	<input type="checkbox"/>
ii. Polytechnic	<input type="checkbox"/>
iii. College	<input type="checkbox"/>

- iv. University
- 6. Size of business.....
  - i. Small business
  - ii. Medium Business.
- 7. Type of Products.....
  - i. Vegetables
  - ii. Cereals
  - iii. Food
  - iv. Other (Specify).....
- 8. Number of years in Business
  - i. Less than a Year
  - ii. 2-5 Years
  - iii. 6-9
- 9. How many types of products do you sell?
- 10. How do you select employees for the enterprise?
  - i. Experience
  - ii. Wage
  - iii. Educational level
  - iv. Other (Specify).....
- 11. Which of the following best describes employees that your business has?
  - i. Highly qualified
  - ii. Semi qualified



- iii. Not qualified
- iv. Other(specify)

12. Do you train your employees?

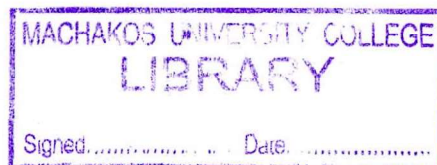
- i. Yes
- ii. No

13. What type of training do you give?

- i. Apprenticeship
- ii. Mentoring
- iii. Observation
- iv. Other(Specify)

14. How long does training take?

- i. Week
- ii. 1 Month
- iii. 3 moths
- iv. Other (Specify).....



15. How many employees do you train in a year?

.....

16. What was the content of the training?

.....

17. Who pays for training of employees?



.....  
.....  
18. What has the training contributed to your business?

- i. Profitability
- ii. Improved employee Skills
- iii. Motivated employee
- iv. Other (Specify)

19. In your opinion is training of employees in MSMEs necessary?

.....

20. What other benefits apart from the salary do your employees enjoy

- i) Free lunch
- ii) Transport
- iii) Transport and Lunch
- iv) Free service eg Salon
- v) Others specify

21. How much do you pay your employees?

- i) Between 3,000 – 5,000/=
- ii) Between 5,000 – 7,000/=
- iii) Between 7,000 – 10,000/=
- iv) Between 10,000 – 15,000/=
- v) Others specify

22. How would you rate your employees working condition?

- i) Very comfortable
- ii) Comfortable

iii) Bearable

iv) Not sure

23. What is the age of your employees

i) Between 16 – 18 yrs

ii) Between 18 – 20 yrs

iii) Between 20 – 25 yrs

iv) Over 25 yrs

24. Which category of employees works to your clients satisfaction.

i) Trained

ii) Experienced

iii) Trained with experience

iv) Untrained

v) Any depending on the circumstances

25. If your answer for 23 above is (v) explain the circumstances.

1. ....

2. ....

3. ....