

THE CONTRIBUTION OF DEVELOPMENT PARTNERS' INITIATED PROGRAMS ON THE GROWTH OF ENTREPRENEURSHIP IN KENYA

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ABSTRACT

More than ever before, entrepreneurship has gained traction all over the world. In Africa, the youth unemployment bulge is a real socio-economic and political concern and to mitigate this eminent crisis, governments have invested enormous resources—time, financial and physical, in entrepreneurial programs to mitigate the situation. In Kenya, programs in entrepreneurship and SME support have been rolled out across the country both by government and non-state actors in the belief that the effort contributes to self employment and job creation. We can only ignore the plight of unemployed at our own peril particularly in regard to the associated risks such as social unrest, crime, rural-urban migration and escalation of poverty levels. The study was a descriptive survey to establish the contribution of development partners in fostering entrepreneurship in Kenya. The study targeted the beneficiaries of the District Business Solution Centre (DBSC) in Murang'a County in Kenya. DBSCs programs were initiated by UNDP, ILO, UNIDO and Ministry of Trade. The choice of DBSC program was purposively selected for this study due to the dedicated programs of Business Advisory and Training Services (BATS) and Business Skills and Entrepreneurship Development (BSED). The study was guided by the research objectives which sought to find out the extent to which business support services, entrepreneurship education and training, managerial skills and entrepreneurial finance contributed to the growth of entrepreneurship in Kenya. The regression model was used to analyze the results and obtained $R=0.847$ and $R^2 =0.717$ which implies that the entrepreneurial program initiated by the development partners significantly contribute to the growth of entrepreneurship in Kenya.

Key Words: *Entrepreneurship, business support services, entrepreneurship training, managerial skills, entrepreneurial finance*

Introduction

Entrepreneurship is one of the widely discussed topics in the world today. It is considered a driver of economic growth and development. The study sought to explore the contribution of programs initiated by development partners on the growth of entrepreneurship in Kenya.

Unemployment is a major concern for the government and country at large and thus the importance of entrepreneurship is hinged on its potent role in business start up for self employment and job creation. ILO (2008) observes that since the 1980s and increasingly through the 1990s to the present, donor organizations have been involved in promoting entrepreneurship in Kenya. Some of these donor agencies include United Nations Development Program (UNDP), United Nations Industrial Development Organization (UNIDO), Netherlands Development Organization (SNV), and International Finance Corporation (IFC), Department for International Development (DFID) and United States Agency for International Development (USAID).

The 2012/2013 Economic Survey revealed that 659,400 new jobs were created in 2012, representing an increase of 5.5 % from 2011 where the informal sector accounted for about 90% of the total jobs created during the period (KNBS, 2013). Thus, the ultimate measure of the success of the Kenya's government integrated strategy on the promotion of entrepreneurship and small enterprises is the continued creation of new start up funds, especially for innovative initiatives and the growth of existing businesses by all segments of society and in all corners of the country resulting in the improvement of economic and social wellbeing of the poor communities (Kiraka, Kobia, & Katwalo, 2013). Capacity building, imparting entrepreneurial skills, providing technical support and fostering innovations are central themes in entrepreneurship development in Kenya and that a number of institutions in the country have embarked on entrepreneurship programs.

District Business Solution Centres (DBSCs)

The DBSCs were established with the aim of enhancing entrepreneurial capacity development, entrepreneurial competence and productivity of Micro and small enterprises and Small medium and large enterprises owned by the youth, women entrepreneurs and MSEs in Kenya whose ultimate goal is employment creation, poverty reduction and effective participation of the beneficiaries in the Kenyan mainstream economy (Nassiuma, 2012). The implementing organizations are UNDP, ILO and UNIDO while the co-ordination of implementation was undertaken by UNDP under guidance of the joint ILO, UNDP, UNIDO and the Ministry of Trade and Industry.

Statement of the problem

The ILO report on the Global Employment Trends for the 2013 indicates that the number of unemployed people worldwide is projected to rise by 5.1 million in 2013, to more than 202 million in 2013 and by another 3 million in 2014 (ILO, 2013). In Kenya, the free primary education policy adopted by the government is aimed at equipping the Kenyan population with basic life skills and is a strong foundation for a well-trained labour force. However, this means that in the short to medium term, Kenya will continue to experience rampant youth unemployment, noting that youth unemployment constitutes 70% of total unemployment (AEO, 2012). Thus the Kenyan Government must focus its policies and resources towards promotion of

entrepreneurship to create more employment opportunities. According to EC (2013), entrepreneurship is a powerful driver of economic growth and job creation in that it creates new companies and jobs, opens up new markets and nurtures new skills and capabilities.

A study by Renny (2011) observed that ongoing government and donor-supported programs have made some progress in the implementation of policy measures, notably World Bank supported MSE technology and training program, the European Union supported micro support program and UNDP/Ministry of Planning. However, the government intervention has had minimal impact due to lack of strategies for policy implementation, lack of harmonized policies by the government ministries lack of strict monitoring and control of the implementation process (Renny, 2011). While the effort by the development partners is documented in various reports, which inter alia include UNDP (2013) on Kenya's youth employment challenge and UN (2013) on the opportunities and constraints to youth entrepreneurship in Swaziland, there was no evidence of a local study on the contribution of development partners initiated programs on the growth of entrepreneurship in Kenya. This study therefore fills the void.

General objective

The study sought to establish the contribution of development partners' initiated programs on the growth of entrepreneurship in Kenya, a case study of District Business Solution Centres.

Theoretical Framework

Dynamic Capabilities Approach

The attention of this approach is mainly on a venture's attraction to renew its resources in tandem with the changes in its business environment. Adapting this theoretical perspective and applying it in the context of business advising suggests that the advice provided by skilled counselors is a resource that some firms will be able to combine with other resources to translate into new capabilities (Cumming & Fischer, 2010). The dynamic capabilities perspective further provides support for the argument that, in order for firms to effectively integrate externally provided knowledge resources into new capabilities, it is likely to be necessary that there be more than a minimal exposure to the resource (Cumming & Fischer, 2010). The challenge for public policy makers is to find means of support that are effective in promoting and fostering entrepreneurial outcomes and that do not merely sustain low-performing SMEs noting that public policy makers are increasingly distinguishing between supporting entrepreneurial activity versus supporting SMEs more broadly defined (Cumming & Fischer, 2010).

Human Capital Theory (HCT)

The term human capital was originally used by Nobel economist Gary Becker, to refer to the acquired knowledge or skills by individuals (Kyalo, Gichira, Waititu & Ragui, 2013). HCT suggests that a person's earnings in the labour market are influenced by the level of human capital they possess and that education and training play an important role in attaining that level

of human capital, which they refer to as the microeconomic effect of human capital (Kavanagh & Doyle, 2006).

HCT postulates that an individual, when deciding to invest in education and training, will perform a sort of cost-benefit analysis, considering the benefits of education and training, net of costs (Kavanagh & Doyle, 2006). The private benefits to the individual are the expected financial rewards from work, i.e. an individual will expect higher earnings over their lifetime because investment in education and training equips them with skills that improve their productivity and make them more attractive to employers as a result (Kavanagh & Doyle, 2006). A more educated/skilled workforce makes it easier for a firm to adopt and implement new technologies, thus reinforcing returns on education and training (Izushi & Huggins, 2004).

Katz's theory of managerial skills

Management is a set of goal-directed, interrelated and interdependent activities, aimed at accomplishing organizational goals in an efficient and effective manner (Mantha & Shna, 2006). Robert Katz identified three types of management skills, technical, human and conceptual skills (Koontz & Weihrich, 1988). Technical skills incorporate the knowledge of and proficiency in activities involving methods, processes and procedures which involves working with tools and apply specific techniques in a task (Koontz & Weihrich, 1988). Human or interpersonal skills entail the ability to work with people and involve the creation of an environment in which people feel secure and free to relate while conceptual skills involve the ability to see the big picture and entails recognizing significant elements in a situation (Koontz & Weihrich, 1988). The relative importance of technical, interpersonal and conceptual skills varies with the level of management where top level managers require more of conceptual skills to have a holistic perspective of the organization which comes handy in strategic planning and decision-making. Technical skills help to manage the specialist functions of departments. All levels of management require interpersonal skills in order to interact and communicate with other people successfully (Mantha & Shna, 2006).

Risk Bearing Theory

The theory was developed by Frank Knight (1885-1972). The risk bearing theory introduced the dimension of risk taking as a central characteristic of entrepreneurship. He adopted the theory of early economists such as Richard Catillon and J B Say and adds the dimension of risk taking. The theory considers uncertainty as a factor of production and holds the main function of the entrepreneur as acting in anticipation of the future events. The entrepreneur earns profit as a reward for taking such risks. The economic function of the entrepreneur is bearing the real uncertainty and that entrepreneurs are specialized in responsible direction and control in dealing with real uncertainty, while all others furnish them with productive services for which the entrepreneur guarantees a fixed remuneration (Praag, 1999).

Research Methodology

DBSCs were purposively selected among the various programs initiated by development partners for three considerations. First, the implementation involved a collaboration of three development partners namely UNDP, ILO and UNIDO. Secondly, the program provides a forum at the district level and lobbying for improvement which include among others identification of potential business in the district, provision of business skills and entrepreneurship development (BSED) and business advisory and training (BAT) services. These objectives are in tandem with the specific objectives of this study. Third, the program focuses on the rural centres where unemployment is rampant. Purposive sampling was also applied in selecting a DBSC that provides wider representation of beneficiaries. Under this consideration, Siaya, Eldoret and Murang'a were considered since they have approximately the same number of beneficiaries-3000 as well as the estimated operating capacity. Murang'a DBSC was randomly selected from the three and its total beneficiaries constituted the population of the study from which a random sample was selected. In selecting the respondents, a 2.5% random sample or 75 respondents were selected since the beneficiaries are subjected to similar content.

Data Analysis and Interpretation

Demographic structure

The study found out that the gender structure comprise 67 % female and 33% male where the dominant age bracket was between 25-40 years accounting for 82% of the respondents. While the upper limit definition of the youth in Kenya is 35 years, the entrepreneurs age brackets capturing the young people who were straight from school or colleges (below 25years) was represented by 6%. This collaborates a study on the perspectives of young entrepreneurs in Swaziland which found out that entrepreneurship is typically not a preferred career choice of young entrepreneurs, but a last resort activity undertaken after other plans fail and therefore societal attitudes need to change, where entrepreneurship would be viewed as an activity to which society assigns a high value (UN, 2013).

The findings illustrated that the 72% of the respondents were in self employment due to lack of employment. Further, 12% were in self employment due to family influence, 8% due to loss of employment, 5% resigned from employment while 3% due to other considerations. This is in tandem with the observation by Müller, Jeppesen & Langevang (2010) who assert that people do not become entrepreneurs by choice or because they take advantage of an opportunity but out of necessity because they cannot find wage employment and do not have any other source of income and are instead forced to start a business and become self-employed.

From the study, 59% of the respondents were engaged in farming activities mainly crop production, poultry and dairy keeping. A further 19% were involved in the trade of agro-produce while 22% were in other commercial activities not related to agriculture. The dominance of agro-enterprises is consistent with the Kenya government's policy thrust through Kenya Vision 2030

which identifies agriculture as one of the sectors that will play a leading role in the attainment of annual economic growth rates of 10 percent through transformation from subsistence activities marked by low productivity and value addition to an innovative, commercially-oriented, internationally competitive and modern agricultural sector (RoK, 2012).

The findings also revealed that only 3% had university education, 69% secondary education, 16% primary level and 12% college level. When viewed against the findings of the study that 84% were engaged in farming and trade in agro-produce, it can be collaborated with Kloeppinger & Sharma (2010) that most small farmers in developing countries have little education and limited exposure to modern financial instruments and that many of these small farmers have only recently transitioned from subsistence to commercial farming, and their contact with the cash economy and experience in cash management is limited.

Business support services

The study sought to establish the contribution of business support services to the growth of entrepreneurship. The components of the variable comprised business advisory services and business incubation services. The findings showed that 42% benefited from business advisory services. The importance of the services can be collaborated with the observation by OECD (2004) that steps need to be taken to strengthen the business support system, through an intermediary role, by building capacities in business services, both public and private such as market, product and process information provision, accounting, market analyses and research, legal advice, transportation, express delivery, advertising. This also concurs with Cumming & Fischer (2010) that in considering the case of firms integrating business advice into their existing resources in order to achieve new capabilities that are conducive to entrepreneurial outcomes, there will be a significant relationship between the amount of advising time the firm receives and the extent to which entrepreneurial outcomes are warranted.

The importance of business incubation services is geared towards harnessing innovation and nurturing new start ups. At the time of the study, the DBSC program did not have in-house incubation facilities but instead used an outreach approach. The finding established that the dominant modes of delivery were through instructions to groups (61%) and seminars and workshops at 29%. This is consistent with OECD (1997) which noted that incubators have an outreach role, fostering entrepreneurship and training in the local community and that they also have a symbolic role in that they allow governments to demonstrate their efforts to address problems of regional development and unemployment.

Entrepreneurship education and training

The study sought to find out the contribution of entrepreneurship training on the growth of entrepreneurship with specific reference to entrepreneurial skills and vocational education and training. The findings revealed that 43% of the respondents acquired planning skills while

managerial skills, marketing and customer service scored 17% each. This concurs with the observation by OECD (2010) that a portfolio of entrepreneurship skills is required including risk assessment, strategic thinking, self-confidence, networking, motivational and other skills. The study also sought to find out the rating of the training program and found out that 15% of the respondents returned an excellent verdict, 41% very good and 42% as good. This relates to IDA (2010) that entrepreneurship education puts great emphasis on improving the cognitive abilities of the students in creativity, opportunity recognition, and critical thinking such that students who choose to learn through entrepreneurship programs may have heightened creativity and critical-thinking abilities.

In regard to vocational education and training, the study sought to establish the type of capacity administered by the program. The findings indicated that 63% of the respondents benefited in acquiring business planning skills, 25% from bookkeeping and 12% in business advisory services. This is consistent with the observation by RoK (2005) that business management and entrepreneurial skills are critical in the growth and development of MSEs noting that in order to improve and promote the acquisition of entrepreneurial skills, the government will encourage universities, polytechnics, technical institutions and other MSE support organizations to develop certified demand driven courses on entrepreneurship and business management.

Managerial skills

This study sought to find out the contribution of managerial skills to the growth of entrepreneurship. Specifically, the study sought to establish the contribution of technical skills, interpersonal skills and the conceptual skills of the entrepreneurs. In respect to technical skills, the findings revealed that 72% of respondents acquired business management skills, 22% bookkeeping and 5% project management, all pointing at biding the individual capacity of the entrepreneurs. This is in line with IFC (2010) that capacity building of SMEs in terms of preparing financial statements and business plans as well as improving their financial literacy and management training is shown to have positive impact on SME development. Similarly, Henry (2006) contends that technical skills come with the commitment, creativity, experience and knowledge they have within their field.

The study also explored the scope of skills of the entrepreneurs seeking information on their stock of managerial experience from previous engagement. The findings established that 66% of the respondents had no prior experience in management issues while 13% had one experience from their previous employment. This implied that the enterprises were mostly by self starters with no bankable skills in running a business venture. This was a major shortcoming for the enterprises and collaborates Hussels et al. (2011) that the sustainability of a business start up and the attendant efficiency in performance is dependent on the experience, skills and competences of an individual and that the effect of previous experience should be strengthened by the

individual's own human capital (for instance expressed in his/her education) as such human capital enhances the individual's ability to learn from experience.

The enterprises are micro enterprises with no formal structures and to capture the extent of interpersonal skills, the study sought to establish the number of employees engaged in the enterprises and found out that a majority (80%) of the respondents did not hire permanent workers implying that the activities were managed by the owners. Only 20% of the respondents employed permanent workers and the level was limited to below 5 employees. Further, 86% of the respondents did not engage casual labour while 12% and 2% employ below five workers and 5-9 workers respectively. These findings concur with Sessional Paper No 2 of 2005 which noted that an average Kenyan MSE employs 1-2 workers while over 70% employ only one worker (RoK, 2005). The overall picture is that the affairs of the micro enterprises are run by the entrepreneur which concurs with Henry (2006) that an entrepreneur has to have a combination of technical, operational and strategic skills. The lack of formal operating system in the enterprises rendered the assessment of interpersonal skills as the enterprises are sole proprietorship and the entrepreneurs/owners are effectively the key players in the running of the enterprises. Interpersonal skills are more testable in a formal establishment which according to Koontz & Weihrich (1988) entail the ability to work with people and involve the creation of an environment in which people feel secure and free to relate.

In order to establish the conceptual skills of the entrepreneurs, the study, in recognition of the size and informal nature of the enterprises sought to find out the rating of the acquired planning skills, propensity for new market and expansion of their business ventures. The study sought to find out the extent to which planning skills acquired influenced the conceptual skills of the entrepreneurs and found out that 80% of the respondents qualified the imparted planning skills to a very great extent while 19% to great extent. The skills provide an entrepreneur with strategic advantage to think in the abstract and envision the growth path of a venture. With the high rating, the findings are collaborated by Koontz & Weihrich (1988) that conceptual skills involve the ability to see the big picture and entails recognizing significant elements in a situation.

The study also established that the 8% of the respondents rated the search for new markets to a very great extent, 37% great extent and 55% moderate extent. The findings means that the entrepreneurs have a high propensity for new markets and the urge to look for new markets presupposes that the available markets are not adequate. This connects to Nassiuma (2012) who observed that MSEs operating in rural areas were disadvantaged in terms of lack of access to information on markets, technology, financial services and policy issues.

In regard to the expansion of their businesses, the study established that 25% of the respondents would to a very great extent expand their businesses from the current levels, 52% great extent and a further 22% to a moderate extent. This is consistent to an entrepreneur's aspiration as

observed by Ahmad & Hoffman (2007) that an entrepreneur is a person who seeks to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets adding that an entrepreneur is an agent who engages in entrepreneurial activity which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.

Entrepreneurial finance

The study sought to establish the sources of finance and cost of finance. In regard to the startup capital, the findings indicated that 40% obtained funding from *chamas*, which are informal groupings. Those who sourced their funding from commercial banks and MFIs accounted for 25% each. Even though most ventures were financed from commercial sources (commercial banks and MFIs with a consolidated stake of 50%), it is however instructive to note that the *chama* category came out as a formidable single source of finance and implied that the entrepreneurs were posted on the most appropriate sources of finance. This is consistent with the observation by Omidyar Network (2012) that entrepreneurs must be able to assess their funding requirements and identify those funders that are most likely to fund them but due to many constraints and circumstances that limit funding options, they should be proactive in the fundraising process and/or access external support when needs arise. However the entrepreneurship program does not advance financial assistance to the entrepreneurs as majority of them obtained finances from commercial banks (25%), MFIs (25%) and *chamas* (40%).

In regard to the sources of funds for expansion, 45% of the respondents procured funds from *chamas*. While those who sourced from commercial sources (commercial banks and MFI) accounted for 47% combined, it is imperative to emphasize that financing for expansion from the informal sources (*Chamas*) was significant. This is explained by the fact that majority of the ventures were micro enterprises manned by the owners who belong to the local social groupings that over time have grown to financially support their membership. This relates to IFC (2010) that observed that internal financing sources typically include an entrepreneur's own savings, retained earnings, or funding through the sale of assets while external sources of finance can be informal (family and friends or supplier finance) and formal (debt or equity).

The source of finance especially from MFIs and *chamas* is linked to membership to solidarity groups. The findings established that a majority of the respondents subscribed to informal groups whose mandate included welfare, personal investments, group investments and for business start ups. This correlated to the proportion of the respondents who obtained funding from *chamas* either for start up capital or expansion. The resultant pooling of financial resources by the groups members enabled members to borrow on a rotational basis for investments. This collaborates with Mwangi & Ouma (2012) who observed that credit markets in developing countries, especially in Africa including Kenya have evolved mechanisms that circumvent such credit

constraints. Borrowers, who are poor in collateralisable assets and for whom lenders have poor information about their creditworthiness have resorted to the use of social capital to improve their accessibility to credit (Mwangi & Ouma, 2012).

The findings of the study returned that borrowers had to face preset conditions prior to obtaining the funds. The study showed that 52% of the respondents indicated membership to a group was a prerequisite to obtaining funding. This is a requirement for lending by *chamas* members and MFIs who require membership to groups as a mandatory condition. The findings also showed that 44% of the respondents indicated that collateral was required prior to funding. This collaborates with a study in Malaysia on the financial constraints and opportunities of micro enterprise entrepreneurs that found out banks require collateral as a safe guard for their loan (Hassan, Yeow, Chin & Rom, 2011).

The findings revealed that 28% of the respondents considered the cost of finance to be very high, 8% high and 34% as moderately high. The lower end of low and very low accounted for 30% and was attributed to those *chamas* which charge modest fees and are mainly welfare based or what is popularly referred to as 'merry go rounds'. The concern on the high cost of finance is aligned to Mwobobia (2012) in a study on the challenges facing small scale women entrepreneurs that access to credit by women entrepreneurs at the level of micro and small scale enterprises should be facilitated through innovative programs and financing arrangements that go beyond the conventional approaches; which require collateral and capital among other conditional ties.

Regression analysis

Table 1: Model Summary

| Model | R | R square |
|-------|------|----------|
| 1 | .847 | .717 |

Predictors: (Constant), Entrepreneurial finance, Business support services, Managerial skills, Entrepreneurship training.

The findings from the study obtained $R^2 = 0.717$, which implied that 71.7% of variations on growth of entrepreneurship were explained by the study variables comprising business support services, entrepreneurship education and training, managerial skills and entrepreneurial finance. The study also obtained the value of $R=0.847$ which demonstrates a strong positive relationship.

The ANOVA test showed that the predictor variables had significant effect on the growth of entrepreneurship, since the P value (0.0000) is less than the 5% significance level.

Table 2: ANOVA

| Model | Sum of squares | df | Mean Square | F | Sig |
|------------|----------------|----|-------------|--------|-------|
| Regression | 8.947 | 5 | 2.237 | 37.306 | 0.000 |
| Residual | 3.537 | 59 | 0.060 | | |
| Total | 12.484 | 64 | | | |

a. Predictors: (Constant), Business support services, Entrepreneurship education and training, Managerial skills, Entrepreneurship finance.

b. Dependent variable: Entrepreneurship growth

Table 3: Coefficients

| Model | Unstandardized Coefficients | Sig |
|---------------------------------|-----------------------------|------|
| (Constant) | .148 | .482 |
| Business Support Service | .470 | .000 |
| Entrepreneurship Edu & training | .161 | .003 |
| Managerial skills | .210 | .000 |
| Finance | .170 | .000 |

Dependent variable: Entrepreneurship Growth

From the findings, the regression equation is as follows:

$$Y = 0.148 + 0.47X_1 + 0.161X_2 + 0.21X_3 + 0.17X_4$$

Where,

| | |
|----------------|---|
| Y | Growth of entrepreneurship |
| X ₁ | Business support services |
| X ₂ | Entrepreneurship education and training |
| X ₃ | Managerial skills |
| X ₄ | Entrepreneurial finance |

Discussion of the Findings

The study explored the contribution of programs initiated by development partners on the growth of entrepreneurship in Kenya with specific reference to the influence of business support services, entrepreneurship training, managerial skills and finance. The findings demonstrated that the entrepreneurship programs contributed to the growth of entrepreneurship in Kenya. This is consistent with the literature review that observed that the growth of entrepreneurs is influenced by the disposable business support accorded to the entrepreneurs and managers. Equally important is capacity building for entrepreneurs, which helps in imparting and nurturing the entrepreneurial skills required for sustainable venture creation and management.

Overall, the four variables of the study demonstrated significant influence on the growth of entrepreneurship in Kenya. The R^2 value from the findings demonstrated that 84.7% of variations on the growth of entrepreneurship are attributable to the consolidated effect of the four variables. This is significant as supported by the computed value of $R=0.717$, which shows a strong positive relationship of the study variables and the growth of entrepreneurship in Kenya.

To what extent do business support services contribute to the growth of entrepreneurship in Kenya?

Table 4: Model Summary

| Model | R | R square |
|-------|------|----------|
| 1 | .682 | .465 |

Predictors: Business support services

Dependent variable: Entrepreneurship growth

From Table 4, $R=.682$ which means that business support services contribute 68.2% of the variation on the growth of entrepreneurship in Kenya. This implies that the entrepreneurs benefited from the provided business support mainly in the form of business advisory services which when integrated into their existing resources helped in capacity building that foster the growth of entrepreneurial ventures. In addition, the imparted capacity at the community improves the level of shared experiences, provides demonstration effect and the outcome in the long term is the growth of a community based entrepreneurial culture. The sizes and operational scales of the business enterprises cannot afford commercial business advisory services and therefore the individual entrepreneurs must strive to acquire the requisite capabilities through public based programs.

In which way does entrepreneurship education and training contribute to the growth of entrepreneurship in Kenya?

Table 5: Model Summary

| Model | R | R square |
|-------|------|----------|
| 1 | .436 | .190 |

Predictors: Entrepreneurship education and training

Dependent variable: Entrepreneurship growth

When the contribution of entrepreneurship training is regressed against the entrepreneurship growth, the value of $R= .436$, which indicates that the entrepreneurship education and training contribute 43.6% of the variation in the growth of entrepreneurship in Kenya. This means that the entrepreneurs acquired important entrepreneurial skills such as planning skills and which

improves creativity, opportunity recognition and strategic thinking. These skills help an entrepreneur to engage in building productive networking that help in galvanizing opportunities and market development as such entrepreneurship training is premised on increasing the productivity of the entrepreneurs. The study established that entrepreneurship training assisted in building capacity in planning and the management of the disposable resources of an enterprise which ultimately empowers an entrepreneur to perform critical tasks such as preparation of business proposals and monitoring the financial performance of their ventures.

How do managerial skills contribution to the growth of entrepreneurship in Kenya?

Table 6: Model Summary

| Model | R | R square |
|-------|------|----------|
| 1 | .339 | .115 |

Predictors: Managerial skills

Dependent variable: Entrepreneurship growth

From the analysis, managerial skills accounts for 33.9% of the variation in the growth of entrepreneurship in Kenya. The therefore means that the entrepreneurs gained from the imparted capacity especially in acquired technical skills, which are important in executing their tasks and managing the performance of their enterprises. The conceptual skills which entail improved abilities of thinking in the abstract and seeing the big picture of an entrepreneurial venture is an important skill to an entrepreneur. This is critical in business growth, expansion, diversification and market development. Overall, lack of internal capacity in managerial skills is a barrier to many entrepreneurs since business growth require constant monitoring and tracking down the performance which critical areas such as costing, pricing, preparing financial statements, keeping business records, marketing, preparing and business plans. The study found out that the provision of managerial skills equipped the entrepreneurs with the necessary business skills and financial capacity to run their enterprises.

To what extent does entrepreneurial finance contribute to the growth of entrepreneurship in Kenya?

Table 7: Model Summary

| Model | R | R square |
|-------|------|----------|
| 1 | .427 | .183 |

Predictors: Finance

Dependent variable: Entrepreneurship growth

The variation on the growth of entrepreneurship in Kenya attributable to the contribution of entrepreneurial finance was represented by 42.7%. These findings established that the sourcing of start up capital and expansion funds is a fundamental consideration to the entrepreneurs. The study found out that many entrepreneurs subscribe to informal groups whose main objective is to mobilize resources for individual and group investments. This underscores the importance of the internal sources of finance for business start up and expansion, which include personal savings, reinvestments of earnings and borrowing from social networks. The main consideration in belonging to solidarity groups is to mobilize resources in anticipation of future benefits. It is instructive to note that when borrowing from *chamas*, the cost of finance and the required collateral are circumvented besides the rigorous paper work associated with formal sources. This is an innovative approach. The study also found out the external sources of finance such as commercial banks and MFIs are formidable sources of finance. This means that some of the enterprises have grown and outran the internal sources or the internal sources are not necessarily readily available. The prevalence of the external sources is supported by the rapid growth and expansion of branch networks of banks and MFIs.

Conclusions

The objective of the study was to examine the contribution of entrepreneurship programs initiated by the development partners on the growth of entrepreneurship in Kenya. The study was guided by the predictor variables of business support services, entrepreneurship training, managerial skills and finance. The findings established that there is a strong positive relationship ($R^2=0.717$) between the predictor/independent variables and the growth of entrepreneurship in Kenya. This therefore implies that the role played by the entrepreneurship programs initiated by the development partners have significantly contributed to the growth of entrepreneurship in Kenya. However, even though the finance demonstrated a positive impact on the growth of entrepreneurship, the study found out that majority of the respondents obtained their finances from commercial sources (Banks and MFIs) and informal groups (*chamas*). This means that the entrepreneurship program did not advance financial facilities to the entrepreneurs but instead was primarily geared towards capacity building and business support services.

Recommendations

The study established that entrepreneurship thrives when business support services, entrepreneurship training, managerial skills and finance are readily availed to entrepreneurs. The study recommends the following:-

1. Mainstreaming of similar content as provided by the DBSCs program in local institutions such as the youth polytechnics and talent development centres which serve the local youth population. With time, the approach would help in nurturing the entrepreneurial skills of

- the trainees, given that most of them engage in self employment ventures thereafter.
2. The promotion of entrepreneurship programs in community based forums such as short term seminars and workshops. This would not only impart entrepreneurship skills but more importantly provide scope for inculcating an entrepreneurial culture which over time would entrench entrepreneurship as a competitive and rewarding career. This is critical given that a majority of the necessity entrepreneurs exit early from the formal education system and engage in self employment as a last resort.
 3. Capacity building. The entrepreneurs running micro enterprises require managerial skills in order to steer their ventures to higher performance levels, proactively manage the cost of doing business and therefore attain rewarding returns for their investments.
 4. Promotion of self employment at the rural front. The impetus for entrepreneurship is premised on the potential to promote self employment through the creation of sustainable enterprises. With the devolved governance system in Kenya, such programs provide the best strategic option in curbing the runaway unemployment levels, curbing rural-urban migration and ultimately addressing regional socio-economic imbalances. The eventual productive engagement of the rural unemployed especially the youth would directly mitigate the escalating social maladies such as insecurity, drug and substance abuse.

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