**Examining educational attainment and Training Levels on the performance of youth owned micro and small enterprises in Kisii, Kenya**

**Abstract**

*The number of young entrepreneurs is rising quickly despite certain challenges. The young entrepreneurs are affected by their education level and how government policies implemented are associated with small enterprises. This study aims to bridge the research gap by investigating how training and educational attainment impact the expansion of youth-owned MSEs in Kenya. The study used a descriptive study design, and the target population consisted and represented by 200 youth-owned/operated MSEs in Nyamache Township, of which a sample of 30% was chosen using a simple random sampling method, yielding a sample of 60 business units. A structured questionnaire was used to gather data from the youth-owners/managers of various small-scale businesses in the town, and the results were analyzed and presented using tables, pie charts, and bar graphs because this method showed the nature of variables interacting and the expected relationship. Based to this findings, 2% finished college, 28% finished only primary, 37% finished secondary and 33% college. More than 50% concurred with the impact of level of education. small business owners should value education and proper training to acquire the necessary business skills.*

**Keywords:** Entrepreneurs, training and educational attainment,

1. **Introduction**

Governments throughout the world are turning their attention to small-scale enterprises. Attempts to encourage and build economic progress by establishing giant industries which have failed to improve a lot of the majority of the population, and small firms are now considered as crucial in even and equitable economic advancements. Micro and small enterprises (MSEs) are regarded to be behind most of the socioeconomic transformation in Africa and plays a vital role in Kenya's development process. This is because throughout the early stages of economic development, these firms embodied unique prospects for creating employment and profit. Up to 2.4 million Kenyans are employed by around 1.3 million MSEs, according to the National Baseline Survey of 1999. The sector is highly dynamic, as demonstrated by the quick rate of investment and enterprise growth, according to other studies (Bodley, 1999). As a result, the sector's development is essential to lowering poverty. In Kenya, the sixth National Development Plan (1989–1993) and Sessional paper No. 1 of 1986 emphasized the significance of small businesses as the main engine of economic growth (Bertoni, 2019)

Currently, it is estimated that there are approximately 45 million people in Kenya, with a workforce of 15 million. The current rate of employment creation is only 3.5% annually, meaning that over 3 million employable people are unemployed. The modern wage sector is expected to create less than 20% of the required jobs, meaning that the majority of job creation is heavily dependent on the growth of small-scale businesses, particularly for the youth (GOK, 2010). In addition to effective economic development, growing small enterprises will undoubtedly be a smart step to provide more employment options for our country's youth. As a result, the sector plays a significant role in increasing the labor force from 8 million (ILO, 2001) to 14 million by 2000. In Turkey and Greece, experience has demonstrated that small businesses are the most productive and the only meaningful training environment for aspiring entrepreneurs (Agyapong, 2010). Simultaneously, small businesses can be productive and efficient producers, making them a vital economic force that helps achieve the desired long-term expansion in output (Muthee & Scholar, 2010).

It is a sector that offers a way to "help the poor without a major threat to the rich" a potential compromise between pressure for income and wealth redistribution and demonstrates why this sector should be encouraged and assisted to grow rather than discouraged as has been the case in the past (Cohen, 2010). This sub-sector also plays a crucial role in supporting agriculture and other local production by marketing agricultural inputs, providing agricultural tools, maintaining vehicles and equipment, marketing agricultural produce, and offering a wide range of affordable consumer goods and services for daily operations (Green, Dickerson and Arbache, 2000). According to the sixth GOK development plan (1989–1993), 1.9 million new jobs were to be created over the course of five years, with 31% of those jobs anticipated to be in the "jua kali" and small business sectors (Ngam, 2010). Even though a number of organizations, including both domestic and foreign non-governmental organizations, have concentrated on small businesses, their efforts have not been efficiently coordinated because they function independently while providing services to the same groups, which leads to effort duplication and inadequate coordination between implementation agencies (Murphy and GOK, 2002).

It is clear that the number of young entrepreneurs is rising quickly. Lack of funding for new business ventures and the growth of already-existing ones is one of the biggest obstacles facing young people in small businesses (Musa, 2003). Inappropriate resource allocation among the populace was the cause of this. One of the biggest issues MSEs in Kenya continue to face is finance availability. According to the National Poverty Eradication Plan 1999-2015, the government anticipates that these sectors will significantly contribute to the reduction of poverty. It will be easier to create sustainable sources of funding for business expansion and development if young Kenyan entrepreneurs are given access to suitable savings facilities and are encouraged to mobilize savings (Waruinge, 2008).

Small businesses have a far higher death rate in the first two years of operation than the general average. Only a small percentage may enter the formal sector after being left on their own (GOK, 2000). (Ayyagari, Demirguc-Kunt and Maksimovic, 2011) note that businesses have been acknowledged for their capacity to create jobs. Small businesses are still often treated as fundamentally different from bigger industrial organizations in analyses of their issues and potential contributions to development. As a result, the issues that small enterprises face may be disregarded or mistakenly attributed to their small size, depending on the source (Ngibuini, 2005).

* 1. **Objective of The Study**

To find out if level of education and training affects growth of youth owned micro and Small Enterprises.

* 1. **Significance of The Study**

Many stakeholders in the establishment and promotion of MSEs for revenue production, poverty eradication, and job creation will gain from this study. MSE policy makers, current and prospective business owners, current and prospective MSE funders, as well as other researchers and academics, are the main stakeholders who stand to gain from this study.

* 1. **Scope of The Study**

Small businesses run by young people that have been in operation for at least a year and a half will be included in the study. These businesses include saloons, retail stores, butcher shops, tailoring and embroidery, stationery and photocopying, stationery services, hotels and restaurants, and chemists. For most studies, a sample size of 30 to 500 is suitable, according to Mugenda and Mugenda (I999). Using a straightforward random selection technique, the study selected 60 business units or premises, or 30% of the target population, from the Township's 200 business units. This was thought to be typical of the demographic being studied.

1. **Methodology**

A descriptive survey research design was used for this investigation. This approach facilitated collection and in-depth examination of data. Mugenda and Mugenda (1999) highlights the usage of descriptive research method being a process of collecting data in order to test hypotheses or to answer questions concerning the current status of the individuals in the study. The 200 business Premises that were owned and run by young people in Nyamache Township made up the target population in this case. 60 business units or premises were sampled for the study using a straightforward random sampling technique. The surveys were meant to collect data. Using the assessment technique, the qualitative analysis of viewpoints was arranged into themes and patterns pertinent to the study. Descriptive statistics, including measures of mean and frequency central tendency and SPSS computer package analysis, were used to assess quantitative data. The gathered data was arranged and summarized using frequency distribution, tables, and pie charts, which were then displayed in a way that was both meaningful and intelligible.

1. **Results**
   1. **Demographic characteristics**

Data was gathered from 60 respondents, 40% of whom were male and 60% of whom were female (*figure 1*). The study achieved a 100% response rate due to the rapport that was established with the respondents immediately prior to data collection, as the questionnaires were dropped and collected later. Due to the fact that the market's largest population was female-dominated (tailoring, embroidery, retail trading, and saloons), as well as the fact that domains that required exemplary energy, such as hotels, restaurants, and butchery, had an excess of male respondents.

***Figure 1:*** *Respondents Percentage*

The vast majority of respondents (44%) had been in business for two to five years, followed by those who had been in business for eleven to fifteen years (27.0%), six to ten years (18%), and less than two years (11.0%). All of the respondents had worked for 11–15 years in the stationery, photocopying, hotel, and restaurant industries, and for 2–5 years in the butchery industry. Of those who responded, 7.1% had worked for Jess for less than two years, 14.3% for six to ten years, and 32.2% for eleven to fifteen years at the saloons. 33.3% of retail traders had less than two years of experience, whilst 66.7% had six to ten years. 12.3% of respondents had fewer than two years of experience in tailoring and embroidery, 43.1% had two to five years, 18.5% had six to ten years, and 26.1% had eleven to fifteen years. Seventy-five percent of the chemists who responded had been in business for two to five years. Respondents during that time worked in a variety of businesses, as seen in *table 1*.

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| --- |
| *Years in micro and small enterprises and Percentage*  *Type of Business n Less 2 yrs 2-5 yrs 6-10 yrs 11-15 yrs* |
| *Beauty and Cosmetic 9 7.1 46.4 14.4 32.2*  *Retail Trading 15 33.3 - 66.7 -*  *Butchery 5 - 100.0 - -*  *Fashion and Design 12 12.3 43.1 18.5 26.1*  *Stationery and Printing and Photocopy 9 - - - 100.0*  *Hotel and Hospitality 7 - - - 100.0*  *Pharmacy 3 75.0 25.0 - -* |
| *Total 60 11.0 44.0 18.0 27.0* |

***Table 1: Respondents during that time worked in a variety of businesses***

***Source:*** *Field data.2011*

* + 1. **Growth**

Each responder stated that their business had expanded. Since sustainability was highly focused on growth, many small business owners were unable to continue operating their non-growing enterprises. As a result, the respondents in Nyamache Township were running businesses with room to grow. Every respondent (100%) agreed that they had improved their profitability level, sales volume, and market reach from the start. With regard to capital, 92.0% of the participants admitted that their level of market reach, sales volume, and profitability had all increased since the start.

On the capital, 92.0% of respondents said it was higher than it was at the beginning, while the remaining 8.0% said it was the same. While 22.0% of respondents said that the technology they were employing in their firm was the same as when they started, 78.0% of respondents acknowledged that their level of technology utilization has improved. While 10.0% of respondents said that their products' quality had not improved, 90% respondents said that their products' quality had increased. While 37.0% of respondents said they had the same number of employees as before, the majority (63.0%) said that the number of employees had increased. Of those who suggested ways to boost growth, 42% favored the availability of credit, 30% supported the deduction of license fees, and 28% supported better infrastructure *(figure 2).*

***Figure 2:*** *Showing Growth in micro and small enterprises*

* 1. **Level of Education and Training**

According to *table 2*, only 2.0% had completed college. Primary, secondary, and tertiary college levels were 28.0%, 37.0%, and 33.0%, respectively. Among chemists, 11.0 had a university degree and 89.0% had completed college. While all respondents in hotels and restaurants had completed secondary school as their greatest level of education, all respondents in stationery and photocopy had earned college degrees. Of the respondents in the butchery industry, 88.0% had only completed primary school, while the remaining 12% had only completed secondary school. Many educated individuals were compelled to enter the microbusiness sector due to Kenya's unemployment and small business conditions (GOK, 1997). This explains why a large number of Nyamache Township's young, educated residents have shifted to micro and small Businesses as shown in *table 2*

|  |
| --- |
| *Level of Education*  *Type of Business n Primary Secondary College University* |
| *Beauty and Cosmetic 9 32.2 35.7 32.1 -*  *Retail Trading 15 - 66.7 33.3 -*  *Butchery 5 88.0 12.0 - -*  *Fashion and Design 12 12.7 36.9 32.3 3.1*  *Stationery and Printing and Photocopy 9 - - 100.0 -*  *Hotel and Hospitality 7 - 100.0 - -*  *Pharmacy 3 - - 89.0 11.0* |
| *Total 60 28.0 37.0 33.0 2.0* |

***Table 2:*** ***Educated residents shifted to*** ***micro and small Businesses***

***Source:*** *Field data.2011*

Training and skills are critical to an organization's success. According to this study, most young business owners in Nyamache Township do not require much training, with the exception of a small number who run specialty businesses like salons, tailoring shops, and pharmacies. In the business world, half of the respondents (50%) believed that training is not vital, while the other half agreed. According to *table 2*, 33.33% of respondents thought that training was important, while 16.67% firmly believed that it was very important. The reason given by those who believed that training was unnecessary was that they were conducting business in an area for which they lacked the necessary training. Nonetheless, many industries, such as chemistry, have severe requirements for employees who have the necessary education and training. Since there are just two situations one is specialized training for specialized trades, and the other is no training for all other general businesses it would seem that MSEs in Nyamache Township are not significantly hampered by a lack of training and skills as presented in table *3 below.*

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| --- |
| *Importance Frequency Percentage* |
| *Very important 10 16.67*  *Important 20 33.33*  *Not important 30 50.00*  *No idea - -* |
| *Total 60 100* |

***Table 3***: Training and skills

***Source:*** *Field data.2011*

As shown in *table 4* below, the majority of respondents were emphatic about undergoing training because they believed that their company did not require training, that unique talents were not needed, or that training was expensive. Lack of fundamental bookkeeping abilities, however, has been mentioned as an issue since some people are unable to determine their monthly profit. Thus, some kind of training is required, which is consistent with Gibb (2001) findings that enterprise performance is hindered by a lack of skills and training.

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| --- |
| *Training Frequency Percentage* |
| *Costly 38 63.33*  *No Time 4 6.67*  *Not Necessary 15 25.0*  *Unavailable 3 5.0* |
| *Total 60 100* |

***Table 4***: Respondents emphatic about undergoing training

***Source:*** *Field data.2011*

1. **Discussion**

Half of the respondents (50%) concurred that the expansion of the firm is impacted by the degree of education and suitable training. It may be inferred that the growth of youth-owned micro and small businesses is influenced by the amount of education and training received, particularly for those that provide specialized services, as the development of these businesses depends on the possession of the requisite skills and knowledge. Because small business owners must create higher-quality items for the always changing market, the level of technology also has an impact on the expansion of micro and small firms. Additionally, it may be said that the expansion of micro and small businesses is influenced by the availability of credit and money.

1. **Conclusion**

Although there are many studies on the entrepreneur, enterprise characteristics, business environment, capital accessibility, social networks, and government policy, the majority of them focus on large-town firms, with relatively little information available on the effects of these factors on MSEs in small rural towns. This study examined how government policies and educational attainment affect the expansion of youth-owned micro and small businesses. The study's findings indicated that the expansion of youth-owned micro and small businesses was significantly influenced by age, gender, and the greatest degree of formal education. The study also found that government policies and educational attainment had an impact on the characteristics of businesses and the expansion of youth-owned micro and small businesses. The study also found that government policies and the expansion of youth-owned micro and small businesses were impacted by financial resource availability. The impact of the business environment on the expansion of youth-owned micro and small businesses was another finding. The expansion of youth-owned micro and small businesses was also found to be influenced by social networks.

1. **Recommendations**

To acquire the necessary skills for managing their firms, small business owners must recognize and completely embrace the value of education and suitable training. They should also emphasize how important it is to always improve marketing abilities in order to outperform rivals and boost company expansion. Capacity building seminars in business and financial management should be offered to young people who own small businesses so they may learn how to manage their cash, keep accounting records, and operate their businesses. In order to help small business owners, the government should also enact supportive and lenient deregulatory measures that allow financial institutions to offer reasonable loan rates.

To make operating such firms cheaper, the government should collaborate with local authorities to restrict the number of trading permits that entrepreneurs must get. To support small business owners in maintaining their operations, profitability, and expansion, a comprehensive examination of the onerous local authority legislation and other taxation rules should be conducted. To spread knowledge, the government and other supporters of MSEs must establish an easily accessible information center. This center should provide advisory services on a range of topics, such as government rules regarding MSEs, the value of loans, fundamental bookkeeping and administrative skills, and, if feasible, some literature on relevant technologies with examples and real-world examples.

Disclaimer (Artificial intelligence)

Option 1:

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc.) and text-to-image generators have been used during the writing or editing of this manuscript.

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