

**ENTREPRENEURIAL CAPACITY DEVELOPMENT IN ENTERPRISE  
PERFORMANCE: A CASE STUDY OF SALON ENTERPRISES IN NANDI  
COUNTY**

**BY**

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SCIENCE IN ENTREPRENEURSHIP**

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**2014**

## DECLARATION

### Declaration by the Candidate

This thesis is my original work and has not been presented for a degree award in any other University. No part or whole of this thesis may be reproduced without prior permission of the author or Moi University.

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## **DEDICATION**

This study is dedicated to my parents, Simeon K. Magut and Ursula J. Magut who have been an inspiration and have cheered every academic success of my life. They ensured I had motivation to go beyond secondary school.

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## ABSTRACT

Performance of SMEs, in Kenya has been a concern both to the government and scholars owing to their immense contribution to the GDP hence to the economy. Most small and micro enterprises perform well, others average, still some performed poorly. Owing to this scenario, entrepreneurial capacity development is one of the factors that enhance performance. It is assumed that lack of entrepreneurial capacity leads to poor performance of enterprises. Aspects of entrepreneurial capacity development of SMEs, are discussed on how they can influence performance. One major issue of entrepreneurial capacity development is training. This study examined entrepreneurial capacity development in enterprise performance, a case study of salon enterprises in Nandi County. It sought to establish the influence entrepreneurial capacity development has on performance among salon operators. It sought; to determine the influence of training needs assessment on salon enterprise performance, to examine the relationship between training strategies and salon enterprise performance and to examine the relationship between training implementation and salon enterprise performance. The study employed a survey research design where a survey of salon operators in Nandi County was conducted. A Structured questionnaire was administered to 200 salon operators from Nandi County. Primary data obtained was analyzed quantitatively using the frequency distribution tables SPSS version 20 was utilized to process the data. Chi-square analysis was carried out to test the hypothesis at 0.05 level of significance. The hypothesis that there is a significance relationship between entrepreneurial capacity development and enterprise performance was supported by the research finding. The other findings are that entrepreneurs undertake training needs assessment and actually train themselves or their employees, secondly the entrepreneurs use strategies like on-the-job training, off-the-job training and apprenticeship even informal training is used and thirdly entrepreneurial capacity development contribute to better performance of salon enterprise especially developing entrepreneurial capacity especially on technical and managerial skills. This study recommends that training needs assessment should be undertaken, training strategies both formal and informal be utilized that is apprenticeship or on-the-job training to be strengthened. Finally, there should be a provision of adequate accredited colleges to develop entrepreneurial capacity of salon operators as entrepreneurial capacity development is found to positively influence performance.

## OPERATIONAL DEFINITION OF TERMS

**Entrepreneur** - This refers to a person who runs a business regardless of lack of capital for the sake of gain in this study used to refer to salon operators.

**Entrepreneurial Culture** – refers to the way the people in a community respond to business opportunities that arise and their swiftness to take risk and seize such opportunities.

**Salon operators** – refer to entrepreneurs who own or run salon enterprises. They are those who engage in provision of personal services like hairdressing among others.

**Technical Skills** - refer to skills that are basic to undertaking a certain task or machine.

**Managerial Skill** – refer to skills that are used in running a business for example financial skills, book keeping skills and decision-making skills.

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## CHAPTER ONE

### INTRODUCTION

#### 1.0 Overview

This study is a survey on how entrepreneurial capacity development influences performance of a business enterprise. It was a case study of salon operators in Nandi County. The study will be divided into five chapters. My main concern in the study is how true is the assertion that performance of enterprise is influenced by training be it formal or informal. This sets the base for the study.

#### 1.1 Background of the Study

As from 1970s small and medium sized enterprises (SMEs) were recognized as playing a vital role in employment and in production of goods and services. Initially the government only encouraged large firms at the expense of SMEs. Various development plans since 1970s have taken cognizance of the important role SMEs play in the economy. The government has also gone ahead and proposed ways of improving performance of SMEs. According to Republic of Kenya (1989) (Development Plan 1989-1993), Medium Scale Enterprises (MSEs) are recognized to have given the largest contribution to the growth of employment. The training of entrepreneurs to empower them is seen as improving the status and performance of government.

Republic of Kenya (1996) states that, "the government will ensure that women in the small and medium sized enterprises sectors have access to existing skills, upgrading of the Jua Kali (Informal Sector) programme to address their specific needs". This

assertion proves to us the challenge SMEs face is lack of skills. This lack of skills therefore calls for entrepreneurial capacity development. In the case of women, they are the majority who lack skills and their unique circumstances affect their performance as entrepreneurs in salon enterprise.

They urgently need entrepreneurial capacity development to enable them be good generators of employment. Sessional paper Number 2 of 1996 stressed the need to provide an enabling policy environment, which entails promotion of the role of private sector enterprises and initiatives, with the government playing a facilitative role. It underlies the need for adequate access to credit for the sector, provision of management and technical training and other non-financial promotional support programmes, which include business counseling, consulting, marketing and extension services. What this implies is that one of the major challenges facing entrepreneurs in SMEs sector is lack of entrepreneurial capacity development.

The increase in focus on SMEs as an area where the economics will generate income, training colleges and programmes have been suggested by both private and public to assist the entrepreneurs develop capacity to compete favourably and this means improvement of income generation. Here the interest focuses on the improvement of National Income or improvement of Gross Domestic Product (GDP). To make the entrepreneurs be efficient and therefore be able to contribute significantly to GDP, entrepreneurial capacity development for various skills is very important. These skills include management skills and technical skills (Government of Kenya 2002).

For some time now, it has become apparent that SMEs need to be motivated and made to operate in a profitable manner. In Sessional papers (No. 2 of 1992 and 1996) and National development plans (1989, 1996 and 2002) entrepreneurial capacity development featured prominently. The main issues being that capacity development can enable the entrepreneurs produce goods and services efficiently and effectively. Most of the SMEs operators are untrained. This could be due to lack of access to training facilities. All the same, the government has put training as one way of making SMEs entrepreneurs be a seedbed for development of entrepreneurial talent.

Salon operation is one of the key areas in the service industry dealing with provision of personal service, which is rapidly becoming important and popular. Owing to tough competition and the precarious nature of their enterprise, they need to be efficient and effective. They, therefore, face the challenge of limited entrepreneurial capacity.

This study sought to investigate relationship between entrepreneurial capacity development and performance of salon operators.

## **1.2 Statement of the Problem**

The entrepreneurial capacity development is not regularly discussed as a coherent area in enhancing development of SMEs. At present there is high uncertainty about the role entrepreneurial capacity development plays in enhancing performance of SMEs and its development. Though the government of Kenya has recognized the fact that SMEs contribute to creation of employment, it has singled out lack of skills as one business challenge amidst others facing this sector.

Kenyan economy has been declining for quite some time leading to shrinking of employment opportunities. As a way of solving this problem, the Kenyan government has shifted to promotion of SMEs. One way of promoting SMEs is, training entrepreneurs to make them perform better. Though training has been a key way of promoting SMEs, little attention has been paid to the role training plays in SMEs in provision of personal services and more so, women entrepreneurs. It is also not clear whether training is effective and accessible or not to the entrepreneurs. The purpose of the study is to examine the effect of entrepreneurial capacity development on performance especially on salon enterprises.

### **1.3 Purpose of the Study**

The purpose of the study was to examine the impact of training on performance of business enterprise in this study a case study of salon enterprises in Nandi County. The purpose of the study was to examine and find out how entrepreneurial capacity development influence enterprise performance.

### **1.4 Objectives of the study**

To achieve the purpose of the study, the following specific objectives were to be met:

- i) To determine the influence of training needs assessment on salon enterprise performance.
- ii) To examine the relationship between training strategies and salon enterprise performance.
- iii) To examine the relationship between training implementation and salon enterprise performance.

This study therefore investigated entrepreneurial capacity development and its impact on enterprise performance of owner manager of salon operation. In this case the study sought to explore the role of training in small scale enterprises (MSEs) and

specifically salon operators. It sought to establish the link between performance and training and essentially the role training plays in enhancing SMEs performance. This study sought to explore business challenges and needs of salon operators in Mosop, Kosirai, Kilibwoni, Kapsabet, Nandi Hills, Kaptumo and Aldai divisions of Nandi County.

### **1.5 Research Hypothesis**

There is a significant relationship between entrepreneurial training and salon enterprise performance. The null hypothesis states that; there is no significant between entrepreneurial capacity development and salon enterprise performance.

### **1.6 Justification and Significance of the Study**

This study is significant as is focused on entrepreneurial capacity development of business enterprises and how it influences performance. This is an area that has been scarcely discussed and hence it will generate new knowledge. Business challenges are many but little known of how entrepreneurial capacity development influences output. It is focused on this to generate a basis for discussion.

Further justification and significance of this study in light of training needs of salon operators is based on the following:

First, SME contributes a lot to the economic growth, especially employment. The government takes cognizance of this and has identified challenges facing SMEs one of them being entrepreneurial capacity development. To enhance the contribution of SMEs to the GDP, entrepreneurial capacity development becomes very significant. Therefore to study how far entrepreneurial capacity development enhances performance in SMEs and adds to knowledge which is required to improve the performance of the economy and development of enterprise culture. Thus to study the

contribution entrepreneurial capacity development makes to salon enterprise is a very significant area in SMEs.

Secondly, salon operations are predominantly a female domain and thus play a very important role in income distribution. It brings out issues that are required in identifying strategies of empowering women especially in enterprise development. The information gathered from the research will go a long way in improving the policy environment that affects women entrepreneurs.

Thirdly, little attention has been focused on SMEs engaged in service provision. The study generated data that showed the importance of this sub-sector (i.e. salon operation) in the role of employment generation.

Lastly, training as a field to be explored by SMEs is an area that has received little attention in the past. In this case the study will provide new insights in training needs and effectiveness of training in enhancing performance of SMEs. Coming from the last two points, it is clear there is need for knowledge to assess the role of salon operation and its training needs and training gaps and the role training plays in enhancing their performance. The government and other development agencies including salon operators will find the study useful for improving policies, promoting SMEs and implementing effective entrepreneurial capacity development respectively.

### **1.7 Scope and De-limitation of the Study**

The study focused on entrepreneurial capacity development of SMEs entrepreneurs and thus it is limited to training cycle. Other business challenges and needs of SMEs not covered in this study are potential areas for further study. Only SMEs in Nandi County was targeted. This study was limited to SMEs entrepreneurs engaged in salon

operation. The study was done on salon operators and therefore the findings are expected to be applicable to Nandi county and similar settings in the country.



## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.0 Introduction

This chapter contains review of literature related to study. This was in line with variables identified. Information concerning historical background of SMEs training needs of salon operators is explored.

This literature review was done in five sub- headings to enable us to focus on what is in and the gaps existing in terms of information. These parts are; background to small and medium sized enterprises, training needs of SMEs, modes of training of SMEs, SMEs management and technical training and performance of SMEs. These parts enabled the me to do a focus review of the literature related to the study.

Information on the training needs of salon operators, both general and specific, is provided. The effectiveness of training and its limitations as an empowering tool is also provided. The review also tries to provide information on various aspects of training as a means of creating enterprise culture and enhancing performance of SMEs and specifically salon operators.

Training is the continuous systematic development of all employees in an organization (Berliner, 1979). Training has always been associated with a career or a job and is designed to raise an individual to a desired standard of proficiency mainly through instruction and periodical application of the said instruction. Baseline survey Report, (1999) indicates that training which an essential aspect of enterprise development is seriously lacking in the small and micro-enterprises. It reports that out

of the enterprises studied, 15% had received training. The deficiency in training accounts for the high mortality rates of SMEs. This brings in the question; if the training was higher could the mortality rate be reduced?

## **2.1 Historical Background to Small and Medium sized Enterprises**

The government regards the small and medium sized enterprises (SMEs) section as a significant factor for social economic development. This is a sector seen as creating a lot of jobs to Kenyans and hence has a bigger contribution to the GDP and income distribution. After the ILO report that emphasized the role of SME in creation of employment, Kenya was motivated to look at the SMEs from a renewed perspective. Before this, SMEs and generally the informal sector was stifled, hated and frustrated by government agents.

Bolton Report (1971) made the government to identify SMEs as a very crucial wheel in development and especially in terms of generating income. It is a seedbed for future entrepreneurial undertaking. Though Bolton report was based in Britain, the message spread fast. Kenya in 1980s started putting in place strategies that promoted and developed growth of SMEs in the economy. After the ILO report of 1972 which acted as groundbreaker of development for SMEs and their importance, the government has since tried to develop the sector. This has led to change of policy and attitudes towards the informal sector in general. The government had identified this sector as key for sustainable social-economic development. This is seen in various government documents like Sessional Paper Number one of 1986, Sessional Paper Number 2 of 1992; and the sixth National Development Plan; 1989-1993 (Republic of Kenya; 1989). In these documents the government seeks to promote the micro and small enterprises.

From the above documents we find that the government is keen in promoting SMEs as a step to solving greater economic problems like shrinking economic growth and lack of employment opportunities obtaining in the economy. The government has therefore adopted policies of liberalized economy to enable the sector grow at a good speed. The policy shows also change of attitude especially in the late 1980s and early 1990s where the government sought to adopt quite a number of measures especially concerning regulations governing the informal sector. Though the regulations are not eliminated, they are still unfavourable to informal sector. However there has been great effort made to create a favourable policy environment for the growth of SMEs. All these efforts looks like it misses the point on the foundation of an enterprise which could be entrepreneurial capacity development.

## **2.2 Critical review**

The theory of learning as posited by David A. Kolb is reviewed and criticized. This dual theory of experiential learning model with its four elements of: concrete experience, observation of and reflection on that experience, formation of abstract concepts based upon reflection and testing the new concepts. He says these are essence of spiral of learning. This theory of learning is critical to learning and training. However, it fails to consider learning that is to improve the capacity of the learner or trainee. It casts net of learning on natural occurrences rather active seeking to observe in order to acquire new skills or insight of a process. This theory provides good basis for learning but not for training which is pegged on performance.

The other theory of learning and training which can be of interest to this study is Kirkpatrick's learning and training evaluation theory. It gives out four levels of evaluation model. This theory measures reaction of the student that is what they thought and felt about training, learning that is the resulting increase in knowledge or

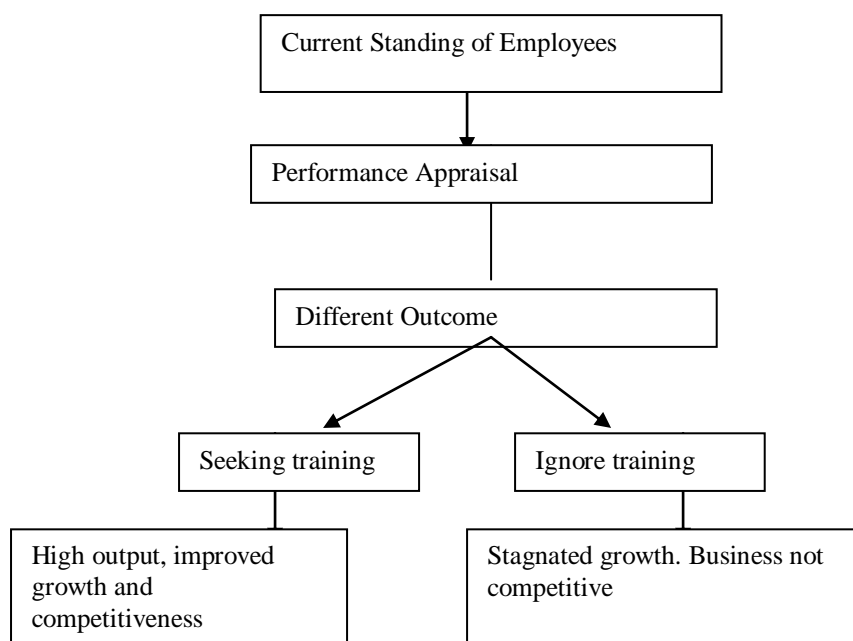
capability, behaviour that is extent of behavior and capability improvement and results that is the effects on the business environment resulting from trainee's performance. This complements the theory postulated by David Kolb. It thus provides me with a basis for the study as it zeroes in on one of its level.

### **2.3 Theoretical Framework**

This study hinges on the concept of needs assessment. It will hinge on Needs Assessment process of training programmes as postulated by English and Kaufmann (1975). In his essay "*Needs Assessment Studies*", Suarez in Lewey (1991) defines needs assessment as information gathering and analysis process which results in identification of needs of training of individuals, groups, institutions, communities or societies. In training, the process of needs assessment of trainees for instruction in a given skill area is; to determine the weaknesses in trainees overall training achievement; and to determine the future needs of local, regional and national training systems. It is the intent of needs assessment to identify performance gaps or where desired performance is not achieved.

The concept led the researcher to assess the impact of entrepreneurial capacity development of salon operators. It is also a base of the study on how effective the training programmes are in enhancing performance of salon operators and generally on small-scale enterprises. The needs assessment framework led us to assess the most favoured mode of training by salon operators and also if that favoured mode is effective. Assess if performance is improved after training. Is training producing the desired results? In this the study I assume also the concept that training is a kind of empowering. So it needs to show how the owner/managers seek to empower

themselves and their employees through entrepreneurial capacity development. This approach is ideal for this study in that the me intends to gather information on entrepreneurship capacity development and performance of SMEs engaged in salon enterprises.



**Figure 1: Flow Chart on impact of entrepreneurial capacity development on Performance**

*Source: Adapted from Kinicki, A. and Kreitner R. 2006*

## 2.4 Empirical Review

This section deals with review of related review of literature as the focus of the study specifically aligned to the three objectives. This section is in three sub topics each handling a specific objective. This section is under three sub headings namely; training needs of SMEs, modes of training and training and performance of SMEs corresponding to the three objectives of the study.

#### **2.4.1 Training needs of SMEs and performance**

This study is set to analyze the challenges that face or inhibit growth of SMEs. As the previous studies in related fields dealt with promotion, SMEs face the challenge of lack of skills both managerial and technical. In the various government documents cited, training is one of the key areas where the government seeks to promote SMEs. Kenya (1989) identifies as one area where SMEs need to be promoted as restructuring of supportive public and private sector efforts in training. Training is a major component that will spur the growth of SMEs in the sector. In this regard the challenge to train entrepreneurs is not yet developed despite being identified as an area that is key in development of SMEs. There are limited studies carried out to assess the training needs and training of small-scale entrepreneurs.

To keep clients happy, it is of importance that they keep our ideas fresh by continuing to improve our craft, to grow as hair stylists through information and education” (Kigwe-Wettstein, 2003). It also continues to say to achieve continuous success; therefore, the right combination of professional skills and client care is paramount. All great professionals from around the world are firm believers in continuous education. The foregoing, points to the fact, that we must embrace training on regular basis so as to make enterprises better competitors and hence provide quality services and products. Training needs are therefore constantly in need of review.

Namusonge says, “For rapid economic growth and development, a country requires a strategic approach to developing its entrepreneurship and enterprises. An entrepreneurship approach can be used to harness the tremendous amount of human resource capabilities that exists in Kenya for faster growth” (Namusonge, 1999). He

also adds that understanding who entrepreneurs are, what they do, provides an essential starting point for consideration of policies and strategies to improve the delivery of training and business development services to MSE entrepreneurs. The needs of entrepreneurs depend on stages of entrepreneurship development. Indeed levels of knowledge, skills and attitudes required vary not only with sophistication and basic education of entrepreneur involved but also as the business grow, with entrepreneurs' recognition of the changing need for more formal entrepreneurial capacity development.

Entrepreneurship development is the process of inculcating creativity, innovation and drives in potential entrepreneurs to motivate them to take business risks and gain the self-confidence needed to establish business. Entrepreneurial awareness is particularly important to enable micro and small enterprises (MSEs) to graduate from survival activities into large productive operations (Ngugi, 1999). He continues to recommend that they conduct periodic in-depth market surveys to identify emerging skills and abilities needed in business.

The content of the individual induction or training programme will depend on what the trainee already knows and what skills they already possess. The need for individually tailored induction programmes is emphasized. Leaders will recall that assessing needs is the first step according to National Council for Vocational Qualifications (NCVQ) of England, training on development framework for developing human potential (Shaw, 1992). The gap this council try to fill is that there is informal or non- conventional methods of acquiring skills. This makes me to

strongly believe training needs is crucial for effective training. It is not clear whether the entrepreneurs do undertake this step consciously or not.

There is a general tendency for employees to expect the sort of job security which pre-reception years corporate was able to offer. SMEs find it difficult to produce such fringe benefits. Medium sized enterprises can best cope with this problem by regarding investment in training as a strategic tool for development of skills, backed up by good communication for their own staff (Dewhurst *et al* 1993). In growing firm there is a development decision in small business which is rarely clouded by any notion of, or claim to be undertaking, training for wider labour market as they sometimes are larger business. As a result, virtually all training conducted in and by small business is for their own good. From these findings to the extent of planned development, I conclude that their demand for training is almost invariably associated with some kind of immediate qualitative shortcoming in their labour supply.

Then there are those most common activities, workplace introduction, job familiarization, and task extension or job rotation (Atkinson *et al* 1994). Training in small business is much more concerned with the spreading and distribution of existing skills through the workforce than it is with skill formation per se. This is achieved mainly and sometimes exclusively through informal, off- the-job training.

Kibas *et al* (1996) says giving employees orientation to their jobs and tasks and continuously training them will enable them meet new job challenges as they arise. Business will always have new things to do. Therefore you need to train your staff. This assertion aptly captures the reality in the dynamics fashions and trends in the industry hence underlies the need to train and retrain with the purpose of fulfilling the ever-changing needs and tastes of the client and technology.



### **2.4.2 Modes of Training in SMEs**

According to World Bank (1989), most entrepreneurs in the informal sector acquire their skills on-the-job through trial and error or by watching and helping others. This is true for Salon operators in the sense that most of them acquire skills informally. On the other hand they should have some formal training as their business relies on goodwill. The clients will tend to look for quality services. Some skills need to be propped up in the sector. Many set out as apprentices to experienced entrepreneurs already established in the in salon enterprise.

Training in SMEs take the form of the on-the-job training which is basically training in the work place by an experienced entrepreneur mainly referred to as a trainer. Such kind of training is common where the trainee anticipates acquiring technical skills in trade such as carpentry, masonry, tailoring (Ngethe, and Ndua, 1992). The trainees observe the trainer undertake certain tasks and later left alone to practice until a certain level of proficiency is reached. This is a cheap training method hence preferred by trainees. Apart from on-the-job training there are others like off-the-job formalized vocational training and learning.

While entrepreneurship training programmes for MSEs are already being offered in a number of the universities and technical training institutions, there has been poor coordination among these institutions. This has led to duplication of activities and sub optimal use of scarce resources. The institutional focus and training approaches are carried out through programmes that are not complementary. It is proposed that an innovative system be established to impart technical and self-employment skills to graduates from polytechnic (Namusonge, 1999). He asserts also that curriculum for

apprenticeship courses be developed so that an organized approach to entrepreneurial capacity development can be developed.

According to Republic of Kenya (1996) "it is established that training institution may not necessarily be knowledgeable about conditions obtaining in the sector and may not be as efficient as the apprenticeship schemes which already exist in the sector". This propels us to think of areas or modes of training that fully are in agreement with the entrepreneurs. Some prefer on-the-job to off-the-job training methods and vice versa. Training is thus done through various implementation methods.

Many studies suggest that a combination of the two is very important as some skills can only be obtained formally in a classroom set up and others require on-the-job hand or are obtained informally, on experience. By definition, the informal sector counts on a heterogeneous set of competencies many of them in trade and service. They are characterized by ease of entry, reliance in indigenous resources family ownership of enterprises, small scale operation, labour-intensive as adapted technology skills required outside the formal school system and unregulated and competitive market (Damake *et. al*, 2000).

Damake continues to say individuals in the informal sector acquire their skills on-the-job through trial and error by watching and helping others. Many start out as apprentices to experienced entrepreneurs already established in particular trades. Family ties and friendship are often more decisive in their formal education in securing employment for many employees in the informal sector, it is not possible to acquire skills through formal training because formal training institutions are limited in number and the scope of services they render to the Public (Damake *et, al*, 2000).

This assertion proves types of training could wide and varied. Sometimes the training is done informally and the skills are clearly exhibited.

Apprenticeship has long been recognized as a major means through which the young enter the informal sector. It is of course; the oldest and the apprentices will pick up skills by observing and doing simple tasks. Eventually, he/she will be expected to complete complex tasks. The training is intensively practical focusing on immediate problem of the work itself. Apprenticeship is often the only way of learning trade for young people in Africa. It is also more common in West Africa than in Eastern and Southern Africa (Fluitman and Sangare, 1989).

The reason for training and upgrading of the skills of those already working in the informal, sector is that these are commonly inadequate as maybe seen in productivity problem, low income and inadequate working condition. (Fluitman,1989). The training and upgrading of skills enable them sharpen their skills and as a result expand their services and get more clients. Training as an area that promotes SMEs received quite a good number of studies though not directly linked to promotion of SMEs.

Kenya in Sessional Paper Number 2 of 1996 stressed the need to provide an enabling environment, which entails promotion of the private sector enterprises and initiatives, with the government playing mainly a facilitative role. It underlies the need for adequate access to credit for the sector, provision of management and technical training (Government of Kenya, 1996). This is expected to create an entrepreneurial culture in Kenya. SMEs entrepreneurs have one of their greatest impediments as

access to training and technical support. The training is a key challenge to business development and especially SMEs.

Coughlin and Ikiara, (1991) says "Hair dressers are part of the informal sector or small and medium sized enterprises playing a very crucial role of generating jobs especially to the women folk both in rural and urban areas". To stimulate the sector the government among other things hopes to train indigenous entrepreneurs for future enterprises. The Ministry has been trying to design good training programmes for these entrepreneurs. Lack of managerial and accounting skills handicaps many informal sector entrepreneurs.

Waweru (1984) says smooth and efficient running of an organization depends directly on how well its employees are equipped with relevant skills. Training apart from imparting knowledge, skills and attitudes also motivates employees to work harder. This is because if the employees know their work well they are likely to have higher morale. This view is supported by Dickson and Gichira (1991), who assert that, "in order to be a successful owner of a business one should be knowledgeable and have skills".

Technicians and operators must have adequate training. Supervisory and managerial training is as important to the wellbeing of the organization as any other asset in its organization. For an entrepreneur in small and medium sized enterprises to function effectively it is assumed that they should have adequate knowledge, skills and attitudes.

Ngugi, (1990) says one of the activities is to undertaken in entrepreneurship development by Ministry of Resource Technical Training and Technology is to train operators and their workers in technical managerial and entrepreneurship skills and offer extension services/technical assistance in such specialized areas as accounting, cash flow management, product development and use of appropriate technology.

It is essential that employees be developed as key components within the organization because they are the only thing that will enable the organization to survive. The essential of human resources management is that employees are valued assets and that their value should be increased by a systematic and coherent approach to investing in their training and development (Armstrong, 1992).

The manager of small business is at the same time a worker or operator in his/her enterprise. He/she may have technical skill but often no management skill or business skill. Without management know-how, optimum use of available resources can rarely be guaranteed. Orodho (1992) says the salon operators or entrepreneur need sophisticated skills for some styles and also expensive equipment that were also difficult to maintain. Essentially Orodho's assertion recognizes that salon operators need to have versatile knowledge to handle the equipment and to explore new trends.

### **2.4.3 Training and Performance of SMEs**

Salon operators are an area that has not been studied much and thus lacks literature or literature available is scanty. Being a service industry dealing with personal care services this sector is seen to be part of the rapid growing service sector recognized for contribution in terms of income generation; employment opportunities and income distribution across the gender divide.

What the foregoing implies is that Salon operators need certain knowledge, skills and attitudes to function effectively and efficiently. Safety training is needed as they handle chemicals that if not applied properly can be disastrous. According to Kinyota-Macharia (2003) when you choose a good salon, you place yourself in the hands of talented and highly skilled professionals, and after they have worked on you, you emerge feeling more relaxed and looking better than you probably thought possible. She goes on to say a salon should offer personal attention, a relaxed and professional atmosphere and importantly, talented and well trained staff.

A salon is popular if it maintains cleanliness and keep appointments. They should be gleaming apparition of ergonomic styling, state of the art furniture, precision equipment, as turbo charged dryers. Salon proprietors must spend time and efforts in finding out exactly what client wants and make them satisfied (Jebet, 2003). Kigwe-Wettstein, (2003) says for that look, you want a professional care at a salon. You need a salon that also gives the right advice on how to take care of your hair in between salon visits - and the right hair care products for best results. It suddenly does not end here; what about good professional skills and excellent client care and service skills.

Mandi, (2003) adds that it starts with understanding what good service is from your customer's point of view. What you do, how you do it, how well it must be done, and proving you can doing it again. All these point down to the concept of having proper skills to be productive. People will either come to you or run away from you depending on your skills. Training is an important aspect in enhancing performance.

The fundamental aim of training is to help the organization to meet its organizational objectives by increasing the value of the major resources, namely its employees. There are three basic objectives; to develop the competencies of employees and improve their performance, to help people within the organization and to reduce the learning time for employees starting in new jobs in appointment, transfer, promotion and so ensure that they become fully competent (Stredwick & John, 2000).

Under favourable circumstances training has the significance of improving employees' ability to perform and organize others to better use human resources; give employees monetary gains, recognition by managements and their jobs satisfaction increased (Graham, 1998).

Further, training is expected to bring the following gains: Creates productivity and quality, less scrap and spoiled work, greater versatility and adaptability to new methods, less need for close supervision, fewer accidents and greater job satisfaction showing itself in owner labour turnover as less is observed. The hard step in designing a training course is to consider the training requirements under three headings: attitudes, skills and knowledge (Graham, & Bennett, 1998).

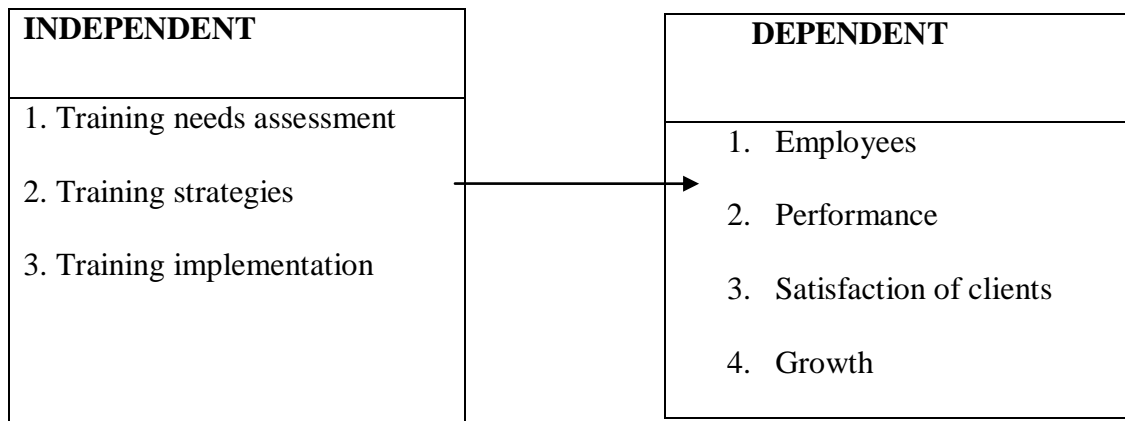
Training essentially is meant to improve employees' performance and responsibility by imparting knowledge, skills and attitudes. The concept of competence is defined as ability to perform the activities within an occupation or function to the standard expected in employment. Competence is a wide concept that embodies the ability to transfer skills or knowledge to new situations within the occupational area (Critten, 1993).

Bosire & Gamba, (2003) says the study they undertook revealed specific training interaction that may spur entrepreneurship and improve effectiveness of the informal sector. The school leavers were not prepared in knowledge, skills and attitudes for the informal sector.

## **2.5 Conceptual Framework**

The conceptual framework for this study is based on the assumption that entrepreneurs need entrepreneurial capacity development. The entrepreneurial capacity development will create entrepreneurial skills and culture thus making entrepreneurs competitive. In this study, the salon operators need skills to be effective and competitive and thus provide good services. There is training need for SME entrepreneurs due to their performance falling far below expectation. The entrepreneur will be forced to seek training to improve performance. Those who seek training will be better competitors and will record growth and improve gains. Those firms that do not undertake training will record stagnation in growth and poor gains. This captures the conceptual framework based on adapted training cycle. I looked at three items to create conceptual framework as in the Figure 2.



**Independent and dependent variables**

*Figure 2 Adapted training needs cycle*

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter is set to detail the methods used to collect data. The study is a survey carried on salon enterprises in Nandi County. The methods are both qualitative and quantitative. The target population is both the owners of the salon and his/her employees.

#### **3.1 Research Design**

This study was a survey of small and medium sized enterprises involved in salon business in Nandi County. The respondents were drawn from salon operators and their employees. In this case the primary data was collected using questionnaires, interviews and observation. The questionnaires were administered to salon operators and employees in a salon enterprise. As the questionnaires were administered observation was made by me. Random interviews were also conducted to fill in the gaps. The survey was conducted over a period of one month. First reconnaissance was conducted by putting the respondents through samples by developing a list in the two towns and the urban centres. The sample list was then drawn and was used to get the people needed.

#### **3.2 Study Area**

This study was carried out in Nandi County mainly the two towns of Kapsabet and Nandi Hills, and urban centers like Lessos, Chepterwai, Mosoriot, Kabiye, Kilibwoni, Baraton, Kaptumo, Maraba, Kabiye and Kobujoi. The study focused on

salon operators in the county. I chose the county due to the fact that its proximity to Eldoret drains the bulk of clients county's chunk. The researcher felt that entrepreneurial capacity development of the salon enterprise is an issue. The entrepreneurial culture especially among women in the county needs to be investigated, provide an insight into their enterprise culture or tendencies. The salon enterprises in the county needs to be studied against their performance to give an insight

### **3.3 Sources and Nature of Data**

This study collected data from primary and secondary sources. The secondary data were from published and unpublished sources. The published sources included books, journals, magazines, and government documents those are Sessional Papers and development plans. The primary sources of data were from respondents, that is salon operators. This was solicited through questionnaires, interviews and observation. The nature of data for this study is both qualitative and quantitative data. Qualitative data is in form of information (opinion) from respondents and sought some statistical information making it have some quantitative qualities.

The study observed ethical issues in conduct of research. Confidentiality was observed and information collected will only be used for this research purpose only. Name of the respondent was not written anywhere in the questionnaire to ensure confidentiality of the data provided. Permit was sought from National Commission for Science, Technology and Innovation after permission to carry out research was given by Moi University.

### **3.4 Sampling Procedures and Sample Size**

The target population for this study was salon operators and their employees in Nandi County. The entrepreneurs in the county are approximated at 175 and their employees who were also estimated 437 in the county this makes the total target population to be about 612. Purposive sampling and stratified sampling was carried out to arrive 200 respondents as the sample. This sample was made of 58 entrepreneurs (owners) and 143 employees which represented 33% of the target population. Mugenda and Mugenda (2003), explains the target population should have some observable characteristics to which the researcher intends to generalize the results of the study. They suggest a sample population of 30% as acceptable sample. Sampling was done by enlisting salon operators in Kapsabet, Nandi Hills and all other urban centres in the county. This ensured we only get a third of the population of population was picked randomly. Purposive sampling was used to select the urban centres and to pick lead with a large number of employees so to get it view of the subject at hand. This enabled me to obtain a sample whose findings can be generalized to the whole population.

**Table xxx; Sampling Design**

	Kapsabet	N/Hills	Mosoriot	Kabiyet	kilibwoni	Baraton	Lessos	Kobujoi	Kaptumo	Maraba	Chepterwai	TOTAL
<b>Owner</b>	<b>80</b>	<b>30</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>10</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>175</b>
<b>Workers</b>	<b>240</b>	<b>90</b>	<b>15</b>	<b>8</b>	<b>5</b>	<b>15</b>	<b>6</b>	<b>10</b>	<b>15</b>	<b>10</b>	<b>4</b>	<b>437</b>
<b>Total population</b>	<b>320</b>	<b>120</b>	<b>25</b>	<b>16</b>	<b>10</b>	<b>30</b>	<b>12</b>	<b>18</b>	<b>22</b>	<b>17</b>	<b>8</b>	<b>612</b>
<b>Sample</b>	<b>106</b>	<b>40</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>10</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>200</b>

### **3.5 Methods of Data Collection**

Primary data were obtained using questionnaires, interviews and observation administered to salon operators in Nandi County. Analysis of published and unpublished secondary sources of information were used, especially analysis of policy documents. To maintain validity and reliability of data collected observation and interview was also utilised. The reconnaissance study was done to ascertain the reliability of data collected. The questionnaires were distributed to 220 respondents so as to avoid the case where of un returned or unfilled questionnaires and ensure the data collected is reliable for SPSS programme. The 220 questionnaires were to cushion me from lost or non-returned questionnaires. Some respondents however returned unfilled questionnaires and others lost theirs. My projection of ten percent questionnaires to be lost was accurate as I eventually had two hundred questionnaires. This success is attributed to my following up and even having them fill as I wait if they had not filled.

Ethical issues were considered like confidentiality of information gathered? A research permit was sought from National Commission for Science, Technology and Innovation (NCSTI). Permission was also sought from the university and local administration of Nandi County.

### **3.6 Data collection Instruments**

This study made use of questionnaires. A set of questionnaires were developed and administered to the respondents to solicit information required. The instruments developed were aimed at making findings more objective and reliable.

### **3.7 Validity and Reliability**

#### **3.7.1 Validity**

I sought the expert advice of the School of Human Resource Development teaching staff and supervisors to assist in ensuring the construction of the tool is standard and accurate in getting the data it seeks to solicit from the salon entrepreneurs. The construct of the research instruments was made sure to be valid by supervisors and entire school of human resource teaching staff.

#### **3.7.2 Reliability**

The reliability of the research instruments were achieved by subjecting them to a pilot test carried out in Eldoret town in Uasin Gishu County and correcting the discrepancy if any is detected. My supervisors played a very crucial role by ensuring that the instruments solicit a consistent response. All caution was taken to ensure that there is no ambiguity in framing the tools.

### **3.8 Data Analysis**

This study utilized both qualitative and quantitative methods of data analysis. Thus, data collected were analyzed descriptively by content, and frequency of occurrence was tabulated using percentages. The results are presented using descriptive as well as inferential statistics. This included the use frequency distribution tables and the use of Chi-square test specifically the Pearson's test. I used Chi-square for hypothesis testing at 95% confidence. This where the researcher sought to find out if the theory that entrepreneurial capacity development influences performance is consistent with this sample and data received from them. It was suitable due to large sample used.

## **CHAPTER FOUR**

### **ANALYSIS AND RESULTS**

This chapter presents and discusses analysis of data collected from two hundred (200) salon operators this represents ninety per cent success rate as twenty respondents did not fill or lost the questionnaire. It begins with the presentation of characteristics of the salon operators, which includes level of education, gender and training levels. It also presents their perception on entrepreneurial capacity development and its effect on salon enterprise performance. This study had its objectives as; first to examine the influence of training needs assessment on salon enterprise performance, secondly to examine the relationship between training strategies and salon enterprise performance and thirdly to examine the relationship between training implementation and salon enterprise performance. The finding for the study are analyzed as per the objectives stated.

#### **4.1.0 Respondents Characteristics**

##### **4.1.1 Level of Education attained**

The findings indicate that those with only primary were 10.5% (21) whereas those with only secondary education were sixty two 31% (62) and those with secondary and college education or are trained 58.5% ( 117) This means the greater percentage of the entrepreneurs in this business or enterprises have undergone at least some form of training and majority are literate. Level of education is factor for further training. He respondents were to state their level of education.



**Table 4.1 Respondents Distribution by Educational level**

Years in formal Education	Frequency	Percent	Cumulative Percent
8 yrs	21	10.5	10.5
12 yrs	62	31	41.5
13 yrs	117	58.5%	100
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### **4.1.2 Respondents Employment status Before Starting a Salon enterprise**

The findings as shown in table 4.2 indicate that 21.5% forty three (43) were unemployed before starting the enterprise. Majority of these were housewives. Thirty two 16% (32) respondents were civil servants before starting a salon business. The greater percentage i.e. 62.5% (125 respondents) was in other business (self-employed or were still in school) before they start operating a salon business. This is to get to know the background of the entrepreneur and influence to be in salon enterprise and this greatly influences the orientation of the entrepreneur.

**Table 4.2 Distribution of Respondents according to Occupation**

Type of Employment	Frequency	Percent	Cumulative Percent
Housewife	43	21.5	21.5
Civil Servant	32	16.0	37.5
In other Business	125	62.5	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.1.6 Reasons for starting Salon Business**

Majority of the respondents started salon service or enterprises for the sake of incomes as shown in table 5. Here we are talking of ninety seven 48.5% (97 respondents) saying they started the salon business as a way of earning income. Another 45% (90 respondents) started the business because it was a calling, or from their desire to serve customers. Finally 6.5% [13] thirteen respondents started it because it was easier to start and operate. In this case we find that to earn income or as a talent calling are two reasons for operating the salon enterprise.

**Table 4.3 Reasons for Starting Salon Business**

Reason	Frequency	Percent	Cumulative Percent
Personal desire			
To serve customers	90	45	45.0
Earn an income	97	48.5	93.5
Easier to start and			
Operate	13	6.5	100.00
TOTAL	200	100	

*Source: author's own compilation (2014)*

## **Results of objective one**

### **4.1.7 Training Status of owners and employees.**

The findings in table 4.4 indicate those who started salon operation without any training are 24.5% (49) and those who were trained were 49% (98). The rest started it as part time or apprentice, which is 26.5% (53). This finding is that apprentice which be said to be formal or informal plays a crucial role.

**Table 4.4 Training Status of Owner/Manager**

Training Status	Frequency	Percent	Cumulative Percent
Untrained	49	24.5	24.5
Trained	98	49.0	73.5
Part time	55	26.5	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

As per table 4.5, 75%(150) respondents said they have business employees that sent employees for training that is equivalent of Fifty 25% (50) respondents have never trained an employee in their enterprise since started up. Most of these are fewer, which have just started the business.

**Table 4.5 Presence of Trained Employees**

If have trained	Frequency	Percent	Cumulative Percent
Trained Employees	150	75.0	75.00
Not yet trained	50	25.0	100.00
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### **4.2 Modes of Training**

Salon operation has three basic or main modes of training available to them. These modes are apprenticeship, on-the-job training and off-the-job training 31.5% (63) respondents saw apprenticeship as a mode of training mostly used to get skills. 56.5% (113) said on-the-job training is the commonly used. The remaining respondents, that 12.0% (24), said off-the-job training is preferred. This indicates that their evidence of training needs assessment is undertaken.

**Table 4.6 Frequently Mode of Training used.**

Mode of Training	Frequency	Percent	Cumulative Percent
Apprenticeship	63	31.5	31.5
On-the-Job Training	113	56.5	88.0
Off-the Job	24	12.0	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.2.1 Mode of Training Adopted by the Respondents**

The respondents had a liking for on-the-job training as majority had used it as a mode of training. As shown in table 4.7, 50.5% (101) got their skills through on-the-job training. 27.5% (55) respondents used off-the-job training mode whereas 22% (44) respondents used apprenticeship as a way of acquiring their skills on salon operation. The reasons underlying choice of training is that of cost factor with 58.5% (117) respondents have it influencing their choices. 29.5% fifty nine (59) respondents that had their choice of mode of training used as personal skills development and 12.0% (24) wider coverage of skills as a factor for her choice of mode of training used to acquire skills to effectively run a salon enterprise.

Table 4.7 Mode of Training adopted by Salon Operators

Mode of Training	Frequency	Percent	Cumulative Percent
Apprenticeship	63	31.5	31.5
On-the-Job Training	113	56.5	88.0
Off-the Job	24	12.0	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.2.2 Factors Influencing Selection of Training mode**

There were three factors numerated, these are cost, accessibility and availability. That is cost of training to be used or accessibility of training facilities and availability of training facilities. The respondents were distributed as follows; cost had 39.5%, (79) accessibility 37.5% (67) and availability having 27.0% (54) indicate it as a factor influencing choice of training mode adopted.

**Table 4.8 Factors influencing the selection of Training Mode**

Factor	Frequency	Percent	Cumulative Percent
Cost	79	39.5	39.5
Accessibility	67	33.5	73.0
Availability	54	27.0	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

### **4.2.3 Training Mode Preferred**

The respondents were asked which training mode they prefer used to train salon operators as per their experiences this is as in table 4.9. The results were 24% (48) respondents preferred 45.5% (91) respondents or preferred apprenticeship on-the-job whereas 30.5% (61) respondents or preferred off-the-job. In the on-the-job and apprenticeship were recommended by a greater number of respondents as a mode of training salon operators which are very effective. These two modes; apprenticeship and on the job were favoured because of their being practical and cheap. The other mode off-the-job was favoured by those who saw it has having added advantage of wider coverage and certification.



**Table 4.9 Training Modes preferred**

Mode of Training	Frequency	Percent	Cumulative Percent
Apprenticeship	48	24.0	24.0
On-the-job	91	45.5	69.5
Off-the-job	61	30.5	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

### **4.3 Results for objective two**

#### **4.3 Skills Needed to Run a Salon**

##### **4.3.1 Skills that Contribute to Effective Operation of Salon**

The skills that contribute running of a salon fall into technical skills and management skills. The other minor factor is customer care skills. The respondents were distribution as follows; 57.5% (115) respondents that is said that technical skills are basic to the running of a salon. 39.5% (79) saw management skills as essential. A paltry 3% (6) respondents who saw customer care skills as crucial. In the category the salon operators seemed to rate technical skills as very crucial in running a salon enterprise.

In all areas it means technical skills are very basic to being in salon operation. All the same it is agreed that proper management skills enables one to use technical skills optimally.

Table 4.10 Skills for effective operation of Salons

Skills	Frequency	Percent	Cumulative Percent
Technical	115	57.5	39.5
Management	79	39.5	97
Customer care	6	3.0	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

### 4.3.2 Factors Essential to Enterprise Performance

Here we have three variables: capital, training in technical and management skill and location of enterprise as indicated in table 4.11. 47.5% (95) respondents Said Capital is essential to salon business performing at an optimal level. Training in management and technical skills had 41.5% (83) respondents perceiving it as essential for a salon business doing well. The remaining 11% (22) respondents perceived location of the enterprise as a very important factor for salon performance. The entrepreneurs seem to favour capital as the most essential followed by the skills. Most see skills as essential but need capital to get equipment so as to use the skills.

**Table 4.11 Factors Essential for Enterprise Performance**

Factor	Frequency	Percent	Cumulative Percent
Capital	95	47.5	47.5
Training in management as Technical Skills	83	41.5	89
Location of the enterprise	22	11.0	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

### **4.3.3 Source of Technical Skills**

The respondents were asked where they got technical skills. As shown in table 4.12 the results 37% (74) got their technical skills from a college. In this case they underwent off-the-job training. 27.5% (55) respondents got the technical skills from friends. This implies that this group either was in apprenticeship or off-the-job training kind of setting or some other form of informal training. The remaining 35.5% (71) respondents got their skills from observation or observing some professional doing the work. In this case it means also on-the-job or apprenticeship kind of set up. This implies if we go by last two being either apprenticeship or on-the-job, it means combining the last two having one hundred and twenty six 63.0% (126) respondents or hence this category has a higher

percentage. These entrepreneurs don't go for training or rather college but prefer getting skills from the field. Informal ways of getting skills is very crucial.

Table 4.12 Sources of Technical Skills

Source	Frequency	Percent	Cumulative Percent
College	74	37.0	37.0
Friend	55	27.5	64.5
Observing	71	35.5	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.3.4 Source of Management Skills**

When the respondents were asked where they acquired their management skills, 46.0% (92) respondents got their management skills from seminars and workshops. This is a seasonal event trying to promote salon enterprise. 28.0% (56) respondents got their management skills from copying from other entrepreneurs. This is through learning how well performing salons are operated and they try to use the same mechanisms. Lastly, 26.0% (52) respondents got their management skills from college.

#### **4.3.5 Participation in Seeking Training**

82%(164) respondents were actually actively involved in seeking training whereas 18%(36) were not actively in seeking for training. From the one hundred and sixty four (164) respondents who were asked another on where they got their skills, 50.5%(83) said from college, 29.9%(49) got their skills on-the-job and thirty two 19.5%(32) respondents got their training from apprenticeship.

#### **4.3.6 Rating Skills in Provision of Quality Service**

As shown in table 4.13 52.5% (105) respondents agree technical skills as very crucial in running of a salon business whereas 34.5% (69) respondents agree, 7.5% (15) respondents were not sure 3.5% (7) disagreed. At this level those who agreed that technical skills are essential 87% that is one hundred and seventy four (174) respondents.

Ninety (90) strongly agreed that management skills are very crucial in running of a business, seventy three (73) agreed, sixteen (16) were not sure, seventeen (17) disagreed and four (4) strongly disagreed. The percentage of those who agreed also is high that is one hundred and 81.5%. (163). The salon operators therefore agreed that technical and management are crucial to the performance of a salon enterprise. This means their training needs is centered mainly on technical and management skills.

**Table 4.13 Rating Skills in Provisions of Quality Service**

Skills	SA	A	U	D	SD	TOTAL
Management f	90	73	16	17	4	200
Per cent	45.0	36.5	8.0	8.5	2.0	100
Per cent	45	81.5	89.5	88	100	
Technical f	105	69	15	7	4	200
Per cent	52.5	34.5	7.5	3.5	2	100
Per cent	52.5	87.0	94.5	98.0	100	

*Source: author's own compilation (2014)*

**Key:** SA – Strongly Agree

freg. - frequency

A – Agree

Percent

U – Undecided

Cumulative % - Cumulative Percentage

D – Disagree

SD – Strongly Disagree

## **4.4 Results for objective three**

### **4.4 Employees and Training**

#### **4.4.1 What Improves Employees Performance**

47.5%. (95) said performance of employees is improved by good working environment. 30.5%. (61) saw training as key factor in improving employees' performance. 22.0%. (44) saw good salary as factor which improve employees performance.

When the salon operators were asked about dealing with unproductive employees or those whose performance is low so as to measure up to the expected, responses were distributed as follows 63.5% (127) respondents said they can send them for training or retraining. 22% (44) said give them time for own training and 14.5% (29) said they dismiss them. 55.5% (111) accept that they normally send their employees for training whereas 44.5% (89) respondents do not send their employees for training.

#### **4.4.2 Sending Employees for Training**

As shown in Table 4.14, 69.5% (139) respondents said employees are send for training when there are new skills and styles to be learned. The other 28% (56) respondents said employees are send for training 2.5% (5) respondents and had their business at infancy and have had no time to send an employee for training.

**Table 4.14 Timing of Employees Training**

Reasons/Time	Frequency	Percent	Cumulative Percent
To learn new skills/styles	139	69.5	69.5
When Employee is new	56	28.0	97.5
Business at infancy	5	2.5	100.0
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### **4.4.3 Reasons for retraining**

Employees seems to be trained when output is low that means they lack skills or have many errors or accidents. 52% (104) respondents said employees are trained, because they lack skills 43.5% (87) respondents said they train when there are new skills to learn and 4.5% (9) respondents are trained because training opportunities arise.



**Table 4.15 Reasons for Retraining**

Reasons	Frequency	Percent	Cumulative Percent
Lack skills	104	52.0	52.0
New skill to learn	87	43.5	95.5
Opportunities arise	9	4.5	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.5. Entrepreneurial capacity development and Performance**

##### **4.5.1 Perception on Importance of Training on Improvement of Performance**

One hundred and twenty one (121) (60.5%) strongly agreed that training improves performance of a salon operator, sixty two (62) (31%) agree five (5) (2.5%) were undecided, six (6) (3%) disagreed 6(3%) strongly disagreed.

Eleven (11) (5.5%) strongly agreed that there is a difference between trained and untrained employees, twenty (20) (10.0%) agreed, five (5) (2.5%) were undecided.

Seventy seven (77) (38.5%) disagreed and eighty seven (87) (43.5%) strongly disagreed.

Eight (8) (4%) strongly agreed that trained don't attract customers, eighteen (18) (9%) agreed, two (2) (1%) were undecided, seventy seven (77) (38.5%) disagreed and ninety five (95) (47.5%) strongly disagreed.

Trained employee out performs the untrained had the following ratings. Seventy nine (79) (39.5%) were undecided, twelve (12) (6.0%) disagreed and six (6) (3.0%) strongly disagreed.

The perception that trained employees are safer had the following reply; one hundred and twenty two (122) (61%), strongly agreed, fifty nine (59) (29.5%) agreed, two (2) (1%) were undecided, five (5) (2.5%) disagreed seven (7) (3.5%) strongly disagreed. This shows that the trained employed is rated safer by a very big percentage. This implies that training needs of salon operators should be assessed to strengthen performance. There must be frequent training needs analysis to ensure relevant and important skills are given to the entrepreneurs in this sub sector.

**Table 4.16 Perception of the Importance of Training on Performance of Salon Operators**

Importance		Perception					Total
		SA	A	U	D	SD	
Training improves performance	f	121	62	5	6	6	200
	%	60.5	31	2.5	3.0	30	100
Trained is no difference From untrained	f	11	20	5	77	87	200
	%	5.5	10	2.5	38.5	43.5	100
Training employee doesn't Attract customers	f	8	18	2	77	95	200
	%	4.0	9.0	1.0	38.5	47.5	100
Training employed Outperforms untrained	f	79	96	7	12	6	200
	%	39.5	48.0	3.5	6.0	3.0	100
Trained employed is Safer	f	122	59	2	10	7	200
	%	61	29.5	1.0	5.0	3.5	100

*Source: author's own compilation (2014)*

**Key:** SA – Strongly Agree

freg. - frequency

A – Agree

% - Percent

U – Undecided

C% - Cumulative Percentage

D – Disagree

SD – Strongly Disagree

#### 4.5.2 Number of employees at start up

The number of employees at the start of business is as shown in Table 4.17. The results are 35.5% (71) respondents had one employee at the beginning of their business, 42% (84) respondents had two employees and 22.5% (45) respondents had three and more employees.

**Table 4.17 Number of Employees at Start up**

Number of employees	Frequency	Percent	Cumulative Percent
I employee	71	35.5	35.5
2 employee	84	42.0	77.5
More than 3 employees	45	22.5	100.0
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### 4.5.3 Number of employees at present.

Table 4.17 show results of the employees when the study was conducted. This showed growth or stagnation. 11% (22) respondents had one employee, 51% (102) respondents had two employees and 38% (76) respondents had more than three at the time of the study.

**Table 4.18 Number of Employees at present**

Number of Employees	Frequency	Percent	Cumulative Percent
1	22	11	11
2	102	51	62
More than 3	76	38	100
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.5.4 Income per day at start up**

The highest income per day at startup was Kshs 3000 and the lowest was Kshs 100 per day. The mean income is Kshs 617.40 with a range of Kshs 2900. 68% (136) respondents making had and income of less the Kshs 500 per day, 18% (36) had and income between Kshs 500 to Kshs 1000 per day, eight (8) respondents (4%) had income of between Kshs 1000 and Kshs 15000. Thus those with more than Kshs 1500 per day were 10%. (20) respondents.

**Table 4.19 Income per day at Start up**

Income per day	Frequency	Percent	Cumulative Percent
Less than Kshs 500	136	68	68
Kshs 500-1000	36	18	86
Kshs 1001-1500	8	04	90
More than Kshs 1500	20	10	100
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.5.5 Income per month at start up**

The highest income per month at start up is Kshs 50,000 and the lowest being Kshs 400. The mean income percent is Kshs 12,936.50 with a range of Kshs 49,600. The respondents distribution is as follows 59.5% (119) had income of less than Kshs 10,000 per month 23% (46) respondents had between Kshs 20,000 and Kshs 20,000, 8% (16) had between Kshs 20,000& Kshs 30,000 per month and nineteen 9.5% (19) had more than Kshs 30,000 per month. The assumption here is that, is those who developed their entrepreneurial capacity will definitely improve their performance.

**Table 4.20 Income per month at Start up**

Income per Month	Frequency	Percent	Cumulative	Percent
Less than Kshs 10,000	119	59.5	59.5	
Kshs 1000-2000	46	23	82.5	
Kshs 20000-30,000	16	8	90.5	
More than Kshs 1500	19	9.5	100	
TOTAL	200	100		

*Source: author's own compilation (2014)*

#### 4.5.6 Income per day at the time of study

Income per day	Frequency	Percent	Cumulative Percent
Less than Kshs 500	109	54.5	54.5
Kshs 500-1000	58	29.0	83.5
Kshs 1001-1500	3	1.5	85.0
Above Kshs 1500	30	15.0	100
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### 4.5.7 Income per month at Present

The highest income per month at the time of study is Kshs 90,000 and the lowest is Kshs 1000 posting a range of Kshs 89000. The mean income was Kshs 125,970.50 per month. There were 48% (96) earning less than Kshs 1000 per month, 34.5% (69) respondents having between Kshs 10,000 and Kshs 20,000 to Kshs 30,000 per month and 11% (22) respondents having above Kshs 30,000 per month.



**Table 4.21 Income per day at the time of study**

Income per day	Frequency	Percent	Cumulative	Percent
Less than Kshs 1000	96	48.0	48.0	
Kshs 1000-20,000	69	34.5	82.5	
Kshs 20,000-30,000	13	6.5	89.0	
More than Kshs 30,000	22	11.0	100	
<b>TOTAL</b>	<b>200</b>	<b>100</b>		

*Source: author's own compilation (2014)*

#### **4.5.8 Impact of Training on performance on income per day**

The respondents accepted that training improves employees performance (production) 49.5% (99) respondents had an impact of that is increasing production by Kshs 50-Kshs 100 per day, 31% (62) respondents said the impact is between Kshs 100-Kshs 200 and 19.5% 39 respondents Said training had an impact on production of above Kshs 200. See Table 4.23.

**Table 4.23 Impact of Training on Performance on Income per day**

Income	Frequency	Percent	Cumulative Percent
Kshs 50-100	99	49.5	49.5
Kshs 100-200	62	31.0	80.5
Above 200	39	19.5	100
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### **4.5.9 Impact of training on employees output per month**

All respondents accepted that training has an impact on employees output. 48% (96) said training improves employees output by a margin of between Kshs 1500 and 3000 per month. 30.5% (61) of respondents said training creates improvement of output of between Kshs 3000 and Kshs 6000, per month and 21.5% (43) of respondents said training improves employees output by a margin of above Kshs 6000 per month.

**Table 4.24 impact of Training on Employees' output Per Month**

Income	Frequency	Percent	Cumulative Percent
Kshs 1500-3000	96	48.0	48.0
Kshs 3000-6000	61	30.5	78.5
Above Kshs 1500	43	21.5	100
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.5.10 Measurement of growth of Salon Enterprise**

Respondents had different views on what to use in measuring growth of Salon enterprise. 87% (174) of respondents said they use increase in income to measure business growth. 9% (18) respondents said increase in number of employees is a measure of growth of its enterprise and 4% (8) of respondents said increase in number of customers served indicates growth in business. This, then points income is used as a measure of growth. That means the higher the increase of income the higher the growth of the enterprise.

**Table 4.25 Measurement of Growth of Salon enterprise**

Growth indicator	Frequency	Percent	Cumulative Percent
Increase Income	174	87	87
Increase number of Employees	18	9	96
Increase in customers	8	4	100
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### **4.5.11 Wide range of skills in salon operations**

The respondents accepted that there is a wide range of skills in salon operation. One can either be all-rounded or specialize in certain skills. 92%(184) of the respondents said there is need for one to specialize in skills one has and 8%(16) of the respondents said one need to know or learn all skills. See Table 4.26. This analysis means that to specialize is seen as more relevant and appealing. This means the salon operator will be efficient in provision of certain services only.

**Table 4.26 Wide range of skills in salon operations**

Skill to know	Frequency	Percent	Cumulative Percent
Specialize	184	92	92
Learn all	16	08	100
<b>TOTAL</b>	<b>200</b>	<b>100</b>	

*Source: author's own compilation (2014)*

#### **4.5.12 Service offered in the salon enterprise**

Most of the salons have a tendency to specialize or be geared towards offering certain service. 25%(50) of the respondents said they provide all services, 66%(132) of the respondents said they provide services like blow drying and chemical application only while 9%(18) of the respondents said they specialize in providing weaving and plaiting services. This findings in Table 4.27 shows that salon enterprises need skills to perform optimally. For one to specialize must undergo specific training in that area.

**Table 4.27: Services provided**

Services offered	Frequency	Percent	Cumulative Percent
All	50	25.0	25.0
Blow dry &			
Chemical applicants	132	66.0	91
Waning & plaiting	18	9.0	100
TOTAL	200	100	

*Source: author's own compilation (2014)*

#### **4.7 Hypothesis testing and Results**

The main purpose is to get hypothesis relationships among the key variables of the study. To test the hypothesized relationships, Chi-square ( $\chi^2$ ) analysis was performed. To ensure stability of the Chi-Square, respondents for independent variables were reduced to not more than four categories.

##### **4.7.1 Testing the Correlations of the Salon Operators' Skills and Level of Performance**

The hypothesis states that there is a significant relationship between entrepreneurial capacity development and salon enterprise performance. The null hypothesis states that

there is no significant relationship between entrepreneurial capacity development and salon enterprise performance. To test this hypothesis Chi-Square Test was undertaken and results are as indicated in Table 4.27. The findings indicate that training (technical) greatly influenced the performance of the employee. The Cross-tabulation indicates that the hypothesis is significant at 0.05 level of performance therefore is greatly influenced by training.

On the basis of the above finding we reject the null hypothesis and conclude that training significantly influences the level of performance of the salon operation at the 0.05 significance level. Check tabular results in table 4.28

**Table 4.28 Cross Tabulation of Findings on Trained Employee outperforms the Untrained and Technical skills critical to quality service**

	r	sign(r) $\chi^2$	df	Sign.
<b><i>Dependent Variable</i></b>				
Trained Employees performs better				
Than untrained employee				
<b><i>Independent Variables</i></b>				
Technical Skills (Train)	0.148	.074	43.754	6 0.036
N=200				

*Source: author's own compilation (2014)*



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary of Major Finding

The Theme of the study was to establish training needs of salon operators (entrepreneurs). The study was guided by three research objectives and one hypothesis. Specifically, the study sought to find out, first was to determine the influence of training needs assessment on salon enterprise performance. Secondly, was to examine the relationship between training objectives, strategies and salon enterprise performance. Thirdly was to examine the relationship between training implementation and salon enterprise performance.

To facilitate attainment of the study objectives, 200 salon operators from the study area were picked using purposive sampling and stratified sampling was carried out to arrive 200 respondents as the sample. This sample was made of 58 entrepreneurs (owners) and 143 employees who represented 33% of the target population as to provide the primary data. The methodologies used, were Chi-Square. All its analyses were performed using both descriptive inferential statistics and quantitative analysis of data. The information is presented on frequency distribution tables.

Findings indicate that most of the salon operators have undergone training and this means that training needs assessment was undertaken to establish gaps in performance, training objectives and strategies were developed in order to improve salon enterprise

performance and hence training resources were allocated, training implemented and feedback got to assess impact on performance.

To achieve the second objective Chi-Square Test was performed and the results indicated training especially technical training greatly influenced employees' performance. This showed it had significant relationship and this is how owner/manager met training needs of the employees was analyzed using Chi-Square Test. This proved that association between ways and his/her production output expectation.

Based on the findings of the study a number of conclusion and observations can be made, particularly relating to the training and training needs of salon operators. The idea that training automatically leads to increased production is put to test here. Training in this context of Salon operator is something that is very complex. Training needs to be assessed and really determine its impact.

Training needs of salon operator seems to be clearly undertaken by owner manager of the salon. All the same all the operators accepted that an employee must be having skills for her perform to the expected level. The trainee would also be learning as she/he works in a salon.

Technical training is said to be very vital in performance of a salon enterprise. Technical skills we can say are what make a salon operator to say he/she is competent. The performance of salon enterprise depends on the acquisition of technical skills. The Salon operators would adopt various ways of acquiring technical skills. First way is attending

the formal training, which most salon operators have gone through; second is the apprenticeship mode of training. In this mode the trainee is attached to an expert. This mode of training is minimally used in Kenya. The third and the last mode of training skill are on-the-job training. This mode of training, a salon operator is set to observe what is to be done and later on work under close supervision. This is the most commonly used way in acquiring skills to run a salon. This also is what makes most salon operators to think they are untrained.

Generally training as a concept is accepted by the stakeholders in salon enterprises as very vital in performance. They value training, which makes the client to be served with satisfaction and be safe in their hands. Promotional seminars and workshops also pay a very influential as they trained them in new trends in the handling apparatus chemicals and even clients.

## **5.2 Conclusions**

This study is able to make the following conclusions from its finding summarized above. First is that business enterprises however carry out training needs assessment even if it is informally to establish areas of weakness and performance gaps. Salon enterprises were found to be undertaking training needs assessment based the performance and their innate need to perform well. The study then achieved its objective and proved that training needs assessment is key in deciding on training.

Second conclusion to be made from this study is that there are various training strategies utilized entrepreneurs to get trained. These strategies include informal acquisition of skills from colleagues, apprenticeship, on-the-job training and off-the –job training. All

these strategies were utilized by entrepreneurs to acquire skills to make them be a notch higher in their performance. The skills they sought using these strategies are broadly divided into two that is management and technical skills. I found out from the study that the two types of skills are sought for actively but with emphasis on the technical skills.

The third conclusion from this study is that performance of business enterprise is greatly influenced by training. The study confirms that training increases performance both in number clients served and efficiency of service which translates to improved and sustained income. It proved that entrepreneurial capacity development is a strong factor that greatly influences performance of an enterprise.

To sum up, the survival of salon enterprises is to remain competitive in reaching its clients by having well-trained and competent employees. They must be able to assess training needs and bridge the gaps where possible. Training essentially ensures safety for the client and profit for the owner/manager.

### **5.3 Recommendations**

#### **5.3.1 Recommendations**

The findings of this study point out a number of policy issues to be addressed, if the salon operator is to contribute to economy of the country.

First is the government to strengthen apprenticeship for salon operators where they can acquire essential skills. Apprenticeship would promote the small-scale sector and hence improve its performance. This will also produce highly competent salon operators. Alongside promoting and making apprenticeship a policy, the policy makers should also

find a way of giving out certificate for those who have gone through this training process successfully.

The second aspect is for the government to look into ways of making these small-scale entrepreneurs (salon operators) to access training colleges. This will be a good incentive for them to be competitive by getting training from a reputable institution.

The third recommendation is the need to provide accredited colleges closer to the salon operators. The accredited colleges should have a supported curriculum to ensure standards. In this way the certificate will be recognized all over.

The other recommendation is from the fact that most entrepreneurs use informal training or means of getting skills. Trade test could be done on those who expertise but no certificate to ensure they are motivated and recognized.

### **5.3.2 Areas for Further Research**

The study dealt with training needs of salon operators and the influence training has on their production. The area that needs to be researched further is to include the client to be factored in salon enterprise. To find out what they look for in a salon. This study did not cover the clients but it is important to do a comparative study where the clients' feeling is sought.

This study concentrated on training and its impact on performance or output of a salon enterprise. It did not deal on capital and this means a comprehensive study can be done on availability of credit (capital) to this group of entrepreneurs.

Another area of small-scale enterprise related to salon though not covered in this study is that of Berbers (Kinyozi). A comprehensive research can be done to establish the viability and contribution of 'Kinyozi' to self-employment.

The scope of this study was mostly training and its impact. Thus leaving out other factors that may influence performance of salon enterprises, like location. A research can be undertaken to establish the influence of location on performance of salon enterprises. There are other challenges facing salon enterprises apart from training which this study did not deal with and they can be very good fields for further research.

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## APPENDICES

### APPENDIX A

#### QUESTIONNAIRE FOR SALON OPERATORS

##### Instructions

Answer all the questions by either ticking (√) in the relevant box or by filling in the spaces provided. You do not write your name in the questionnaire. The information here is confidential and only for this study.

#### PART A: ENTREPRENEURS BACKGROUND

1. (a) In which year were you born? .....
- (b) Please state your gender
 

Male {    }	Female {    }
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2. State time you started your business month ..... Year .....
3. When you started your business you were:
 

Untrained {    }	Trained {    }	Part time {    }	Apprentice {    }
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4. (a) What was your previous occupation?
- (b) What is the occupation of your spouse?
5. What motivated you to venture into the Salon business? Why did you begin this particular business?
6. When you started this salon business how many employees did you have?
7. Please indicate the number of years you have been in school and  
College .....

**PART B: MODES OF TRAINING**

8 There are three major modes of training available for salon operators. Which one is the most commonly used by firms in this town?

Apprenticeship { } on-the-job training { } off-the-job training { }

9 Which of the three modes of training did you undergo yourself?

Apprenticeship { } on-the-job training { } off-the-job training { }

(b) Briefly give reasons why you used the method stated above...

10 What influenced the choice of the training mode you adopted?

Cost { } Accessibility { } Availability { } Others { } Specify .....

11 (a) what mode of training would you recommend to be used by your colleagues or employees?

Apprenticeship { } on-the-job training { } off-the-job training { }

Others { } Specify .....

(b) Give your reasons for recommending it.....

**PART C: SKILLS NEEDED TO RUN A SALON**

12 What type of skills contributes to effective running of a salon business?

Technical skills { } Management skills { } others { }

Specify .....

13 (a) In your opinion, what would you rate as essential in the

Performance of a salon business? .....

(b)Why?.....

14 Where did you get your technical skills?

College { } Friends { } Observation { } Others { } Specify

15 Where did you get your management skills?

Role models { } Seminar { } workshop { } College { } other specify

16 (a) Did you seek to acquire the technical and management skills or

Was it accidental?

Yes or No .....

(b) If yes explain how you went about seeking for these skills...

17 In Salon there is a wide range of skills to acquire. Does one need to have all or specialize?

18 (a) Technical skills are critical in providing quality services to the customers". Do you agree with this statement?

Strongly Agree { } Agree { } Not Sure { } Disagree { }

Strongly Disagree { }

(b) Management skills are crucial in providing quality services to the client.

Strongly Agree { } Agree { } Not Sure { } Disagree { } Strongly Disagree { }

#### **PART D: EMPLOYEES AND TRAINING**

19 What do you think improves your employee's performance in this business?

Training { } Good Salary { } Good working environment { }

Others { } Specify .....

20 If your employee is not performing well how would you deal with him/her?

Dismiss { } Train him/her { }

Give them time to other training { }

21 What areas do you think employee training can assist in managing your salon business?

Specify.

22 (a) Do you send your employees for training?

Yes { } No { }

(b) Explain your answer in (22a) above .....

23 (a) When do you think is the best time to train your employees

(b) Briefly explain your answer in (23a) above, giving reasons.

24 (a) suppose you are to suggest ways of improving your business performance. What would you suggest in order of priority?

(b) Give reasons for your answer in (24a) above

#### **PART E: TRAINING AND PERFORMANCE**

25 (a) When you started this Salon, how many employees did you have?

(b) How many employees did you have on/before September 2003?

26 How much income did you raise per employee input in September 2003?

(a) Per day?

(b) Per month?

27 What input to your income did each employee contribute in September 2003?

(a) Per day?

(b) Per month?

28 In your business duration have you ever trained employees?

Why did you train them?



29 What did you use to measure the growth of your Salon business? Is it the number of employees or earnings?

30 Respond to the following statements indicating whether you strongly Agree (SA), Agree.(A) undecided (i), Disagree(D) or strongly Disagrees (D).

31 Training improve performance of a salon operator.

SA { }      A { } UD { }      D { }      SD { }

32 A trained employee does not perform any differently from an untrained employee.

SA { }      A { } UD { }      D { }      SD { }

33 The trained employee does not attract many customers than the untrained one.

SA { } A { } UD { }      D { }      SD { }

34 A trained employee is cautious in handling customers and equipment.

SA { }      A { } UD { }      D { }      SD { }

35 When we quantify performance; trained employees daily output is higher than that of one who is not trained.

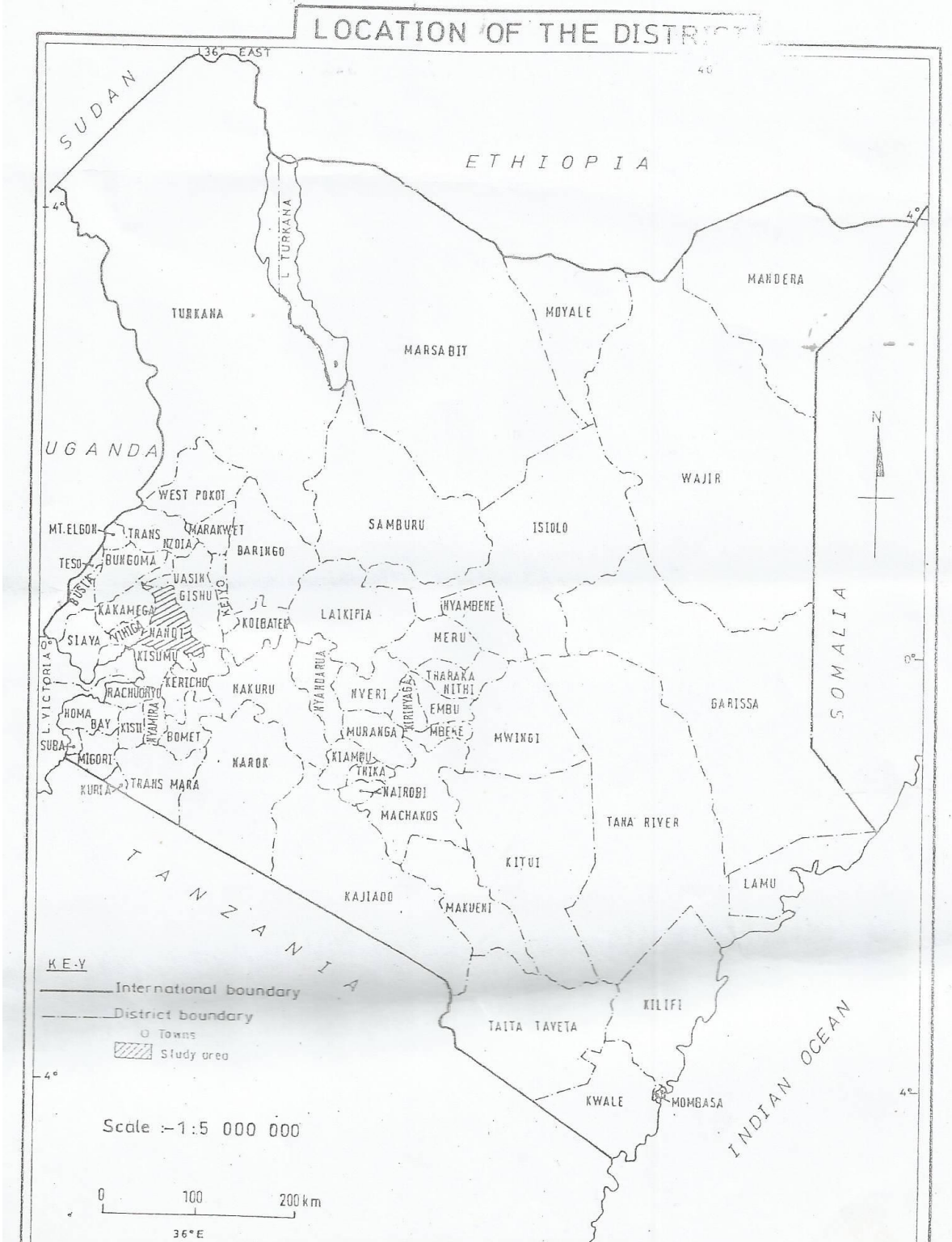
SA { }      A { } UD { }      D { }      SD { }

Thank you very much for completing the entire questionnaire items.

**MAIYO, J.K.**

APPENDIX B

map No. 1



**APPENDIX C: RESEARCH PERMIT**