UNIVERSITY OF NAIROBI

RISKS AND INVESTMENT IN THE PROVISION OF ENTREPRENUERSHIP TRAINING: A CASE STUDY OF TRAINING PROVIDERS IN NAIROBI

BY

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REG. NO.D/61/P/8468/98

A RESEARCH PROJECT SUBMITTED TO THE UNIVERSITY OF NAIROBI IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

DECLARATION

The Research project is my original work and has not been presented for a degree in any other university.

SIGNED ____________ **DATE** 14/10/05

MWANIKI ZACHARY WAMBUGU

The research project has been submitted for examination with my approval as the university supervisor.

SIGNED ____________ **DATE** 14/10/05

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ACKNOWLEDGEMENTS

My special thanks go to my Supervisor Professor K'Obonyo, Department of Business Administration for his open reactions and guidance from the inception of the project to the final report. His concern towards my education life during this period motivated me to work tirelessly.

I greatly feel indebted to my sponsor James Mwaniki for paying my fees towards this worthy and life transforming course. Also appreciated in this category are the Training providers who participated in the study.

My special regards go to my wife Ann Wangui and my two sons Dennis and Kelvin. They continued to support me even when academic commitments stole me from my role as a husband and a father.

Lastly, may God the Father reward everyone who was involved in this research project directly or directly.

DEDICATION

To my mother, my brothers and my family, for your patience and continued support and advice.

ABSTRACT

The study was conducted with the objective of determining the perceived risks associated with the training provision of entrepreneurship training in Kenya. The study also sought to determine the relationship between perceived risks and investment decision in the provision of entrepreneurship training.

To achieve the above objectives, primary data was collected from 38 training providers in Nairobi. The information was collected using questionnaires completed by each of the 38 training providers. The drop and pick method was used to collect the questionnaires. The data from 38 training providers was analyzed to determine the relationship between perceived risks and investment decision in the provision of entrepreneurship training.

The data was presented using tables and percentages; Spearman's rank order correlation was used to test for the significance of the relationship between the level of risks and the level of investment in entrepreneurship training.

The results revealed higher correlations between the perceived risks and investment decision in provision of entrepreneurship training.

The findings from data analysis led to the following conclusions:

1) There exists a strong positive relationship between perceived risks and investment in the provision of entrepreneurship training. This means that the higher the risks, the more unwilling the training providers would be to invest in entrepreneurship training.
2) The identified risks in the provision of entrepreneurship training include K.I.R.D.I's failure to supervise training, poor attendance by the trainees, the forced search for participants by K.I.R.D.I after the training so that the trainees could be interviewed on their perception of training, the government's favouritism towards some training providers, long redemption process on training providers when redeeming their money and also long authorization procedures involving many documents. The above risks greatly discouraged the training providers from undertaking investment in entrepreneurship training.

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CHAPTER ONE

INTRODUCTION

1.1 MICRO ENTERPRISE SECTOR IN KENYA

According to U.N.D.P report [1971] the micro enterprises sector, popularly known as Jua kali, employs about 60 percent of Kenyan's working population. The report defines a jua kali entrepreneur as a person who is in an informal job where he could either be operating alone or have employed less than 20 people. There has been a tremendous growth of Jua kali entrepreneurs as a result of diminished vacancies in the formal sector. Thus, millions of people are earning their livelihood in the jua kali sector, which contributes significantly to the development of the country.

The office of the president implemented a voucher training programme aimed at upgrading both the management and technical skills of micro and small enterprises operators through the micro and small enterprise training and technology project. The training focused on the following manufacturing and service sub-sectors which include Building, Electrical and Electronics, leather work, Handicraft, chemical products, power and transport machinery, Agro products processing, metalwork, woodwork, food processing, Textiles, printing and Automotive. Management training was supposed to be growth oriented for each of the sub-sectors. (GOK, UNDP report, 1991). It was the government policy that training providers be competent in training the particular sub sector in which they were registered. The training providers had to state the courses they had taught which supported manufacturing in micro and small enterprises, they were also expected to state the growth oriented products made and also show relevant experience in training entrepreneurs in the sub sector. This was normally used as the selection criterion for inclusion as a Training provider (GOK report 1990).

The training participant (recipient) was supposed to identify the Training provider who was in the sub sector of interest. They were required to pay to Kenya Industrial Research and Development Institute [K.I.R.D.I.] who were overseeing the programme on behalf of the government. The training recipient was then given a training voucher which had a certain face value according to the sub-sector selected. The trainee was supposed to pay 10% of the voucher value. He would then give the voucher to the training provider. It was after this that the training provider was expected to organize, offer the training and finally redeem the total amount of money indicated in the voucher.

The government had officers who supervised the training process and recorded the number of participants. This was important since it ensured that the training provider did not have to search for the trainees long after the training so that they could be interviewed on how they perceived the training.

1:2 TRAINING, RISK AND INVESTMENT

Training

The government and the World Bank recognized the importance of proper use of modern business methods and systems in the fast growing small and micro-enterprise sector. This process was facilitated by the existence of active training providers. The World Bank funded entrepreneurship training to equip entrepreneurs with skills to enable them be effective and efficient in management of small scale business. The funds so released were channeled through the ministry of commerce, Technical Training and Technology. An entrepreneur identified a training provider who provided training and then got paid by the World Bank.

The importance of entrepreneurship training cannot be underestimated. From the research carried out by Kenya Institute of Education (K.I.E), it was found that majority of small scale entrepreneurs lack training related to their business operations. 88% of business people interviewed at the city market said that they had no access to training. The research attributed this to existence of training providers who were not responsive to the needs of entrepreneurs (K.I.E. report 1991).

In the past, there has been too much reliance on the government to provide leadership, direction and training for small scale business development with a view to changing the attitude of dependence but today training providers have come out to provide training and direction as well as guidance where management of small scale businesses is concerned. They were encouraged to promote interests of their members through activities such as training on specific topics and lobbying for specific concerns on behalf of their members. (United Nations Report,1996)

Entrepreneurship training is believed to be that pillar to development of the small scale businesses, but according to a report by United Nations for special coordination for Africa, (1996), least entrepreneurship training is taking place since most training providers are dormant. The report also noted that the most disturbing, less addressed problem facing small scale entrepreneurs was lack of access to technical training and insufficient training of human capital. According to the report, proper business management is one of the areas the government recognizes as important in achieving its planned economic and social objectives. Both the expansion of the industry and business, large and small requires entrepreneurs with management training, skills and experience. Only few entrepreneurs are trained on the business skills because only few training providers perform their duties. Facing up to this situation, the training providers through the ministry of commerce, technical training and technology are supposed to play an active role in offering entrepreneurial training. However it's unfortunate that empirical evidence shows only a few training providers are active in facilitation of training.

Anyang' Nyong'o (1992) noted that entrepreneurship training is very important if Kenya is to achieve the objective of industrialization by the year 2020. He noted that Kenya currently spends 0.5% of its G.P.D on research training and development but he asserted that this amount is too little if the above objective it to be realized. He also noted that in implementation and provision of training, the government of Kenya is trying to establish a situation in which small-scale entrepreneurs will eventually play a vital role in control and management of their businesses.

Risk

An entrepreneur typically exposes himself, subjectively at least to possible losses when maximizing his objective function. Risk or uncertainty is assumed to be some unspecified function of the incentives obtained after an undertaking. These risks to a greater extent determine the decisions that are undertaken by the training provider when investing. A risky situation is any situation in which the outcome of an event is not known with certainty. This is the scenario that entrepreneurs face when deciding whether to invest or not. It could possibly explain the predicament affecting training providers in Kenya when investing in entrepreneurship training. According to Malcom (1971), proper choice of an individual or a firm must depend on the owner's attitude towards risk relative to the expected returns, which could also determine the investment decisions by the training providers. Many studies show that training providers are generally averse to risk (Kilby, 1997). This he argues deters them from undertaking an investment unless they are certain the risks are low. The literature available shows the risks that affect the provision of entrepreneurship training in Britain and America includes government interference's, financial risks undertaken by training providers and entrepreneurs, funds reimbursement delays, poor or no supervision, poor turnover during training and time consumption redemption process. These perceived risks could be discouraging the training providers in the provision of entrepreneurship training in Kenya.

Investment

Returns motivate people to invest, Gitman and Joehnk (1981) said returns can be viewed as the reward for investing. Training providers' investments is in form of money and resources used for successful completion of the training. However, few training providers will be willing to invest their money and resources if the returns are not guaranteed. From the studies undertaken in Britain and America, the existence of risks normally discourages the training providers from investing. Gitman and Joehnk (1981) argued that for increased levels of risks, an investor requires higher levels of returns.

A tricky situation facing training providers is that they could be exposed to higher level of risks but higher returns are not always guaranteed. This was the scenario in Kenya thus discouraged the training providers from undertaking any investment in training.

Risk and Investment

The relationship between risk and investment is important since the two Parameters are considered the main objects of choice. The expectation is that there should be a positive risk – return relationship because investors need to be compensated through provision of risk premium if they are to take on additional risk of investing.

The risk-return relationship is thus based on the premium of risk-aversion (Markowitz,1965, Sharp, 1965). Laughbunm (1980) established that individuals are not uniformly risk averse, but adopt a mixture of risk seeking and risk adverse behaviours. Thus, when returns are below target, most investors will portray a risk seeking behaviour and when they are above target, they will be risk averters.

From the researcher's observations, it appears that there was some relationship between these risks and the investment. Perceived risks associated with supervision of training, turnouts of the participants, redemption process and Government interferences could have discouraged the training providers from investing in the entrepreneurship training since the returns were not always guaranteed. However, those issues had not been subjected to a systematic study, thus creating a gap in the literature.

Training and Investment

The proper choice for a training provider depends on the investors' attitude towards risk relative to the expected return which determine investment decisions. Individuals are generally averse to risk. This deters them from undertaking investments unless they are certain of the returns. For them to take any risk in training, they have to be sure that returns are not only high but are also guaranteed. Many investors would be reluctant to invest in any form of training if returns are uncertain (Archer and Ambrosio, 1969). These considerations could possibly help explain why Training Providers in Kenya were so reluctant to offer training since the returns were not guaranteed.

Training and risk

If training providers are able to distinguish between good and bad investments, they could estimate the expected income at the end of the training. However, this is not easy to establish in most businesses, thus causing fear to invest (Borch and Mossin 1968). It is possible that these perceived risks that discourage Training providers from offering entrepreneurial training. More established Training providers can take more risks than smaller or less established Training providers. Thus, the large or more established training providers have the capacity to offer in more training than smaller ones since they are able to absorb higher risks (Borch and Mossin 1968). It is not known whether the same is true for Kenya.

Training, Risk and Investment.

Investors will seek either to maximize expected returns subject to a given level of risk or to minimize risk given some level of expected returns. Perceived risk and returns comprise a dual or composite criterion for decision-making purposes. Before a Training provider makes any training decision, he needs first to consider the risks and the returns expected after the training (Borch and Mossin 1968). It is possible that some perceived risks could be discouraging Training provider in Kenya from offering entrepreneurship training.

1.3 STATEMENT OF THE PROBLEM

It was observed in the background that a large number of training providers in Kenya did not take advantage of the opportunity provided by the World Bank funding to offer training to micro and small-scale business entrepreneurs in Kenya. The low rate of response by a large number of training providers discouraged the World Bank from continuing to fund the entrepreneurship training in Kenya and consequently withdrew its funding from the project. It was therefore, important to establish whether risks caused the low response rate by the training providers in Kenya when training in the World Bank project. It is also evident in the background that before training providers make any decisions to invest in any training, they first consider all risks which would hinder them from getting the expected returns. Investors generally have been known to take any investment opportunity if the incentives are good but from the literature available, it appears that they could be discouraged from taking this opportunity due to risks that could be open to them. From the studies done in America (Gitman,Joehnk,1981) and Britain (Grant,Reuber,1973), it was found that risks involved in enterprenuership training has discouraged many training providers from investing in training.

However, no study has been done in Kenya to establish if risk was the reason for low response by the Kenyan training providers when training in World Bank funded project. It was therefore important to establish whether risks caused the low response rate by the training providers in Kenya. It was also important to establish the relationship between risk and investment in the provision of enterprenuership training. It was this gap in knowledge that the proposed study was intended to fill.

1.4 OBJECTIVE OF STUDY

1. To determine the perceived risks associated with the training provision in entrepreneurship training in Kenya.
2. To determine the relationship between perceived risks and investment decision in the provision of entrepreneurship training.

1.5 IMPORTANCE OF THE STUDY

(i) This study will shed light on training providers, and thus will be useful particularly in the Micro and small enterprise sector in Kenya.

(ii) Study will assist business entrepreneurs who will get more training opportunities since more training providers will be involved in the training.

(iii) Study will assist scholars in that they could use research findings to identify issues for further research.

CHAPTER TWO

LITERATURE REVIEW

From the literature available, few researchers have focused specifically on entrepreneurship training. Most of the research undertaken has focused on the recipient of training but not training providers. It is against this background that the researcher wanted to undertake a study on the relationship between risks and investment in the provision of entrepreneurship training.

2.1 Investment

Malcom (1998) found that majority of training providers lack sufficient finance to pay for the training. He observed that entrepreneurship training needs heavy investments, the lack of which impedes success. This has forced many training providers to borrow heavily from financial institutions and if the incentives are not available immediately after the training, then the training providers are put on a very risky situation. This risk factor coupled by delayed reimbursements of funds by the donors makes the situation worse. This has made many of the training providers operations to be grounded due to lack of funds for facilitating the training. On the other hand, Malcom also observed that reimbursement are hard to come by due to delayed redemption process. This negatively affects attitude of training providers towards the provision of enterprenuership training who would hence be unwilling to invest their money and resources in training.

2.2 Risk

Risk in broader sense of the word exists when there is uncertainty about the consequences of a decision. Risk in a narrower sense is used when some of these consequences may be unfavorable. The standard of measuring risk must be chosen according to the respective sphere of life or type of the consequence. In the business, the risk is usually measured in terms of costs or losses. The relationship between risk and investment is important since the two parameters are considered the main objects of choice. Theoretical expectations are that there should be a positive risk-return relationship because investors need to be compensated through provision of risk premium if they are to take on additional risk of investing. The theoretical risk-return relationship is thus based on the premise of risk aversion. (Markowitz, 1952, sharp 1965). Exception to the above conclusion was given by Bowman (1980) who found that within most industries, risk and returns were negatively correlated. Figenbaum and Thomas (1988) also found a negative relationship between risk and returns. Various explanations have been advanced to explain these apparent contradictions. Some scholars have questioned the premise of risk aversion arguing that it is not universary applicable (Markowitz 1952 and swalm 1966). Laughbunm, (1980) established that individuals are not uniformly risk averse, but adopt a mixture of risk seeking and risk averse behaviors. Thus when returns are below target, most investors will portray a risk seeking behavior and when returns are above target, they will be risky averters.

The "prospect theory" explanation for negative risk-return relationship has received much support from Fregenbaum and Thomas (1988) and Bowman (1980) who established that troubled firms whose returns are below prospect, their returns are more risky seeking than healthy firms. The investment decision would therefore be determined by the risk return relationships.

A risky situation is any situation in which the outcome of an event is not known with certainty. This greatly determines the varying degrees that investors make when deciding whether to invest or not (Townsend, 1969). In order to take into account risk in decision-making under risk, a decision maker has to maximize the expected utility.

Expected utility is a function of both the expected return and uncertainty (Horne, 1983). Here, certainty is considered as risk since decision makers consider both the expected returns and risks in decision making under risky situations and expected utility which takes into account the expected returns and risks.

From managerial perspective, risk is the possibility of loss (Machol and Eugene, 1969) or the potentiality of the hazard (March and Shapira, 1987). This perception of risk is from the decision theory perspective in three different ways:-

(a) Those managers do not perceive positive outcomes as risk but do perceive negative outcomes as risk. Thus risk is not possible when there exist only the potentialities for gain.

(b) That risk is not in the minds of managers, primarily a probability concept. It is the magnitude of possible bad outcomes rather than the uncertainty, which is impossible.

(c) Quantifying risk is not a priority to managers. Rather it is the feeling or the acknowledgement of risk and its multi-dimensional phenomena that is impossible rather than its numerical proxies.

Total investment risk can be divided into systematic risk and unsystematic risk. Systematic risk is that portion of total variability in returns caused by factors affecting the environment overall such as in economic, political and sociological environment. Unsystematic risk is unique to the firm or industries and can be diversified away such as labour, strikes, management errors, inventions, and advertisement campaigns. Influence by colleagues also affects somebody's attitude towards risk. It has been found that the decisions made by groups are riskier than the average of the individual members' decisions prior to group discussion. Thus an individual tends to take more risk in a group than when he is alone (slovic, 1972). For both individuals and companies the incorporation of risk variables in decision-making process is of utmost importance. The concept of risk is important both from a decision theory point of view and from managerial perspective (March and Shapira 1987). Classical decision theory perceives risk as a variation of possible outcome, their livelihoods and their subjective values (March and Shapira 1987).

Risk is also seen as the possibility that actual returns may vary from expected returns (Robicheck 1969). From managerial perspective, risk is seen as the possibility of loss (Machol and Lerner, 1969), or as the potentiality of a hazard (March and Shapira, 1987).Several authors have tried to distinguish between risks and uncertainly (Knignt, 1921). The advent of subjective statistic has however rendered this distinction more semantic than real (Levy and Sarnat, 1971) Markowits states that investors will seek either to maximize expected returns subject to a given level of risk or to minimize risk given some level of expected returns. The relationship between risk and returns has subsequently received vigorous attention from such scholars as sharp (1965),Latane and Tuttle(1967);Bowman (1980),Aaler and Jacobson(1987) among others. Much of contemporary research findings indicate a positive risk return relationship which has much bearing on investment decisions but exceptions to this trend are given by Bowman(1980), Fregenbaum and Thomas(1988) who observed negative correlation between risk and returns.March and Shapira (1987) perceives risk as the variation in the distance of possible out comes, their distinction and their subjective values. This perception of risk also compares with Robicheck's (1969) perception of risk being the possibility that actual returns may vary from the expected returns. This greatly affects the investment decisions by most entrepreneurs.

2.3 Investment and Risk

Returns motivate people to invest. Gitman and Joehnk (1981) said that returns could be viewed as the reward for investing. The level of returns will depend on internal characteristics, external forces and inflation. Internal way is the way investment is financed, management, and other factors within an organization. External ways include wars, shortages, price control and political events, inflation prices and interests rates, which in turn affects rates of returns.

Gitman and Joehnk (1981) argued that while returns motivate an investor to invest, risk tends to deter him from investing. Thus for increased levels of risk, an investor requires higher levels of returns. In general, an investor will attempt to minimize risk for a given level of returns or maximize returns for a given level of risk. Lewel (June 1986) argued that loss of absorption capacity is a possible factor underlying attitudes towards risk. Consider a person in a competitive situation whereby if he completes and wins he gets 50 million but if he loses, the loss is 2 million. If the individual is not able to absorb the loss, he will be more inclined to avoid getting into this risky competition, though the potential reward is great. However if the individual is able to absorb the loss, he will possibly be inclined to enter into the risky competition.

Lewis (1970) has pointed out that willingness to bear risk is partly a matter of what one can afford, and the more secure one's economic foundation is, the more one can afford to risk. Thus established Training Providers will take more risk when investing in the enterprenuership training than the up coming ones (first timers). Another factor is individuals past experience. His past experience may make him inclined to avoid or to take risk. It is a man's heritage to see risk as a consequence of judgment based on experience (Jardim 1978). Lewis pointed out that the attitude towards risk is an aspect of adventurous spirit and that willingness to bear a risk is partly a matter of temperament. People of adventurers' disposition are more attracted by the prospects of a great success than they are deterred by the fear of failure.(Archer and Ambrosio 1976). Thus, Lewis argues that if a person is adventurous, he will be inclined to venture into risk investments because he will be attracted by the success than deterred by the fear of failure of such investments and vice versa.

2.4 Entrepreneurship Training

A report from United Nations Office of coordination for Africa and the least developed countries (1996) found that the most disturbing and least addressed problem facing small scale entrepreneurs is lack of access to technical training and insufficient training of human capital and since training is the pillar to all other business development, lack of it will greatly hamper the advancement of small business.

Kilby (1997) found that already the government, private sectors and NGO'S have invested a tremendous amount of effort and resources on entrepreneurship training. However, getting the incentives after training is taking too long since the World Bank takes a relatively long time to release the funds. This tends to affect the training offered by training providers who sometimes wait for a long time to get the necessary incentives to enable them facilitate the training sessions. This could have detriment effects on both financing for the future training as well as make training providers have negative attitude towards the provision of training since they are not compensated on good time.

Kessio (1981) noted in his study on entrepreneurship skills and training that the attitude of small scale entrepreneurs affects their response towards the training. He noted that most of the small scale entrepreneurs interviewed stressed on the issue of financing their small businesses. This means they were "pegging" the issue of financing their businesses to the training being offered. Most of the respondent argues that unless they are assured that they will get finance to start their small businesses they won't attend the training. In this regard, he noted this to be a very poor way of responding to the entrepreneurship training and that unless they change this attitude, entrepreneurship training will face a major blow. Lamba (1994) in his study on small business noted that the issue of corruption couldn't be ruled out as affecting entrepreneurship training. He noted that some influential and well established training providers could force their way to persuade the government to be given priority in the reimbursement process and this in turn subjects other training providers to unnecessary delays which greatly affects their provisions of training. This in turn could affect both the financing power by training providers as well as their attitude towards the provision of training. More training could have been expected despite the inherent problems affecting the training providers who are unable to effectively implement the training. He also notes that training providers of the west through their well developed and financially backed systems have often failed to produce entrepreneurs capable of tackling "3rd World Countries Challenge" head on. This is because their programs are not tailored to the emerging needs of the 3rd world countries.

The importance of entrepreneurship training cannot be underscored. Ombok (1990) studied the factors that determine entrepreneurship behavior (a case of small scale enterprises in Kisumu town). She singled out the features of entrepreneurship behavior patterns that could be greatly affected by entrepreneurship training, which shed much light to all those areas, which affect business growth and development. She also noted that the entrepreneurs have a rough and working ideas to the effective management of entire business, which they are operating. She also stressed that the training has a reputation of changing people's attitude and perceptions about factors like risk taking and therefore she argues that business development should be encouraged through training and education.

Anyang Nyong'o on Business Age (Dec.1984) argues that small-scale entrepreneurs have little control and knowledge of external factors that affect their businesses such as taxation, licensing and the legal structure. The formation of training providers can play an important role in training and lobbying for the interests and concerns for their members. In this regard, the Ministry of commerce, industry and has complained that only few training providers are offering the training services to the entrepreneurs. Anyang Nyong'o notes that training and research are essential for industrialization of any country. According to U.N.D.P report (1996), Kenya currently spends 0.5% of the GDP on research, training and development. This compares poorly with developed countries, many of which spend over 2% of their national output on training since they believe it gives the entrepreneurs much needed inputs for growth and development. The national research and training development long-term objective is to continually provide technological training for the attainment of a level of self-reliance in technology and for creating self-sustaining industrial development process. This objective necessities the creation of adequate national capabilities of identification, adoption, diffusion and development of small businesses. However, it's unfortunate that little training is taking place despite the government and training providers aim for achieving the above objective.

A study of problem facing small businesses and the effect of management training on the performance of the entrepreneurs was undertaken by Kessio (1981).

He noted from the study that businessmen differ in their backgrounds and that their business operations reflect this background. He argued that based on their business, they will seek the training services differently. In well-established businesses, the entrepreneurs are likely to seek the training services than the less established business entrepreneurs. However, he emphasized that the training offered to entrepreneurs would be less effective when it covers wide areas and is not specific. He emphasized that there is need to tailor training to the unique needs of the various entrepreneurs with unique problems. He therefore noted that training providers should direct all their efforts to offering training, which will enable the entrepreneurs, meet the needs of the 21st century.

The findings of a recent survey on informal sector training provide grounds for better estimating the potential of that sector in terms of training entrepreneurs in general. (K.I.E, 1991). It is estimated that the capacity of the entrepreneurs will seek training services in future and it is to this extent that more training providers should be encouraged to participate and become active in offering training services. From a survey carried out by K.I.E., it was found that majority of entrepreneurs lack training related to their business operations. Thus 88% responded "No" to the question of whether they had attended any training course regarding their business. Majority of them gave reasons that they could not easily access a training provider who could give the training. About 15% of entrepreneurs in Wakulima Market couldn't access a training provider. It is therefore evidenced from the above that there is scarcity of training providers who can effectively offer the training services.

Lack of sufficient levels of practical training in the entrepreneurs' part coupled by hard economic times cause failure to build good will to most small-scale enterprises. K.I.E. argues that business training is almost synonymous to business growth and development. It asserts therefore that it is imperative for every entrepreneur planning to start small business to receive business training to equip himself with necessary skills for business operations. However, it notes that more training providers should be created and encouraged to participate in training than they are presently. Cartel and Cannon (1980) advised that pre-training helps to minimize start up and business development problem. It reduces the probability of failure of new firms within the first 3 years from 80% to 40%. Further they found out that courses of between one to 2 days are valuable as information or awareness raising sessions. They help the entrepreneurs note some of the possible risks that may face their businesses and also induce them to discover the need for certain types of training which in turn help them solve those problems. The courses offered should provide an expose, which identifies the feedback influence. They recommend Chris Argyris notion of "double cycle training" which stresses that training is both a way of creating awareness and promotion of an inquisitive mind that is perceptive enough to anticipate future encounters and possible solutions.

Mwangi Ngumo (1994) argued that the growth of small enterprises had been handicapped mainly by lack of entrepreneurial and training skills, which usually emanates from training providers problems for training implementations. He stresses that at the beginning there is need for entrepreneurial skills such as vision, optimism, belief in oneself and risk taking ability but one also needs managerial training so that one can operate his business effectively. According to Ngumo, when an entrepreneur initially gets in the training program, the first step should be to coach him to transform his self image and behaviors to suit the business environment. Then he asserts that this could be one of the factors contributing to the negative attitude by the entrepreneurial trainees towards the training program. He argues that entrepreneurs prefer a systematic way of training for easy follow-ups.

Desajee (1991) stressed that in order to determine how success of business is achieved, an entrepreneur needs training on how to understand various business issues and how to combine them in order to succeed. He argues that there should be a relationship between level of training and involvement in entrepreneurship. He argues that they effect each other and therefore the more involved an entrepreneur is in business, the more he will seek training and vice versa. Training will eventually increase the morale and attitude of an entrepreneur towards his business. There is however a controversy in the study on whether the relationship is a direct of an inverse one. Cross sectional studies carried out by Lyons (1979) revealed that better trained entrepreneurs are more successful in self-employment than the non-trained ones.

2.5 Investment and Training

An investment project may be defined as an opportunity which is open to a company to spend an amount of cash in the near future in return for cash receipts at future points in time. Training providers hence invest their money in the training expecting to get profits afterwards. The simplest form of investment decisions undertaken by training providers is where they have to decide whether to accept or reject a project. Stapleton (1970) argues that decision to participate in training highly depends on the owners of the firm. If they decide the risks are high, they may shelve the training irrespective of the returns they could get after the training. The decision to invest in training will also depend on whether the organization is owned by one person or a group of people. In the former case, the investment decision is a simple decision either to accept or reject an opportunity to invest while for the latter case, the decision to invest in training involves a complex process since so many people have to discuss it. When training providers are investing in training, a purchase is made primarily to achieve income although not always on long term basis while still considering all potential risks. (Stapleton , 1970).

The investment undertaken by training providers is for the purposes of making a profit, which makes them respond to the training opportunities. However, if the prospects of getting returns are uncertain, they will shy from providing the training. If internal cash flow of a training provider is high as in case of established training provider, they will increase their investment training. The notion that training providers seek to get profits from their activities in one way or another is both obvious and fundamental to the notion of investment. However, risks will deter the training providers from the provision of training and will hence tend to be risk averse. Training providers evaluate relative rates of returns on the range of investment opportunities open to them to assess the best opportunity. If training is not the best opportunity, then a training provider will not give it first priority as compared to other investments in other projects being undertaken by the firm. In more direct investments, decision in training are made by training providers with a wide range of interest and a variety of complex objectives such as the profit motives, owners interests, organization objectives and uncertainities. (Grant and Reuber, 1973).

Training providers must follow systematic procedures when making investment decisions that will enable them maximize their returns. However, this is to be done with consideration of other factors, which might hinder them from maximizing their returns which include risks involved in training, political interferences and financial constraints.

Training providers should spend time and energy to assess their financial capability before undertaking any investment. (Francis and Archer 1979).

2.6 Training and Risk

In some periods, investors are eager to undertake considerable risks while other times they prefer to minimize their risk exposure. Maximizing economic position cannot usually be taken as the only objective of a training provider. There is some correlation between the returns a training provider expects from investing in training and the risk that must be borne. Thus decisions to invest in training must be made that reflect their ability and desire to assume risk. (Jack and Archer, 1979).

The purpose of investment decision rules for analyzing training projects whose cash returns are subject to risk is to provide project profitability indicators which will enable a training provider decide whether he will invest in training or not. Most training providers are faced with an uncertain cash returns when investing in training. This can take on one of a number of possible values, where the probabilities of these possible values are unknown. Most returns of training providers fit in this category because of the great risks involved in training. (Stapleton 1970).

If training providers are able to distinguish between good and bad investments, then they could also estimate the expected income at the end of the training . However, this is not easy to establish in most businesses thus bringing in the fear of an undertaking. (Borch and Mossin 1968). This is the scenario in Kenya since Training Providers cannot distinguish between good and bad investment due to perceived risks involved. This makes expected income from training not always guaranteed. These perceived risk hence discourage Training providers from offering entrepreneurial training. Large Training providers take more risks than smaller Training providers. This makes the large training providers get involved in more training than smaller ones since they are willing to take more risks. (Borch and Mossin 1968). This affected the Training provider in Kenya.

2.7 Risk, Training and Investment

When making decisions on the entrepreneurship training, a training provider has to decide on the degree of business risk he wishes to take. Some training providers have taken a more aggressive approach and have undertaken greater risks when investing in training while others have taken a defensive approach and have limited their risks so as to reduce the chance of loss which also make them lose the opportunity for gain (Badger, Torgerson and Guthman,1969).This was the scenario in Kenya where many training providers adopted a defensive approach so as to reduce the chance of loss but they also lost opportunities for gain.

Investors will seek either to maximize expected returns subject to a given level of risk or to maximize risk given some level of expected returns. Perceived risk and returns comprise a dual or composite criterion for decision-making purposes. Before a Training provider makes any training decision, he needs first to consider the perceived risks open to him/her and the returns expected after the training. (Borch and Mossin 1968).

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Design

The research design used was survey design since data was collected from a cross-section of many firms.

3.2 Population of the study

The population of study consisted of all training providers operating in Nairobi in the year 2001 as was listed in the Directory of Training providers published by the Ministry of Commerce and Industry. The study focused on training providers in Nairobi since those operating in other towns and rural areas were a minority and were not easily accessible due to time constraints. The list of training providers as extracted from training directory is in appendix III.

3.3 Sample size and selection techniques

A list of 50 training providers as they appeared in the directory of training providers formed the sample of the study. This gave room for firms which did not respond to the questionnaires and also allowed the use of statistical test.

3.4 Data collection method

The study used primary data. Self-administered questionnaires were used where 50 questionnaires were distributed to respective training providers, then picked after the response. Open-ended as well as closed ended questions were used to elicit the required response.

The questionnaire was divided into 2 parts (A & B). Part A captured the Bio-data while Part B consisted of structured questions directed at objective I and 2.

3.5 Data analysis

The data was analyzed by use of descriptive statistics such as frequency and percentages while data presentation was done using tables. Spearman's non parametric test statistic was used to determine the relationship between risks and investment in the provision of entrepreneurship training.

CHAPTER 4

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The study sought to determine whether there exists a relationship between risks and investment in the provision of entrepreneurship training. Data collected is analyzed by the use of percentages. The analyzed data is presented in tables. Spearman's rank order correlation is used to test for the significance of the relationship between the level of risk and the level of investment in entrepreneurship training.

4.2 Coverage

Out of fifty training providers operating in Nairobi, it was only possible to response rate of 76%. The researcher considers 76% coverage reasonable enough to enable meaningful research conclusions to be made.

4.3 Data Presentation

Data obtained from the questionnaire are presented in Tables 1 to 10.

4.4 The firms' year of establishment

The year of establishment of each firm in the survey is presented in Table 1.

Table 1: Distribution of Responding firms by year of establishment

Period	Number	Proportion Percentage
Before 1963	2	5.2%
1963-1970	4	10.5%
1971-1980	2	5.2%
1981-1990	15	39.5%
1991-2000	12	31.6%
2001-todate	3	7.9%
Total	**38**	**100%**

It is evident in Table 1 that only two training providers were established before 1963 which accounts for 5.2%. The greatest number of training providers was established between 1981 and 1990, accounting for 39.5%. This is closely followed by those which were established between 1991 and 2000 which accounts for 31.6%. It is also be evident that during the period before 1963 up to 1980, only 21% of the training providers were providing training services. From 2001 up-to-date, the established training providers decreased sharply from

12 to 3.

4.5 Supervision of training by K.I.R.D.I

In question 1 (part B), the respondents were asked to rate on a scale of 1 to 5 (where 1 represented "not at all" and 5 "always"), how often K.I.R.D.I failed to supervise entrepreneurship training. The results are presented in Table 2.

Table 2: Supervision of training by K.I.R.D.I

Supervision responses		Frequency providers	Percentages
Always	5	4	10.5%
Often	4	20	52.6%
Sometimes	3	7.6	15.8%
Rarely	2	3	7.9%
Not at all	1	5	13.2%
Total		**38**	**100%**

As shown in the table, 63.1% of the respondents said that K.I.R.D.I always or often failed to supervise their training sessions while 21.1% of the respondents said that K.I.R.D.I did not or rarely failed to supervise their training sessions; and to 15.8% of the respondents, K.I.R.D.I failed to supervise their training sessions only some of the time.

4.6 K.I.R.D.I's failure to supervise entrepreneurship training as a risk to investment in entrepreneurship training

In question 2(part B), the respondents were asked to rate on a scale of 1 to 5 (where 1 represented "not at all" and 5 "always"), how often K.I.R.D.I's failure to supervise entrepreneurship training presented a risk to their investment in entrepreneurship training. The results are presented in Table 3.

Table 3: K.I.R.D.I's failure to supervise entrepreneurship training as a risk to investment in entrepreneurship training

Behaviour responses		Frequency	Percentages
Always	5	3	7.9%
Often	4	18	47.4%
Sometimes	3	5	13.2%
Rarely	2	4	10.5%
Not at all	1	8	21.1%
Total		**38**	**100%**

As shown in the table, 55.3% of the respondents felt that K.I.R.D.I's failure to supervise entrepreneurship training always or often presented a risk to their investment in entrepreneurship training; 31.6% were of the opinion that the said failure by K.I.R.D.I did not or rarely posed a risk to their investment in entrepreneurship training; and to 13.2% of the respondents, the said K.I.R.D.I's behaviour constituted a risk to their investment in entrepreneurship training only some of the time.

The above results shows that majority of the training providers surveyed felt that the money they put in entrepreneurship training was unsafe because of K.I.R.D.I's failure to play its supervisory role in the training of entrepreneurs.

4.7 Effects of low training attendance by the training groups on investment decisions by training providers

In question 3 (part B), the respondents were asked to rate on a scale of 1 to 5 (where 1 represented "not at all" and 5 "always") how often the low training attendance or turn out by the target groups affected their decision to invest in entrepreneurship training. The results are presented in Table 4.

Table 4: Low training attendance by the target groups as a factor affecting investment decisions by the training providers

Responses		Frequency	Percentages
Always	5	6	15.8%
Often	4	14	36.8%
Sometimes	3	9	23.7%
Rarely	2	7	18.4%
Not at all	1	2	5.7%
Total		**38**	**100%**

The table shows that 52.6% of the respondents felt that the low training attendance by the target groups always or often affected their decision to invest in entrepreneurship training, 24.1% of the respondents felt that the low training attendance by the target group did not or rarely affected their decision to invest in entrepreneurship training while 23.7% of the training providers felt that the low training attendance by the target groups affected their decision only some of the time.

The above results show that majority of the training providers felt that the low training attendance or turnouts by the target groups affected their decision to invest in entrepreneurship training.

4.8 Effect of forced search for trainees on training investment decisions

In question 5 (part B), the respondents were asked to rate on a scale of 1 to 5 how often the forced search by K.I.R.D.I for the trainees after the training sessions was over affected their investment decisions. The results are presented in Table 5.

Table 5: Effect of forced search for trainees on training investment decisions

Responses		**Frequency**	**Percentages**
Always	5	1	2.6%
Often	4	23	60.5%
Sometimes	3	6	15.8%
Rarely	2	5	13.2%
Not at all	1	3	7.9%
Total		**38**	**100%**

As shown in the table, 63.1% of the respondents said that the forced search by K.I.R.D.I for trainees after the training was completed always or often affected their decisions to invest in entrepreneurship training; 21.1% of the respondents were of the opinion that the forced search for trainees by K.I.R.D.I did not or rarely affected their decisions to invest in entrepreneurship training while 15.8% of the respondents said that the forced search for trainees affected their investment decisions only some of the time.

The above results clearly show that majority of the respondents surveyed felt that the forced search for trainees after the training affected their decisions to invest in entrepreneurship training.

4.9 Effects of government's tendency to give priorities to some training providers when processing redemption documents on training investment decisions

In question 6 (part B), the respondents were asked to rate on a scale of 1 to 5 how often the government's tendency to give priority to some training providers when processing redemption documents affected their decisions to invest in entrepreneurship training. The results are presented on Table 6.

Table 6: Effects of government's tendency to give priorities to some training providers when processing redemption documents on training investment decisions

Responses		Frequency	Percentages
Always	5	1	2.6%
Often	4	2	5.2%
Sometimes	3	12	31.6%
Rarely	2	16	42.1%
Not at all	1	7	18.4%
Total		**38**	**100%**

The results show that 7.8% of the respondents said that the government tendency to give priorities to some training providers always or often affected their decisions to invest in entrepreneurship training; 60.5% of the respondents said that the government's tendency to give priorities did not or rarely affected their decisions to invest in entrepreneurship training while 31.6% felt that the government's tendency affected their investment decisions only some of the time.

The above results show that the majority of the respondents felt that the government's tendency to give priority to some training providers more than others hardly affected their decision to invest in entrepreneurship training.

4.10 Government's tendency to give priorities to some training providers as a risk in entrepreneurship training

In question 7 (part B), the respondents were asked to rate on a scale from 1 to 5 how often the government's tendency to give priorities to some training providers presented a risk to their investment in entrepreneurship training. The results are presented in Table 7.

Table 7: Government tendency to give priorities to some training providers as a risk to investment in entrepreneurship training

Responses		Frequency	Percentages
Always	5	1	2.6%
Often	4	2	5.2%
Sometimes	3	12	31.6%
Rarely	2	16	42.1%
Not at all	1	7	18.4%
Total		**38**	**100%**

As shown in the table, 7.8% of the respondents felt that the government's tendency to give priorities to some training providers when processing redemption documents always or often presented a risk to their investment in entrepreneurship training; 63.2% were of the view that the said tendency by the government did not or rarely posed a risk to their investment in entrepreneurship training; and to 28.9% of the respondents, the said government's tendency constituted a risk to their investment in entrepreneurship training only some of the time.

Thus the majority of the respondents surveyed felt that the government's tendency to give priorities to some training providers when processing redemption documents posed minimal risk to their investments in entrepreneurship training.

4.11 Effects of redemption process on training investment decisions

In question 9(part B) the respondents were asked to rate on a scale from 1 to 5 how often the redemption process affected their decision to invest in entrepreneurship training. The results are presented in Table 8.

Table 8: Effect of redemption process on training investment decision

Responses		Frequency	Percentages
Always	5	20	52.6%
Often	4	12	31.6%
Sometimes	3	4	10.5%
Rarely	2	2	5.3%
Not at all	1	0	0%
Total		**38**	**100%**

As shown in the table, 84.3% of the respondents felt that the redemption process always or often affected their decision to invest in entrepreneurship training; 5.3% of the respondents said that redemption process did not or rarely affected their decision to invest in entrepreneurship training while 10.5% of the respondents said the redemption process affected their investment decision only some of the time.

The above results show that the majority of the training providers surveyed felt that redemption process affected their decision to invest in entrepreneurship training.

4.12 Effects of long authorization procedures involving many documents on training investment decisions

In question 10 (part B), the respondents were asked to rate on a scale of 1 to 5 how often the long authorization procedure affected their decision to invest in entrepreneurship training. The results are presented in Table 9.

Table 9: Effects of long authorization procedures on training investment decisions

Responses		Frequency	Percentages
Always	5	6	15.8%
Often	4	14	36.8%
Sometimes	3	10	26.3%
Rarely	2	5	13.2%
Not at all	1	3	7.9%
Total		**38**	**100%**

As shown in the table, 42.6% of the respondents felt that the long authorization procedure always or often affected their decision to invest in entrepreneurship training; 21.1% of the respondents felt that the long authorization procedure did not or rarely affected their decision to invest in entrepreneurship training while 26.3% of the respondents said that long authorization procedure affected their decision to invest in entrepreneurship training only some of the time.

Thus the majority of the training providers surveyed felt that the long authorization procedures affected their decision to invest in entrepreneurship training.

4.13 Relationship between perceived risk and investment decisions

Spearman's rank order correlation statistic was used to test for the significance of the correlation between the perceived risk and investment in entrepreneurship training by the training providers registered by K.I.R.D.I. Perceived risk was measured by question 2 and 7 while investment decision was measured by questions 3,5,6,9 and 10. A composite index (score) was computed for each respondent by summing up his/her rating on each item of the questionnaire that was relevant (as shown above) to either the perceived risk to investment or decision to invest in the provision of entrepreneurship training.

To compute the composite index, the points on the scales were assigned values ranging from 5(representing always) to 1 (representing not at all).

The composite indices (scores) were used to test for the significance of the correlation between perceived risk and investment decision. The analysis yielded the following result: Rho = 0.98, $P<0.01$, suggesting a strong positive significant relationship between perceived risks and decision to invest in entrepreneurship training.

CHAPTER 5

DISCUSSION AND CONCLUSIONS

All the training providers are entrepreneurs who are known to take any business opportunity so long as it would bring returns to the firm. All the registered training providers in Nairobi would then have been expected to provide the training services to the micro and small scale entrepreneurs in the World Bank funded program. However, from the literature available, only $^1/_3$ of the training providers were active in the provision of such training. The other ¾ were dormant. From the analysis done, this was brought about by the perceived risks inherent in the provision of the said training. It is evident that some risks associated with training such as K.I.R.D.I's failure to supervise training, poor attendance by the trainees, the forced search for participants by K.I.R.D.I after training so that the trainees could be interviewed on their perception of training, the government's favouritism towards some training providers, long redemption process when training providers were redeeming their money and also long authorization procedures involving many documents greatly discouraged the training providers from undertaking investments in entrepreneurship training. The computed spearman's correlation coefficient of 0.98 shows a very high positive and significant relationship between the above risks and the investment decisions taken by the training providers. This shows that with all the above risks, only few training providers would be willing to invest in entrepreneurship training since the returns were not certain.

Anyang Nyong'o (1989) argued that entrepreneurship training is fundamental for industrialization of any country. This is because entrepreneurship training gives business entrepreneurs much needed skills to enable them operate their small business successfully. According to U.N.D.P report (1996), Kenya currently spends 0.5% of the GDP on research, training and development which compares poorly with developed countries, many of which spend 2% of their national output on training. The World Bank project on entrepreneurship training could have helped to eliminate this problem since it provided the funds for training.

The positive relationship between risks and investment and inherent risks involved in entrepreneurship training discouraged training providers from providing the much needed training and therefore it should be an important concern to the policy makers. This is because the long-term objective of providing research and entrepreneurship training for the attainment of a self reliance and creating a self sustaining industrial development process could not be realized in such a situation.

The positive relationship between risks and investments in the provision of entrepreneurship training had an adverse effect on the operations of micro and small scale entrepreneurs. With the reduced provision of entrepreneurship training, many entrepreneurs ventured into business with hardly any skills or knowledge on the running of a business. According to United Nations development report of 1996, 60% of business established in Kenya between 1971 and 1980 failed within the first six months of establishment. This could have been brought about by lack of sufficient business operating skills on the part of the entrepreneurs. With only ¼ of the training providers offering entrepreneurship training, only few business entrepreneurs could access the training services from training providers. This therefore meant that they started their business without the relevant skills on business operations. The entrepreneurs also missed the opportunity of saving 90% of the cost of the training which was being sponsored by the World Bank.

The government recognizes the importance of proper use of modern business methods and systems in the fast growing entrepreneurial sector. This is the reason it licensed so many training providers so that they could provide the training services to the micro and small scale businesses entrepreneurs. However, it was unfortunate that only ¼ of the training providers licensed could provide the World Bank training services. This was partly brought about by inherent risks involved in that kind of training which discouraged them from undertaking investment.

The government could not therefore realize its objective of making the entrepreneurial sector to grow to its full potential. The government had also to deal with another problem of rising unemployment since the micro and small scale enterprises create employment opportunities for millions of Kenyans.

Gitman and Joehnk (1981) argued that while returns motivate an investor to invest, risks tend to deter him from investing. Thus for increased levels of risks, an investor requires higher levels of returns. The positive relationship between perceived risks an investment in the provision of entrepreneurship training and the computed spearman's correlation coefficient of 0.98 seems to support the previous studies done by Gitman and Joehnk. This is because the result of the computed correlation coefficient of 0.98 shows that the higher risks, the more the unwillingness by training providers to invest in the training. Fregenbaum and Thomas (1988) noted a positive relationship between risks and returns which affects the investment decisions undertaken by the firms. This means a firm that takes higher risks should obtain higher returns. This is supported by the results of a strong positive correlation coefficient of 0.98 which shows a high positive relationships between the risks and the investment decisions undertaken by the training providers.

5.1 CONCLUSION

From the calculated Spearman's rank order correlation coefficient of 0.98, it can be concluded that there exist a strong positive relationship between perceived risks and investment in the provision of entrepreneurship training. This means that higher the risks, the more unwilling the training providers would be to invest in entrepreneurship training.

The identified risks in the provision of entrepreneurship training include failure by K.I.R.D.I to supervise entrepreneurship training. Failure presented a risk since few training providers would be willing to invest in the training that is not supervised. This would lead to great losses since no money would be redeemed from the training. Low training attendance also presented a great risk to the training providers since the less the turnouts, the less the redeemed values. The training providers were also sometimes forced to search for the participants after training which proved difficult due to unavailability and inaccessibility of trainees after the training. This in essence reduced the redeemed values.

The government also had a tendency of giving priority to the more established training providers when processing redemption documents. This affected the training provision since some training providers felt discriminated against. This also led to some training providers taking long before they received the amount for the training provided. The redemption process also presented another risk since it was sometimes taking too long before the release of the money for the training. This made operations of most of the training providers grind to a halt. The long authorization procedures involving many documents discouraged some training providers from providing entrepreneurship training.

5.2 RECOMMENDATIONS

The risks identified should be eliminated if entrepreneurship training is to be enhanced. All the major players involved in the training process should play an active role in the elimination of the identified risks. These players include the government, training providers as well as the participants in the training programmes.

The Measures to eliminate the risks should include:

1. The redemption process should be reduced to between one to two months. This would make training providers achieve good turnovers of profits for their investments.
   This would encourage them to participate more in the provision of training.
2. The government should remove the obstacles that hinder the provision of training; for example, the long documentation procedure should be shortened so that the documents are processed in a short time to allow the training provides redeem their money promptly.
3. Supervision of training should always be done to ascertain the number of trainees who were trained. This would save the training providers the problem of searching for the participants after the training.
4. The trainees or participants of the training should cultivate a positive attitude towards entrepreneurship training, which would improve the turnouts during the training. The government should also play a part in emphasizing the importance of entrepreneurship training to make the entrepreneurs appreciate the need for training.
5. There should be emphasis on zero tolerance of corruption so as to eliminate unfair practices that lead to misallocation of resources, thus discouraging innocent training providers from participating in the provision of training to entrepreneurs.

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APPENDIX 1:

COMPLEMENTARY LETTER TO THE RESPONDENTS.

MWANIKI ZACHARY WAMBUGU,
UNIVERSITY OF NAIROBI,
FACULTY OF COMMERCE,
P.O. BOX 30197,
NAIROBI.

Dear Sir/ Madam,

<u>THE RELATIONSHIP BETWEEN RISKS AND INVESTMENT TOWARDS PROVISION OF ENTERPRENEURSHIP TRAINING.</u>

This questionnaire is designed to elicit response for the above topic.

I am a student in the faculty of commerce, University of Nairobi I am undertaking a research in partial fulfillment of the degree of Masters of Business Administration (MBA). Your firm has been selected to form part of this study. To this end, I kindly request you to provide some information by filling the attached questionnaire. Any information that you provide will be treated in the strictest confidence and will be only used for the study. In no instance will your name or that of your organization be mentioned in the report. Your co-operation is very much appreciated.

Thank you in advance.

Yours sincerely,

Mwaniki Zachary Wambugu
<u>MBA Student</u>

Prof. K'Obonyo
<u>Supervisor</u>

APPENDIX 2:

QUESTIONNAIRE

PART A

1) Name of the company ....

2) Year of establishment ....

3) Ownership of your company **(Tick appropriately).**

(a) Local ( )

(b) Foreign ( )

(c) Joint venture ( )

(d) Others (specific) ( )

PART B.

This part consists of eleven structured questions. For the questions 1-10 Please tick appropriately the number which best represents your views in the table below.

Q1. How often has K.I.R.D.I. failed to supervise entrepreneurship training mounted by your company?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q2. Based on your response to the above question, how often has K.I.R.D.I's behaviour presented a risk to your investment in training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q3. How often has the low training attendance or turn out by the target groups affected your decision to invest in entrepreneurship training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q4. How often have you been forced by K.I.R.D.I. to search for the participants after the training was completed so that they could be interviewed on their perception of training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q5. Based on your response to the above question, please indicate how often this could have affected your investments decision?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q6. Please indicate how often the government's tendency to give priority to the more established Training providers when processing redemption documents affected your decision to invest in Entrepreneurship training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q7. Based on your response to the above question, how often has this risk affected your investment in entrepreneurship training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q8. For the choices a to f below, please tick appropriately the alternative that best describes how long the redemption process takes before completion?

a. Less than one month ( )

b. One month to three months ( )

c. Three months to six months ( )

d. Six months to nine months ( )

e. Nine months to twelve months ( )

f. More than twelve months ( )

Q9. Based on your response to question 8, how often has redemption process affected your decision to invest in entrepreneurship training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q10. How often has the long authorization procedure influenced your decision to invest in entrepreneurship training?

Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1

Q11. Please indicate below if there are any other risky events/issues which affect your investment decision in training.

Risky events or issues	Always 5	Often 4	Sometimes 3	Rarely 2	Not at all 1
Q1.					
Q2.					
Q3.					
Q4.					
Q5.					
Q6.					
Q7.					
Q8.					
Q9.					

APPENDIX 3: LIST OF TRAINING CONSULTANTS

1. Centre for Research and Technology
2. Dagoretti College of Catering
3. Entrepreneurship development Centre
4. Seventh Day Adventist Church Central Kenya
5. United States of International University
6. University of Nairobi Enterprise Services
7. Kani Management Services
8. Appropriate Technology Centre
9. Beam Consultants Centre
10. Bridge College
11. Dafina Institute
12. Enterprise Development agency
13. Kenya Management and Applied Programme
14. Kenya Micro and Enterprise Development
15. Kenya Technical Training Institute
16. Liason Development Assistance
17. Linear Consultants
18. Makini College
19. Olcare Technical Institute
20. Railway Training Institute
21. Jackline Mauta
22. Evelyne Katule
23. Gladys Wambui
24. Patrick Ngare
25. Undugu Society of Kenya
26. Simon Ngeru
27. Leonida Odero
28. Fortran Engineering Services
29. School of Alternative Medicine
30. Milson Ambush
31. Kenya Polytechnic

32. Petronilla Onjiabo
33. Housing and Building Research Institute
34. Ann Muturu
35. Glady's Gitari
36. Joseph Omusani
37. Nashon Rapolo
38. Nairobi College of Bread and Confectionery
39. Pauline Kamagara
40. Samuel Mathenge
41. Johnson Mwai
42. Jared Mogenya
43. Naomi Mumbi
44. Jellas Dressmaking
45. Jane Mwangi
46. Ceciliah Kamau
47. Masai Village Weavers
48. Lavene School
49. National Jua Kali Demonstration and Training centre
50. Angelina Omollo

Source: Ministry of Commerce, Technical Training and Technology.