

A STUDY OF THE PROBLEMS
FACING SMALL BUSINESSES
AND
THE EFFECT OF MANAGEMENT TRAINING
ON THE PERFORMANCE OF THE
PROPRIETORS: A CASE STUDY OF NANDI
DISTRICT.

BY

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DECLARATION

ABSTRACT

ACKNOWLEDGEMENTS

CHAPTER I This Management Project is my Original Work and has not been presented for a degree in any other University. 1

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ABSTRACT

The study is about the problems facing small businesses, and the reactions of participants on a traders' course organized by the District Trade Development Officer. The problems faced by the individual owners were sought by way of interviewing them. The problems are analysed to find what the owners need, and recommendations are given for overcoming the problems in the specific circumstances.

Reaction Evaluation is used to find the degree of apparent acceptance of the training course by the participants. Participants showed a favourable reaction according to the scale used. The reaction level used, however, provides a tentative answer about the effectiveness of the programme in terms of other levels of evaluation.

The Research Study was conducted in Nandi District. Ten cases are described from among the thirty five businesses covered. Further investigation and analysis was carried out and a recommendation given in each particular case. The conclusion, reached after analysing the cases, is that owners need management advice to solve their own problems. The circumstances and situations are unique to each business and training needs to be tailored to the needs of individual businessmen.

Capital is necessary in small businesses, but it was found that better management can even enable better use of the existing capital without recourse to loans at all. It is suggested that since small businesses are different from one another and the problems are almost unique to each, an extension service which involves a visit to the businessman's premise may be the most appropriate. The problems must be examined by enquiry and observation and then appropriate recommendations made for improvement.

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CHAPTER ONE

INTRODUCTION

1.1. Background

In the area of economic development it would seem that "the day of small things"¹ is with us. Michael Harper² contends that steel mills and other similar symbols of alleged prosperity are no longer respectable even if they are still prevalent, and academic and policy-makers alike are concerned with promoting the development of the multitude of small scale enterprises which together make up a more genuine and evenly spread pattern of economic progress. Harper claims that the focus of attention has naturally and rightly been on small firms, since they occupy the major activity of the citizens of the poorer nations of the world. The small general shops which form the main basis of this study are not nearly as numerous as small firms. They are extremely important in themselves in so far as they employ large numbers of people, and substantial financial resources. They are the means by which manufactured goods reach the bulk of the people, and in rural areas they are the major channels of distribution. Adam Smith had this to say on the judgement of the role of the small shopkeepers:

"Nothing can be more convenient (for the poor workman) than to be able to purchase his subsistence from day to day or even from hour to hour as he wants it. He is thereby enabled to employ almost his whole stock as capital." 3

Thus, according to Adam Smith, these shops do allow nearly everybody to be within reach of a retail outlet where they can buy the small quantities permitted by their shortage of cash. Some shops are located together in over-competitive markets while others stand alone in remote areas to serve the needs of a scattered rural population, who are often without means or money for transportation. There are often large numbers of tiny shops, each selling small quantities of the same goods and frequently this may appear to be uneconomic misuse of resources. However, as Kriesberg says, the very small scale which may offend the observer who is used to a wealthier environment is itself the most appropriate for the early stages of development and it is important that any attempts to assist shop-keepers should not interfere with this balance.⁴ The large numbers also ensure that prices are not excessive since collusion is impossible.⁵

Another service provided by small retailers is the provision of the incentive for the agricultural subsistence population to enter the cash economy by acting as a channel for all kinds of socially desirable inputs and by making available goods which can only be purchased by those who have entered the cash economy.

Small businesses are often the best way to make use of the available resources, without using much foreign exchange. That is, it is possible with small businesses to use local management, local money and local labour.

Small businesses and retailing are in some cases a very important form of unemployment relief. However, it does not follow from this that anything done to promote small retailing will increase the employment opportunities.

Adam Smith states that shopkeepers and tradesmen "can never be multiplied so as to hurt the public, though they may so as to hurt one another."⁶

Retailing business can be an introduction to the intricacies of the monetary economy and small shopkeepers are one of the most productive sources of entrepreneurs, who "combine resources and opportunities in new ways."⁷ Kenya needs entrepreneurs and managers who can run big businesses as well as small ones and the best way to learn is through the hard school of experience. A successful small-scale businessman has to make decisions to take calculated risks, to face up to and solve problems and to take responsibility for what he is doing because otherwise his business will fail. Success in small business very often involves investing money in the business rather than withdrawing it for personal expenditure. Qualities of this sort, as well as self-restraint, imagination, initiative and self reliance are present in many successful small businesses. Small businesses can provide a school for this type of behaviour, a source of effective managers and an example to the rest of the community.

Small businesses, therefore, have a vital role to play in Kenya to assist the nation to develop. Accordingly, an effort should be made to help them.

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 industry and businesses, large and small, require men and women with management skills and experience. But the fact is that such men and women are, at present, in short supply particularly in the rural areas of Kenya. Facing up to this situation, the government, through the Ministry of Commerce is placing considerable emphasis on training and development of businessmen throughout the republic. This is evident in the measures taken by the government to promote small-scale businesses and also in the institutions which have been established for that purpose. In implementing these measures, the government is trying to establish a situation in which African businessmen will eventually play a vital role in the control and ownership of business. The state recognizes the importance of promoting proper use of modern business methods and systems in the fast growing commercial sector. The Government has, therefore, established a number of agencies to cater for management training of businessmen. These include the Management Training and Advisory Centre and other institutions which provide extension services to small businesses such as Provincial and District Trade Officers, the Industrial, Commercial Development Corporation, and the Kenya Industrial Estates. There are also voluntary

agencies such as the Partnership for Productivity and the Young Men's Christian Association which provide training for businessmen.

If it is true that small businesses can play a vital role in a country's development, then every attempt should be made to assist them as far as their needs are concerned. Businesses need capital, supplies, equipment, buildings, customers, employees and, above all, proper management. Nevertheless, there are difficulties which face small businesses in particular: shortage of capital, management, customers, information and joint activities.

The study focuses on finding out the needs of a specific group of small businesses, and it will be shown by analysis and investigation that they do not always need what they believe they need.

The second dimension of the research project is aimed at seeking the opinions and attitudes of the participants in a traders' course to indicate how they think the course has helped them to improve performance.

1.2. Objectives of the Study

The project was conducted with five objectives in

mind:

1. To find out the problems faced by the small businesses by interviewing the proprietors;
2. To investigate and analyse the problem(s) further so as to ascertain the owner's needs;
3. To obtain the reactions of those who have participated in the traders' courses and find what and how the courses have specifically benefited them;
4. To make recommendations for overcoming the problems in specific circumstances;
5. To expose the author to real life examples of businesses and improve his knowledge in this field and obtain an insight on how further research could be conducted in this area.

1.3. Definition of Concepts

Before going further, the operational definitions of the concepts involved will be presented. As the study is concerned with the problems facing small businesses and the effect of management training on the performance of the owners, a definition of the concepts involved here is advisable. First is an attempt to define what a small business is in this project. If one were to ask the proprietors as to what is their purpose of being in business, they may say that their purpose is to earn a living, to make money for themselves and their families. If they are asked what they must do if they are to achieve their original purpose of earning a living, they will probably answer that they must satisfy their customers. They must also be able to pay for supplies and wages. A business can be defined as "an enterprise which provides goods or services which people need, and at the same time gives the suppliers of material or labour, and the owner, sufficient payment for the supplies, hours of work or investment that they may have provided."⁹ Size is a relative concept and what is small in one industry may be big in another. The term "small business" can be defined in various ways and according to the circumstances in which it is being used. In some countries e.g. the United States, a small business can be defined as having an annual turnover of less than ten million dollars. Sometimes, businesses are classified by the number of employees and maximum numbers of fifty, a hundred or more have been used to define the point at which a

Business ceases to be 'small'. Another way is to describe the size of a business to refer to the way decisions are made in it. For purposes of this study, this method is chosen because it is mainly concerned with businesses where the manager is not a specialist in management but is chiefly occupied in carrying out the main functions of the business. He spends most of his time selling goods across the counter and/or in a workshop, he may be a skilled carpenter as well as being a manager. Also, the person who makes the decisions may be the only person who works in the business. Small retail shops are obviously the most numerous and thus the most important in this study.

For the goods sold, Concoran and Tyrell describe:

"A typical profile of a general retailer would be a traditional duka selling staple items such as sugar, maize meal, rice, spices, tea, potatoes and bread. It would also deal in cigarettes, matches, kerosene, soap, some patent medicine, baby foods, cheap confectionary, vegetable ghee, cooking fat or oil, soft drinks, and an assortment of cheap tinned goods. Many would also carry a limited range of cheaply manufactured goods as well as some textiles." 10

In addition to small retail shops, there are usually many other small business enterprises in the villages and towns, for example, bakers, bicycle repairers, shoemakers, etc. and this is covered in the study wherever possible.

Koontz, et. al. define management simply as "getting things done through and with people."¹¹ On the other hand, training may be defined as "giving teaching and practice to a person in order to bring to a desired standard of behaviour, efficiency or physical condition."¹² It is defined in the

Kenya Development Plan as "the bridge between the need for employment and the demand for particular skills." ¹³

Management training is a vast subject in its own right.

In the context of an improving management performance program, it may be defined as "the process of developing a manager's knowledge, skills, and attitudes through instruction, demonstration, practice and planned experience to meet the present and future needs of the business." ¹⁴

The problems that are being investigated are only those that pertain to business, thus: capital, customers, supplies, management, etc.

The 'effect' of management training implies that an impression is produced or that as a consequence of action taken a result occurs. And when this is applied to management training, it may mean trying to determine how successful the program has been in producing a result or effect. Thus, it could mean either a poor performance or good performance on the part of an attendant at a traders' course. Evaluation can be done in terms of a total operation using a single criterion, for example, whether a business produces a profit. This assumes, of course, that it is the business operation rather than general economic conditions that determine whether it operates at a profit. Obviously, efficient management in many businesses may be due to other factors such as good selection and supervision; it may relate, however, to other factors also such as family or educational background.

Evaluation could also be done in terms of the number and quality of accounts books kept for the business, service to customers, opening hours, etc. But the nature of the businesses covered in this research are so unique and the owners vary a great deal in terms of their age, intelligence, educational level and experience, and family background that an objective criteria of performance with relation to specific functions and objectives is not advisable. Also due to time limit that I had to do the research, only the opinions of the attendants at the traders' course is used as the only means of evaluation. So the evaluation of the training program tends to be restricted to the opinions of the participants on some specific activities. Paulo Motta says:

"The extent to which the training program is accepted constitutes, in itself, a positive factor about training. In fact, acceptance gives prestige to the training unit in terms of its planning skill; it justifies the activity in front of participants and other units, and guarantees long-term survival for the training." 15

1.4. Research Methodology

The two methods used in gathering information for this project were the library and field research. The former involved reading relevant literature pertaining to the research area whereas the latter involved going to the field to gather information through personal interviewing and observation.

The research project was conducted in Nandi District which lies between $34^{\circ} 45'$ and $35^{\circ} 25'$ East Longitude occupying an area of 2789 square kilometres. The District is divided administratively into two divisions: Mosop and Tinderet. Mosop Division consists of five locations: Sangalo, Kabiye, Kosirai, Chemundu and Kapkangani. Tinderet Division is made up of five locations, namely, Kilibwoni, Nandi Hills, Songhor, Kaptumo and Kemeloi. The divisional headquarters are at Kapsabet and Tinderet respectively.¹⁶ The businesses surveyed were not selected systematically to fall into all the divisions, but the method used allowed almost all of them to be covered. The assumption in studying samples is that the characteristics of the sample will adequately reflect the characteristics of the statistical population. Other considerations between sampling include unmanageability of all cases in the population, use of scarce resources and time constraints.¹⁷

The procedure used was based on those who attended a traders' course in October 1980 organized by the District Trade Development Officer at Kaimosi Farmers' Training Centre. Two courses were organized for traders that year: one in March 1980 and the last one in October the same year. As the opinions of the participants were to be sought in the interview, the latter course was chosen because the participants could possibly still remember what they were taught. 41 traders registered for this course but only 36 attended and selected from all the Divisions by the District Trade Officer. Originally, the intention was to locate and interview all of them having got the list from the District Trade Officer. The aim was to seek their opinions on what and how the courses have specifically benefited them and also to investigate the problems they may have as far as their businesses are concerned. Non-attendants were also interviewed and for convenience sake, two non-attendants were chosen whose business premises were next to the businessman who had attended the course. Since only 36 traders participated in the course, it was possible therefore to interview 72 'neighbours' who did not participate in the course. However, it turned out that out of the 36 attendants, only 19 could be located and interviewed, the remaining 17 businesses were either closed, the owners absent and in two cases, the owners simply refused to answer any questions and they claimed they were too busy to do so. For more or less similar

reasons mentioned, only 35 non-participants could be interviewed out of a possible total of 72. So, in total, 54 respondents were interviewed.

The instruments used in the project were mainly two. One is the personal questionnaire used in the case of the businessmen and the District Trade Officer. The other one is the secondary source information: files, references, and annual reports from the District Development Office. The questionnaires were designed to elicit some information. One type of questionnaire was used for the non-attendants at the traders' course and another one was used for only those who attended the course. The former had some parts of the questionnaire asking about the personal history of the owner - his age, educational level, land and other businesses he owned. Some other parts were concerned with the business: type of ownership, reasons for taking up business, value of business; sources of capital; its customers and employees; credit; expenses incurred in business. The interview also sought to find out what the owners thought was the most important problem in the business and what they thought was needed to make the business more successful. Using the information given by the owners in the questionnaire, it was possible to investigate further and analyse what they actually needed as will be shown in Chapter Three.

The other questionnaire was used for those who attended the course. Among other things, it asked them to explain how they thought the course has contributed to the success of their business and any specific changes they may have introduced as a result of attending the course. It also asked them about the value of the training course, and the extent to which the training course had increased their knowledge of Book-Keeping and good management techniques. It was also intended to ask how the training course had increased their knowledge of Government Officers connected with trade and also the Traders' Act. But the two were abandoned as it was found that these were not emphasized in the course but rather the other two: Book-Keeping and good management techniques. So for the two questions the participant had to indicate his answer by putting a mark in what was for him an appropriate interval in each scale. For scoring purposes, the intervals along each scale were numbered from 1 to 6 starting from the 'no change' (left) to 'greatly improved' (right) so that a high number indicated a favourable reaction. Several points relating to the shortcomings of this form of reaction evaluation are mentioned in the literature review and also in Chapter 3.

1.5. Analysis

The analysis is mainly descriptive analysis based on the result of the interviews, questionnaires, personal observation and studying some secondary sources of information. Generally, the analysis aims at finding the problems faced by small businesses and determining whenever possible what each owner actually needs. Also it is aimed at getting the reactions of the attendants at the course and finding what and how the course has specifically helped them. From the analysis it may be possible to identify areas where performance can be improved and make possible recommendations for overcoming the problems.

1.6. Problems faced and Limitations of the Study

As pointed out earlier, many respondents could not be interviewed for the following reasons: one was that some business premises were closed. The possible reasons given were that either the owner was busy somewhere, for example, working in his shamba, or that he was sick. The former reason was prevalent because most of the people in the District were either busy planting or weeding maize. Secondly, though the premise may have been open, the person left in charge - either the wife, son/daughter, or relative could not be interviewed as the target was the owner of the business who could give as near accurate information as possible. Thirdly, some owners were present but completely refused to answer any questions at all. In one instance, the 'owner' claimed that the real owner was not present though it was later proved that he was cheating to avoid answering any questions and yet he was the rightful owner. The fourth problem was that it was rather difficult finding the actual location of the businesses as this involved covering vast distances and furthermore, the time available was too short.

In such a study one does not fail to mention some limitations and deficiencies in the research that might restrict generalization from the study. One such limitation is the time available for conducting the study in that it was too short to cover many businesses as it could have been desirable. In addition, the scarcity of resources contributed to the problem. Secondly, and related to the time constraint, is that the sample chosen is too small to be able to make

useful conclusions from the study. The total licenced businessmen in the district for 1977, 1978, 1979 and 1981 were 2,035, 2,074, 1,669 and 1,493 respectively.¹⁷

The other deficiency lies in the methodology for gathering the information in the form of a questionnaire and also the method used for analysis. These may be far from being perfect in that the design of the questionnaire may not have been the best and the method used for analysis inadequate. The interpretation and analysis is bound to be disposed towards the researcher.

As it was anticipated different ethnic groups could be covered in the interview, the questionnaire was written in English language and the interview was conducted by interpreting it in Kiswahili or the local language, Kalenjin, whichever was appropriate for each businessman. There could have been an element of some flaws in expressing oneself too.

1.7. Importance of the Study

Some recent writing about development planning has emphasized that:

"Small business growth can help create new fibres in the economic fabric, possibly more effectively encouraging growth than certainly planned undertakings, and certainly complementing them." 18

As single businesses, small African businesses are very small by the standard of developed countries, but taken as a sector they are important. They perform a variety of retail functions. They also provide a wide range of inexpensive goods and services, especially to lower income groups in rather inaccessible areas. Small-scale businesses are also the most fruitful training ground for future entrepreneurial industrialists. This experience of small-scale businesses as a training ground is particularly relevant in the process of Africanization of Commerce and Industry in Kenya.¹⁹

The findings of the study may be of some use to the District and/or Provincial Trade Officers in their recruitment, selection and training and offering individual extension to course participants and to traders as a whole.

It may also be useful to the Ministry of Commerce in regard to planning and improving its training and development approach to small businessmen in order to alleviate or minimise their problems.

It may serve as a source of guidelines and as a point of reference for further research in the fields of small businesses and management training.

The study may supplement other investigations which have been done or may be initiated by the Government or other organizations and/or individuals.

Finally, it could be useful for personal development in one who is interested in furthering his/her knowledge in small businesses.

1.8. Overview of Presentation

As already seen, the first chapter is the introduction giving the background, objectives of the study, definition of concepts, research methodology, analysis method, problems and limitations and importance of the study. Chapter two is devoted to literature review where a summary is given of the relevant studies concerning what businessmen view as their major problems. Here also is described a practical framework for evaluating management training. The specific problems attached to the evaluation of supervisory and management training is also examined and a brief summary of some evaluation projects described within the theoretical framework is given.

Chapter three is a presentation of the research effort in detail. This chapter is divided into two sections: one dealing with the investigation and analysis of the businesses and the second one is centred on the evaluation of the management training and the results of those who attended the course.

Chapter four is a summary and conclusions of the study. The conclusions are discussed in relation to other studies and limitations of the study are again presented and shown how they affect the conclusions.

Finally, the other supporting part of the main four chapters is given at the end. This is the Bibliography.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Chapter One was the opening part of the presentation and it dealt with preliminaries and set the stage for the rest of the paper. In this part, the results of the review of literature are presented. These are presented in two sections: Section one is on the problems facing small businesses as found by other researchers, and in section two, is given a review of the framework for evaluation. A summary is given of some specific problems facing the evaluation of management training and some case studies which have been done in this area.

2.2. Problems perceived by Businessmen

A number of studies have been done in the area of small businesses. One such study was conducted by Malcolm Harper which is entitled "The Development of a cost-effective Extension Service for small Business."¹ The research centers on the description of an experiment to test whether a staff training and field consultancy procedure could be devised which would enable staff with four years of secondary education, and no business experience, to provide an effective extension service for small scale retailers. In the study which was concentrated mainly in Eastern and Central Provinces, he found out that 27 shop-keepers had

attended a traders' course. From the information obtained from these traders, he says that little if any time is devoted to explaining the use of records like cash book, the ledger or the balance-sheet because it was rare to find any trader in the field who kept a daily record of cash received and paid out. Related to this, is a study by Kamau in which he asserts that the "Note-Book" accounts which are kept by traders "are practically of no use for proper management."² Harper indicates that even attendance at a course was by no means a guarantee that even this form of record would be kept, and his conversations with participants revealed that techniques or principles may have been learned by rote, but they were infrequently applied to improve individual circumstances. In his study, he also describes and evaluates the presently available sources of assistance for small business. He concludes that the shortage of capital is believed by most businessmen, in all parts of the world, and by many of those who attempt to help them, to be their major constraint, for example, if the owners of small businesses are asked what they need most, they will nearly always reply that they need more capital. But after an assessment of loan programmes and associated assistance in Kenya and other countries, he suggests that the capital constraint is not as critical as it has been believed to be. What is lacking, however, is the effective employment of the existing resources and management training. He concludes that the most effective form of training is an extension service, providing individual

service on the businessmen's own premises. He notes, however, that it has been difficult to implement such a service because of the difficulty and cost of recruiting qualified and experienced staff.

Another study which has been done in this area is that by J. N. Mwangi.³ From the survey he conducted, he found that amongst the shop-keepers, 52 per cent did not keep adequate books of accounts or business records - adequate in the sense that the records so kept would give an intelligent picture of progress of a business. For instance, books properly kept will yield financial statements that can highlight possible problems as well as reflect progress made. This point is reinforced by what Ross, et.al. has to say:

"Business success and good record-keeping go hand in hand. Poor record-keeping may not cause a business to fail, but many failures result from causes that good records could have prevented." 4

He also found that the inability to determine the right quantities, sizes and assortments of stock to satisfy clientele of a given shop faced a real difficulty with many small and large African shop-keepers. The other problem mentioned is the lack of knowledge on the use of accounting records. Most of the shop-keepers interviewed by Mwangi were not quite sure on how to use the simple records they kept. Some mentioned that the records give general information about their shops while others - the minority - pointed out that such records helped them in evaluating their progress and more importantly, to plan expansion. Generally, when he investigated the problems and constraints

inhibiting the progress of these shop-keepers, lack of capital was repeatedly mentioned more than any other, some of them even disregarding any other problem. However, through probing, sufficient evidence was collected which suggested that lack of business experience and training were even a greater problem. Cultural obstacles is another problem which Mwangi identifies as inhibiting the success and growth of these small-scale retailers and he sees these in two aspects: the conflict between the traditional society, in which most of the African shopkeepers were brought up, and the modern economic activity in which they are increasingly participating; and the conflict between cultural and business values and practices. The former stresses the interest of society as a whole, while the latter involves impersonal rationalized relationships with customers and suppliers.

Hawkins⁵ studied wholesale and retail trade in Tanzania and found out that there are three prime reasons why African traders have not progressed beyond their present stage in wholesale and retail trade. He mentions lack of commercial experience and basic knowledge of trading techniques as some of these reasons. He concludes that for both the large and small African traders, the most important requirement seems to be advice and instruction, though the most frequently heard request is for loans. He suggests that priority should be given to increased commercial education and instruction as there are hundreds of small shop-keepers who are just managing

to make a living out of their shops, and will never make a real success of them, unless they are shown the elementary techniques of running a shop efficiently. But it has to be pointed out that the problem of giving information and advice to all these small businessmen is very great, as they are widely scattered, often in the remotest areas. Few can leave their homes and shops for any length of time to attend a course of instruction. It would seem, therefore, that practical instruction and demonstration in the retailer's own shop seem to be the best answer as suggested by Hawkins. This means in effect a commercial extension service.

Marris and Somerset⁶ conducted a study on Entrepreneurship and Development in Kenya and found that many businessmen blame the lack of progress of a business on shortage of capital, dream of new branches, more ambitious lines of production, import-agencies, nationwide distribution, yet put their spare resources elsewhere. The explanation they give is that the underlying weakness lies in the style of management. More than two-thirds of the African businessmen interviewed said their greatest difficulty was lack of capital.

Garlick, who studied the role of African Traders on the economic development of Ghana⁷ thinks that lack of business knowledge is the major problem confronting businessmen. So he suggests a general education overtime which might be expected to encourage African Business development. He generalizes by saying that "More education is better than less."⁸

Sir Arthur W. Lewis ⁹ also argues that improved business performance could be one of the benefits of an expanded secondary educational programme:

"... the Best way to improve the level of African business is to pour so many boys through the secondary schools that some youngsters are forced to go into business if they are not to remain unemployed." ¹⁰

Garlick and Lewis, however, talk of long-term programmes which may help to improve business performance. Even still, the school leavers may be more interested in the white-collar jobs than going into business. Though few may be found in business, it is likely that most of them are just there temporarily anticipating a "better job."

There is also an unpublished report which deals with small business development in Kenya. ¹¹ This brief report was produced jointly by different government Ministries and the University of Nairobi. It discusses the crucial problems confronting African small-scale businessmen, describes and evaluates institutions set up to promote African Traders, and makes specific recommendations. One such recommendation is the suggestion that there is a need for individual extension services which are necessary for promoting the development of small business as advocated by Harper in his paper entitled "An Approach of staffing a small Business Extension Service." ¹²

From the foregoing summary, it is evident that most of the discussion centers on establishing the need for managerial training and extension service for small scale businessmen. The shortage of capital is pointed out in many cases that it is just illusory and that increased management training is the best approach to solving the businessmen's problems. Part of my study is concerned with investigating and analysing the problems of the businessmen in order to discover their perceived and actual needs.

2.3. Management Training

Concerning evaluating management training,

Peter Warr has this to say:

"... It is not as easy as evaluating operative training. But a system can be devised for getting quick information, with the prime aim of improving training." 13

Part of my project is concerned with evaluating the effect of management training on the performance of the owners. 'Performance' is used loosely in this project to just refer to what the attendants appear to have learned and gained by participating in the traders' course. As pointed out earlier in the introduction, the owners of the businesses who were interviewed varied a great deal in terms of their age, educational level and experience, and family background that it was impractical to use an objective criteria of performance in relation to specific functions and objectives. So the evaluation of the training program in this

case is just restricted to the reactions of the participants at the course. Following, however, is a description of the framework for evaluation.

Evaluation of training is used here in a broad sense, to mean "any attempt to obtain information (feedback) on the effects of a training programme, and to assess the value of training in the light of that information."¹⁴

Four aspects of training evaluation are distinguished. These are Context, Input, Reaction (Process), and Outcome evaluation (C-I-R-O or C-I-P-O).¹⁵

The C-I-R-O-or C-I-P-O- framework for the evaluation of training are of varying importance depending upon whether the training is for managers or operatives. Context evaluation is concerned with obtaining and using information about the current operational context, for example, about individual difficulties, organisational deficiencies, and so on. This mainly implies the assessment of training needs as a basis for decision. Input evaluation is determining and using facts and opinions about the available human and material training resources in order to choose between alternative training methods. For example, whether a company should use in-company or external training, whether external course has a good reputation, and which costs least.

Process evaluation (sometimes called Reaction Evaluation) is concerned with monitoring the training as it is in progress. This involves continuous examination of administrative arrangements and feedback from trainees.

Outcome evaluation is the measuring of the consequences of training and three levels of this type of evaluation are identified: Immediate outcomes concerns changes in trainees' knowledge, skills and attitudes which can be identified immediately after the completion of training. Assessment in this case involves some measures of how people have changed during a training programme, Intermediate outcomes level deals with the changes in trainees' actual work behaviour which results from training. Assessment involves monitoring performance on the job. The third level of outcome evaluation is long-term outcomes. These are the changes in the functioning of part or all of the organisation which have resulted from changes in work behaviour originating in training. Assessment is usually in terms of output or financial measures.

Any of the four levels (C-I-R-O framework) described above can be used for carrying out evaluation. However, before deciding which to use the advantages and disadvantages of each level have to be pointed out. Evaluation at the reactions level provides a short-term subjective assessment of the trainee's reactions to the course, and also an indication of those parts of the course which need immediate alterations. On the other hand, it provides little in the way of value if it is the sole means of evaluating training.

Evaluation at learning level obtains information on the amount of learning that trainees acquire during the training programme - measures increased knowledge, usually through examination or testing systems. The benefits of this type of evaluation is that it enables the trainer to establish basic data, and also provides trainee with knowledge of results which helps him to identify his own area of need. The drawback, however, is that the measurement of increased knowledge alone is unsuitable. This is because it may not indicate a manager's ability to use or apply it to his work. At the job behaviour level, evaluation discovers whether or not trainees have applied their learning in the form of changed behaviour on the job. This can be done in many ways depending on the complexity of the job, by systematic appraisal on a before-and-after basis, or by trainer's observations through involvement in a job situation. The benefit is that it indicates whether or not a training programme was effective. The drawbacks are that, it is more difficult to evaluate than "reactions" and "learning levels", and it is also time consuming. At the functional level, evaluation measures the effects of the trainee's job behaviour on the productivity or efficiency of the trainee's department or on the morale of his subordinates. This can be by reduced turnover, reduced costs, reduction in grievances, increase in quality and quantity of production. The major benefit is that it evaluates a training programme directly in terms of results desired. The drawback, however, is that it is

difficult to know how much of the improvement can be directly attributed to a specific training programme.

The framework of evaluation described above does not perfectly fit the evaluation of management training of small businesses, especially shop-keepers. This is because most of the small scale shop retailers do not have the same educational background. Furthermore, their family backgrounds are so varied that their experience in business is also bound to differ. So if evaluation were to be done at the learning level by obtaining information on the amount of learning that the trainees acquired during the training programme, it would not be appropriate. It is possible that the methods of running a business well taught in a course may be just a repetition to others, while to others totally new depending on the educational and family backgrounds, and experience. Furthermore, the techniques or methods learnt is not always a guarantee that they will contribute to running a business well. At the job-behaviour level, the before-and-after basis of appraisal is emphasized. But for the businessmen interviewed, this could not be possible because of the shortage of time, and more importantly because of the disparities in education and experience. It was impractical also to evaluate at the functional level because it could have been difficult to know how much of the improvement was directly attributed to be training programme. Obviously, several factors contribute to the success of such businesses. Despite its limitation as a subjective assessment of the trainee's reactions to the course, the method was chosen

as the only suitable considering the nature of the businessmen and the time available for conducting the study.

It may be worthwhile too to mention briefly the specific problems in the evaluation of management training as a whole.¹⁶ A quotation from a report of a training council says: "The effectiveness of training at managerial level is difficult to assess and often impossible to measure."¹⁷ One of the practical problems involved in evaluating management training is to do with the jobs of managers and operatives. In the case of jobs of operatives, there tends to be a strictly limited number of ways in which they can be carried out successfully. Training in these case involves the learning of a set of procedures. On the other hand, with managerial work, there is much greater scope for individual approaches to a job, and they might be successful for there is no single "correct" way of managing. Therefore, in evaluating it is not possible to watch a specific change in a manager's behaviour, because the nature of the training process makes it impossible to predict exactly what form the change will take.

The second crucial difference is that the work of operatives involves a frequent repetition of a limited number of tasks, and the criteria of a satisfactory performance can often be stated in objective terms. In

comparison, a managerial job is generally a compound of a wide range of separate tasks, and the criteria of effective performance are frequently ill defined, subjective and of doubtful validity, so that it is impossible to gauge a manager's performance by one or two measures alone. And if the measurement criteria are suspect or can be set out only in broad terms, it becomes impossible to make accurate judgements about the work of individual managers.

Before concluding this section a few case studies are described. One was carried out at the reaction level.¹⁸ The aim of the study was to collect trainees' views on specific aspects of their training. The courses (both at supervisory and management level) lasted for two weeks, and at the end of each session, every course member was to complete a "session assessment" form. Three questions were to be considered and the trainee was to put a mark on what he thought was the appropriate interval in each scale. For scoring purposes, the intervals along each scale were numbered, and at the conclusion of the course, the evaluator totalled the marks given to each session by every trainee. The total marks were then divided by the number of trainees, so giving average scores. As a result, it was possible to develop a rapid overall appraisal of the total programme, but especially using the information to help in the planning of future programmes.

In another study by Warr, et.al,¹⁹, the improvement in knowledge during supervisory courses was determined using a pre-test and post-test questionnaires which were identical. Four separate programmes were to be studied by the group and the primary purpose was to give certain factual information. The "pre-test" was given immediately before the commencement and the "post-test" soon after the end of the training. Results of the different trainees were compared with one another on the basis of type of department foremen worked, their age, and their educational background and intelligence. The results were that there was an association between a supervisor's age, intelligence and educational background and his ability to learn factual material during training.

Another study almost similar to the one described above used both an "experimental" group and a "control" group. The "control" group was not required to answer a questionnaire before training, and apart from this difference, the two groups were treated identically on the same course. After the course, as a post-test, trainees in both groups answered the questionnaire. The control group improved on average by 35 per cent and the experimental group showed an average improvement of 66 per cent over the pre-test level. The conclusion was that a pre-course questionnaire can be a most helpful training aid.

A framework has been presented for describing the variety of evaluation information which may be collected, and a few cases illustrated in which the framework may be applied in practical situations. However, it would be unrealistic to expect that the methods described can indiscriminately be transplanted into all management training situations without some risk of irrelevance. Many writers seem to content that effectiveness of management training is often impossible to measure. But one writer says:

"But unless the attempt is made, useful lessons may go unlearned, the planning of future programmes may suffer, and valuable resources in terms of managerial time and effort may be wasted." 20

The type of evaluation emphasized in this study is at the reaction level for the reasons already given. It must be realized, however, that this is simply an analysis of the trainees' feelings about a particular course. This type of evaluation tells nothing about the effectiveness of the program in terms of the other three levels mentioned. It simply tells the degree of apparent acceptance of the program. I say "apparent" because a trainee may be reluctant to tell the truth about his feelings for fear of what his opinion might do to his future chances.

CHAPTER 3

3.1. Part One

3.1.1. The Problems of Small Businesses

For the purpose of this section of the Chapter, a total of 35 businessmen were interviewed, and the method of sample selection was earlier explained in chapter one. It must be emphasized from the beginning that this is a very small sample compared to the total number of licenced businessmen in the district. But the time constraint and the scarcity of research resources could not allow a large sample to be studied. Table I gives the number of licenced businessmen in Nandi District for the years 1977 to 1980. The figures for 1981 were not yet complete. The apparent drop in the number licenced in 1979 and 1980 was mainly due to the closure of beer-halls in the District.

Table I

Licenced Businessmen: Nandi District

<u>Year</u>	<u>No. Licenced</u>
1977	2,035
1978	2,074
1979	1,669
1980	1,493
1981	Not complete

Source: Nandi District Trade Development Office, 1981.

The type of businesses covered in this research project is given in Table 2. When the owners of these businesses were asked why they had taken up the particular businesses, several reasons were given. About forty five per cent said their main reason was just to make money; twenty per cent said that they were unable to find employment; eleven per cent gave the reason that it was to contribute to the development of the nation as a whole. Lack of education (six per cent), and the fact that the business had been inherited from the father or another member of the family (six per cent) were also given as some of the reasons for taking up the business; one per cent said they got a chance or saw an opportunity and so took up the business, whereas the remaining nine per cent gave other diverse reasons. Other reasons are, for example, the need to be self-dependent, to help parents and the people of the area, and to gain experience.

Table 2

<u>Type of Business</u>	<u>No. of Businessmen</u>
Shop-Keeping	19
Carpentry	2
Bicycle Repairing	1
Hotel Keeping	4
Tailoring	1
Bar	1
Bakery	1
Timber Selling	1
Posho Milling	1
Shoe-making/Repairing	2
Shoe-shining	2
Total no. of businessmen	<u>35</u>

One of the objectives of the study is to find out the problems faced by these small businesses by interviewing the owners. The objective was achieved by asking the owners to say what they thought was the most important problem that hampers the success of their business. Also, they were asked what they thought was needed in order to make their businesses more successful. A summary of these findings is given in Tables 3 and 4. The second objective was to analyse and investigate the financial position of the individual businesses so as to determine the real problems and give recommendations as to what the owner really needs. The description and analysis is given in subsequent sections for some businesses.

It has to be pointed out that only a few businesses are described which were thought gave fairly accurate information which could be used for the analysis. It is the hope that the few real life examples cited and other descriptions in this chapter will contribute towards the fulfilment of the objectives set out for the study.

Table 3

Reasons given by businessmen that impede the success
of their businesses

<u>Reason</u>	<u>% of Businessmen</u>
Lack of finance	34
Means of transporting supplies	26
Getting supplies	17
Lack of enough customers	8
Competition from other traders	6
Lack of book-keeping knowledge	3
Request by customers to take goods on credit	3
Theft and breakages	3
Total no. of businessmen	35

Note: Because of the small sample, the percentage figures are somewhat exaggerated.

It is interesting to note that the most recurring problem mentioned by the businessmen as the most important in hampering the success of their businesses was the lack of finance. It is

with this view in mind that an analysis and investigation was carried out on some businesses to establish whether this was a genuine problem. An interview with the District Trade Development Office¹, Nandi District, revealed that lack of finance is considered by most businessmen as contributing to their failure in business. Other reasons usually given are that there is a market saturation of traders and so there is insufficient number of customers to sustain a business, and that there is a diversity of interests among the traders and do not have enough time to devote to their businesses, and also that there is a lack of trusted shop-keepers to be hired. Lack of business know-how, and the distance from wholesalers resulting in high transport costs is also seen to contribute to the failure as well as uncreditworthiness in the face of learning institutions caused by lack of tangible securities to be offered to such institutions.

Table 4

What the businessmen said were necessary to make their businesses more successful

	<u>% of Businessmen</u>
A loan	46
A vehicle	28
More customers	11
A cheap and reliable source of supplies	3
Diversification into other areas	6
Book-keeping knowledge	3
Electricity	<u>3</u>
Total no. of businessmen	35

Again, more than anything else, the figures show that capital is considered by over seventy per cent of the businessmen as the first requirement that will make their businesses more successful from the present levels. As pointed out in the literature review, small businesses can play a vital role in a country's development, and so they need to be assisted. They need capital, buildings, equipment, supplies, customers, employees and business management know-how. Eighty per cent of the businessmen interviewed said they were not satisfied with the present size of their businesses and they needed some assistance so that they can expand the size of their premises and improve the quality of service offered. While it is true that a loan could help alleviate the problems, the following cases described reveal that sometimes, something different apart from a loan is needed.

Case 1: Shop-keeper

The owner had been in business for five years and made an estimated profit of 200 shillings per month. He had no land and his only source of livelihood and that of his family was the shop. The children are still young and go to a nearby primary school and so, he does not spend any money on school fees. He goes to town about four times a month to purchase new stock for his shop. Thus, he spends approximately 200 shillings for his lunch, fare and the transport costs for the stock to his shop every month. The shop-keeper claimed he did not have any money to buy himself a piece of land and also a van for transporting the stock from town. He said that he clearly needed a loan of 50,000 shillings so he could buy his own van.

However, after careful investigation, it was found that the cost of maintaining the van would be too high. The cost of spare parts and petrol would eat away his profit of 200 shillings a month. Furthermore, he would need to hire a driver, at least for sometime, because so far, he does not know how to drive. There were also no other shop-keepers or businessmen around who could possibly hire his van. It appeared therefore that the van would lie idle so long as the stock in the shop was sufficient.

Such a shop-keeper therefore ought to continue using other people's vans as the present size of his business does not seem to warrant the purchase of a transport van. In future, other businesses may spring up in the vicinity and he could take advantage of his already established position to purchase a van where it could probably be fully utilized.

Case 2: Shop-keeper

The shop-keeper owns a small carpentry adjacent to his shop. There are other six shops situated in the same centre and all these sell almost the same items. The shop was opened about a year ago and stocks staple necessities like sugar, salt, kerosene, packets of tea leaves, and omo. He does not stock any blankets, dresses, cooking oils and baby foods like any of the other shops in the neighbourhood. He needs some more money in form of a loan so that he can be able to stock the same items like the other shop-keepers.

From investigation, he makes a profit of approximately 50 shillings a month from the sale of the staple items. While waiting for customers to come to his shop, he makes some simple chairs and doors, and stools in his carpentry shop. He receives regular orders from members of the local community to make these items for them. However, his work is usually interrupted when he has to attend to the customers who come for sugar, salt, etc in his adjacent shop. Orders sometimes pile up and customers do complain, and sometimes threaten to cancel the orders. He makes about 300 shillings in a good month.

After investigation and analysis, I concluded that the shop-keeper could be far better off if he concentrated on the wood-work business alone. With more specialization on this type of business, he could make more than the 300 shillings he presently earns. The fact that he needs a loan to increase the diversity of his stock does not necessarily mean that he will make more money. Already, there are six other shops in the same centre and selling almost the same items. On the other hand, he enjoys a monopolistic position in that he is the only carpenter at present. It seems more advisable, therefore, that the best thing for him to do is to specialize in the carpentry business.

Case 3: Shop-keeper

The owner had been running the shop for four years and had no formal education. At the end of every month, the shop did little or no business. The reason was that some stocks like sugar, kerosene, and salt almost always ran out while there were large quantities of blankets, raincoats, dresses, cooking fats, tinned baby foods, and other goods. The customers actually seemed to prefer buying the latter items in shops where they could also buy their staple necessities. In this way, they were more likely to be given a small discount when they purchased things like blankets and dresses. The shop-keeper said he needed a loan so that he could buy sufficient quantities of the staple items for the whole month.

When investigated, however, there were enough blankets, dresses, tinned foods and other goods to last more than four months. On the other hand, there was not enough stock of salt, sugar or kerosene to last for one month as claimed. It was clear that the shop had the wrong kinds of stock which were more than enough. The shop-keeper should have appreciated the fact that the purchases and stocks should be based on the rate of sales. In this case, he probably needs to slice the prices so that money tied up in the slow moving goods could be released and used in buying the fast moving items. Though he needed a loan to buy more stocks, he actually needed instructions on how to control and take stock. Money could be reallocated to different stocks without having recourse to loans at all.

Case 4: Shop-Keeper

The shop-keeper is 45 years old and has been in the shop-keeping business for six years. For the last one year, his stock of goods has continued to decline and so do the profit. Originally when all the expenses had been paid, he has been making an average profit of 450 shillings per month, but now he approximates it to be 250 shillings. He now needs a loan to replenish his stock.

Investigations revealed that this shop-keeper usually takes some items from the business like sugar, soap, omo, kerosene, and blue band margarine for use by his family and does not pay for them nor does he record. Sometimes, he also gives some of the items as free gifts to relatives and/or friends. Through this practice, which he has been practising for a number of days, he loses as much as 100 shillings in a month.

In this case, the shop-keeper actually needs a knowledge on proper business management. Whereas he is at liberty to take some of the items from the shop for use at home or give to his friends, he should keep proper records and know how much profit he realizes from the business. Then he can spend up to a point where the amount spent in terms of free gifts and goods for own use does not exceed the amount of profit made at any one time. Better still, he needs to regulate the amount he takes from the business. This would enable him to maintain the same level of stock or even to increase without requesting for more money.

Case 5: Shop-Keeper

The shop is one of the three situated in a centre that used to have three beerhalls. But after the Presidential directive which was implemented later by the County Council, the three beerhalls were closed. Before the ban, the three shops used to do a booming business because the sale of "busaa" - a local brew - in these beerhalls used to pull a lot of customers. After the ban, the sales began to decline. In order to maintain the original level, the owner in question decided to attract more customers by offering cash discount and selling goods on credit on such items as dresses, blankets, hats, and shoes as opposed to his counterparts in the other shops. He did manage to attract more customers but soon realized that his level of stock was falling and he did not have enough money to replenish the shop. The customers now preferred buying from the other shops where the supplies were reliable. He said he clearly needed a loan to replenish the shop.

Further investigation and analysis showed that the shop-keeper was owed 2,050 shillings by the customers. Furthermore, he had had trouble with bad debts to the tune of 1,500 shillings. The shop-keeper was trying to create an incentive in order to attract more customers. It seems, however, that this acted to his disadvantage. He needs to control the level of his credit, and also to make every attempt to recover the outstanding debts. By so doing, he will have enough money for purchasing the stock of goods he sells.

Case 6: Shop-Keeper

The shop is situated in a shopping centre where there is only one other shop. The shopkeeper last year bought a piece of land about 24 kilometres from his present homestead. In the new farm, there is a shopping centre which has only two shops and one posho mill. He bought a plot in the centre for 3,000 shillings using the savings from his shop and wanted to construct a semi-permanent building to be used as a new shop. He said he clearly needed a loan to build the shop and to stock it.

On further analysis, one thing was clear: that his shop was doing a good business. He was making an average profit of over 500 shillings per month and there was only one other shop in this area apart from his. He actually enjoyed a stable position and the demand for his goods was fairly constant. On some days, he receives over 200 customers a day. Conversely, in the area where he has bought a new plot, the other two shops have not been doing very well. The reason is that the main town is only three and a half kilometres away. So customers prefer to walk to town and buy the goods they need. The two shops only stock some staple items mainly sugar, salt, soap and boxes of matches. Kerosene is not stocked because customers prefer buying from a petrol station in town where it is slightly cheaper.

What this shop-keeper actually needs is to be advised on the different market potentials. He needs to invest in a venture with a huge market potential. Otherwise, he may stand to lose considering also the fact that the loan borrowed has to be repaid

in equal instalments probably over three years with some interest on top. He can save from his present shop and invest later rather than having recourse to a loan now.

Case 7: The Carpenter

The carpenter is a standard seven leaver. He taught in a nurser school and later left to start a carpentry business. He makes simple furniture like stools, chairs and doors and sells them to the local community. He employs one assistant and pays him 200 shillings a month. He could not quote for large contracts because he said he did not have enough money to employ more assistants, buy modern tools and enough quantities of wood.

When investigated and analysed further, it was found that the carpenter made a profit of approximately over 600 shillings every month. This was more than enough to pay for the simple way of living, and he was still single. The major problem, in fact, was that he gave almost all his spare cash to various relatives who continually pestered him with requests for help. What he really needs is to consider the long term future because his family's long term benefit depends on short-term sacrifices and proper financial management. If such an advice is heeded, he would soon probably be able to quote for and obtain contracts that would expand his business rapidly.

Case 8: Bicycle Repairer

The repairer also sells bicycle spare parts like rims, tyres and spokes. He makes a lot of money during the rainy months of April to August when many bicycles break down due to a lot of mud. Currently, he is renting the premise he occupies at the rate of 200 shillings per month. He said he needed more money to build his own shop-cum-garage.

On further investigation, the repairer had been offered to buy a building owned by his brother which was formerly used as a beerhall. The brother offered to sell the building to him at 8,000 shillings to be paid in equal instalments over a period of two years. The bicycle repairer, however, declined the offer and wanted instead to construct his own building. A rough estimate of the cost of his proposed building revealed that it would actually cost around 15,000 shillings. He had saved 5,000 shillings from his business and so needed another 10,000 shillings to be able to build his own shop-cum-garage. The brother's building was ready for occupancy and had more than enough space for both a shop and a bicycle garage. Instead of thinking of borrowing a loan which could take a long time if ever it will be forthcoming, the repairer should take the brother's premise immediately and avoid paying the rent. He should pay his brother the 5,000 shillings he had already saved and pay him the balance of 3,000 shillings by equal instalments of 200 shillings a month - the amount he usually pays as rent.

This implies that the balance can be cleared within a period of only fifteen months. So, what this bicycle repairer actually needs is management advice rather than more capital to enable him to analyse carefully different situations.

Case 9: Hotel Keeper

The hotel keeper owns a small hotel built using personal savings from his farm. In the menu, such things as tea, sliced bread, 'mandasi', 'chapati', boiled beans and maize, and eggs are offered. He claimed that his major problems were the lack of enough money to diversify the menu, and insufficient number of customers. As far as the latter problem is concerned, he attributed this to competition from another neighbouring hotel. He had an average of ten customers a day.

Further investigation revealed that the neighbouring hotel actually had almost the same things on the menu as the other hotel. It had an average of 30 customers a day. When I interviewed some few customers as to what they think of the two hotels, the reaction I got was that the services in the hotel under discussion were very poor and that the owner-manager was hot-tempered. It was claimed that the type of food and tea sold is sub-standard and that the owner was too "economizing" on things like sugar and milk added to the tea. As one put it, the hotel keeper sold just "coloured hot water." Conversely, the services in the other hotel were described to be good and so did the food offered.

While it is true that this hotel keeper needs more customers to boost his sales, what he actually needs initially is to develop good relations with the customers. Above all, he needs to improve the quality of the foods served. Only then can he be able to attract more customers and avoid having recourse to more money at all.

Case 10: Shoe-maker/Repairer

The shoemaker makes shoes from old tyres and bladders and also repairs all types of shoes. He has been selling the shoes regularly in the neighbourhood for many years. He, however, complained that sales had dropped off suddenly and so he needed more customers - because people were not buying as many pairs of shoes as they used to. The best way he could do to attract customers according to him was to sell the pair of shoes on credit.

By investigation and analysis, it was found out that people were now going to a nearby town where the latest styles of shoes were being sold. The shoe-maker's shoes were very cheap as compared to the ones sold in town but the people preferred to adopt the latest modern fashions.

The shoemaker actually needed to find out what his customers wanted, and to provide it. He needs to learn how to make the latest styles, and how to promote his goods and keep his designs up to date.

3.1.2. Conclusion

The cases described thus far are real life examples which were investigated during the research study. They help to show that though the owners sometimes claim that they need more capital, further investigation and analysis would reveal that something rather different is needed. This is not to say that it is always the case with all businesses; some in fact need more capital in order to develop. Due to the time constraint, however, it was not possible to get into details of all the businesses covered and describe the real life examples for both those which capital needs seemed illusory and those that seemed genuine. Furthermore, some of the information gathered from some businessmen was unreliable and could not be used. Under these circumstances, the few cases given will suffice, I hope, in contributing to the fulfilment of the objectives of the study.

What is clear after investigation and analysis is that the owners of the small businesses thought they needed more finance. But what they really need most is management advice, which would enable them to analyse their own situation and ideas, and how to develop the right solution to their own problems. Businesses are of different types, each situation is different and the circumstances are unique to each. Therefore, the type of training and advice which should be extended to such businesses ought to be one that takes into account all the varying situations and the uniqueness to each business. This calls for an individual extension service to every business.

3.1.3. Loan and the concern for Land:

When asked about what they could do with the loan if they were to be granted, the majority mentioned something directly related to the business. About 70 per cent said they would use the loan for the expansion of the business in terms of the size of the premise, or increase the quantity and variety of stock sold, or purchase some more equipment. One shopkeeper who rented a shop said the loan would be used for purchasing a personal shop, whereas another one said it would be used for meeting dowry expenses. The latter who was single argued that marrying a wife could directly contribute to the future success of his business in that there would be somebody trusted and reliable whom to delegate the responsibilities. Two respondents mentioned that they would use the loan for purchasing a piece of land and that the profit accruing from it would be put back into the business.

The concern for land was clearly shown when the businessmen were asked what they would do with any extra savings they had. Fifty per cent mentioned that land was the first priority. See Table 5. On the concern for land, Marris and Somerset say:

"Of all the interests which can distract a manager from the supervision of his business, farming is the most compelling. Land is more than another economic asset to exploit: it is the final security and proof of success." 2

For most men, land is still the goal and on the whole, the more successful a man is in his business, the more land he will try to acquire. In their study on Entrepreneurship and Development in Kenya, Marris and Somerset interviewed one of the most successful businessmen and what he said below summarises what most businessmen interviewed said concerning land:

"Without land you are useless. Money gets finished, but you never finish soil. Without land, you are nobody. Your business may collapse, land is always there. You can always get money from the soil." 3

Altogether, eighty per cent of the businessmen interviewed had some land of their own. Concerning which was more important to them, either their farm or business, 71 per cent said it was the farm, though it may not necessarily be more profitable. The remaining 29 per cent mentioned that their businesses were more important, either because they had no farm or because it was the more profitable.

Table 5

Priority at which Savings could be used

<u>Priority</u>	<u>% of Businessmen</u>
Purchase of land	50
Improvement of existing business	23
Purchase of cattle	18
Building of a residential house	7
Others	2
Total no. of businessmen	<u>35</u>

3.1.4. The Problem of Capital

Seventy per cent of the businessmen interviewed said lack of finance or a vehicle was their greatest difficulty as far as their businesses were concerned. Marris and Somerset interviewed African businessmen in Industry and Commerce and more than two-thirds of them said lack of capital was their greatest difficulty; also few of the country shop-keepers thought of any other problem worth noticing apart from capital.⁴ It was found that the commonest source of capital was private savings from farm revenues, and if the sum was too large for the man to find himself, he turned to friends and acquaintances or to members of his family. But these informal sources cannot provide large amounts and contributions can only be solicited amongst a man's acquaintances who know his standing, and they seldom have much to give. Out of the 35 businesses covered, 21 were under a single proprietorship, and the other 14 were jointly owned, either by a family or friends. In all cases except two, the businesses were financed from private savings and/or loan from friends. The other two had secured a loan from the Agricultural Finance Corporation which although the loan was meant for the development of their farms, it was diverted to the business.

The majority of small scale businessmen believe that their most important problem is the shortage of capital. As stated earlier, seventy per cent said their most important problem hindering the success of their business was the shortage of capital. So they believed that finance was the solution.

Others mentioned the lack of enough customers, competition from other traders, lack of a cheap and reliable source of supplies, and lack of book-keeping knowledge. It must be pointed out, however, that the answers mentioned by the businessmen may have been prompted by the belief that the interviewer may help them. But in most cases, the receipt of a loan was regarded as a passport to success. In his study entitled "African Traders in Kumasi", Garlick says that in some parts of Ghana, children are specially named on the day that a loan is granted to mark the event.⁵ In the study on the Small Business Administration, Parris had this to say: "Ask any small businessman what his principal problem is, and he will invariably say 'money' or the lack thereof."⁶

I have already stated in chapter one why small businesses are important and that they should be helped wherever possible. The Kenya Government is actually engaged in their promotion. The District Joint Loan Boards Scheme was established in the 1960s and was intended to give financial assistance to small traders in rural areas and other businessmen. By 1976, over 18,000 small traders had received loans from this source.⁷ During the current development plan period, K£2.4 million has been made for this programme.⁸ It is proposed to encourage small businessmen who in the past have been covered by the programme, to avail themselves of commercial bank facilities.

The District Joint Board Loans for the development of trade in the rural areas will continue to be a source of small loans to businessmen with small scale operation. In the 1974-78 Nandi District Development Plan, the following was the proposed development expenditure during the plan period.⁹

Table 6

K£ '000

<u>Project</u>	<u>1973/74</u>	<u>1974/75</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>
Trade Development Loans	15	30	30	32.5	45
Commercial & Industrial Development	-	-	5	5	5

In 1980 and 1981, the Nandi District Joint Loans Board awarded a total of 438,000 shillings to 65 traders, and 266,000 shillings to 51 traders respectively.¹⁰ Table 7 gives an analysis of loan defaulters for traders awarded loans from 1977 to 1981.

Table 7

<u>Year</u>	<u>No. of defaulters</u>	<u>Total amount defaulted to date (Kshs.)</u>
1977	107	317,182
1978	194	414,433
1979	173	373,296
1980	188	133,809
1981	188	269,984

Source: Nandi District Trade Development Office, 1981.

It is true that loans are often misused so that they neither result in the development of the business nor are they repaid in schedule as table 7 shows. It is therefore necessary to provide advice to potential loan recipients before giving them a loan rather than afterwards. Sir A. W. Lewis had this to say on Ghanaian business: "What these people need is first supervision and advice and only secondly capital."¹¹ Stanley and Morse say that the worst effect confirm that governments tend to think first of finance, and that they add management assistance after the failure of credit on its own.¹² Kamau agrees that capital is not the only input that is necessary for the success of a small business, but that managerial assistance is at least as urgent a requirement.¹³

As seen in the cases earlier discussed, most businessmen say that capital constraint is the most important problem affecting their businesses. But it was, however, found after careful investigation and analysis that capital is not the only problem affecting the small businesses, but other problems were identified, for example, the lack of management skill or markets, or competition from other traders. Many authorities emphasize the fact that lack of managerial and technical skills is the greatest impediment to small businessmen. Stanley and Morse say that loans must be denied until proper records are kept.¹⁴ It has to be realized, however, that the keeping of proper records does not necessarily

guarantee the success of a business enterprise; several factors contribute towards the total success of it. Sir W. A. Lewis conducted a study in Ghana and made this interesting remark:

"African enterprises cannot be built simply by lending Africans money. To lend money to entrepreneurs who lack managerial capacity is merely to throw it down the drain." 15

In the analysis of the brief cases presented earlier, it is possible to see that in many cases, extra money is not needed at all, but that better deployment of the existing resources is sufficient to finance the existing needs. By so doing, it is possible to earn the profits that will enable future development to take place. In his study on wholesale and retail trade in Tanganyika, Hawkins points out that in Tanganyika, a request for a loan or finance is a "standard procedure". More serious than this lack of capital is the "lack of knowledge as to the use of such capital as they do have." 16 In their book, Marris and Somerset 17 describe the development of various businesses which have thrived with a minimum of outside capital, and they point out that those businesses which were most dependent on Government loans tended to be the least successful, but that reinvested earnings were the most important source of capital for the successful businesses. Their conclusion is that training is necessary so that it will increase the number of businessmen who will be eligible for Government or commercial bank loans, or private equity finance.

3.1.5 Education, Training and Management Skills

The conclusion reached after a study of a few cases, was that, lack of management know-how is what is needed by most businessmen more than they need capital. Obviously, without some competence at reading, writing and simple arithmetic, it is hard to practise business at all, and when a businessman needs to command a wide range of general knowledge and handle professionally trained subordinates, then education may become important at a much higher level. Marris and Somerset argue that success in business is not likely to be closely and continuously associated with education or vocational training and that any attempt to teach entrepreneurial skills would have to determine very exactly what handicaps a businessman at a particular point in his growth. They suggest that an entrepreneur needs three kinds of skills: a practical imagination; an ability to order the day-to-day routine of his business; and enough general knowledge to support these first two skills.¹⁸

Among the 35 businessmen interviewed, some had never been to school while others had completed a primary or a secondary education. Tables 8 and 9 show their ages and educational levels respectively.

Table 8

<u>Age</u>	<u>Under 20</u>	<u>20-25</u>	<u>26-31</u>	<u>32-37</u>	<u>38-43</u>	<u>44-49</u>	<u>50-55</u>	<u>56-61</u>	<u>Over 62</u>
No. of businessmen	2	5	10	6	5	3	1	2	1 +35

Table 9

Education	0-3	4-7	8-12	Above 12	
No. of Businessmen	7	17	11	0	= 35

The figures in the table suggest that the majority of these businessmen have had a primary education and that the mode is within the age group 26-31. This is because most of them have no other job opportunities elsewhere and so occupy themselves with shop-keeping and/or other businesses mentioned in this project.

In an attempt to show whether there was any relationship between education and size of profit, experience and size of profit, age and size of profit, and education, I divided the businesses according to whether they made as much as 500 shillings profit a month. I used this classification and assumed that in order to distinguish the more successful businesses and just for the purpose of simplification, the method could, I hope, suffice. See Tables 10 to 13.

A word of caution concerning these figures is that the sample used is too small to be able to make concrete conclusions from them. It is rather difficult to correlate the relationship between the size of profit and the other variables mentioned: education; experience and age. However, comments can only be made concerning the findings.

Table 10

Education and Size of Profit

<u>Profit made by businessmen</u>	<u>No. with years of formal education</u>			
	0-3	4-7	8-12	Above 12
Under 500/-	6	12	5	0
500 and more	1	6	5	0

Table 11

Experience and Size of Profit

<u>Profit by businessmen</u>	<u>No. with years of experience in the same type of business</u>		
	Less than 5	5-9	Over 10
Under 500/-	17	2	3
500/- and more	8	2	3

Table 12

Age and Size of Profit

<u>Profit</u>	<u>Age of Businessmen</u>				
	Under 20	20-29	30-39	40-49	Over 50
Under 500/-	-	6	7	3	2
500/- and over	1	4	6	4	2

Table 13

Education, Age and Profit

<u>Education Standard</u>	Businesses earning 500/- profit per month or more by age and education				
	<u>Under 20</u>	<u>20-29</u>	<u>30-39</u>	<u>40-49</u>	<u>Over 50</u>
0 - 3	-	-	-	1	1
4 - 7	1	2	4	1	-
8 - 12	-	2	2	2	1

From table 10, sixty six per cent earn less than 500 shillings and only thirty four per cent earn over 500 shillings. Among the thirty four per cent is one illiterate businessman and six who have been to a primary school for four to seven years. The majority earn under 500 shillings and the mode for those who have been to school for four to seven years is twelve (4-7). Only five who have had eight and above years of education make a profit of over 500 shillings. It does seem, therefore, that education is no guarantee of success although the sample is too small to show this with adequate numbers. On the other hand, seventy seven per cent of those who made less than 500 shillings had less than five years of experience, while the remainder had five or more years of experience. This seems to suggest that there is a correlation between the experience and the size of profit under the particular circumstances. However, as indicated above, the sample is too small to be accurately conclusive. As a percentage of the total businessmen, seventy per cent had less than five years of experience.

If this was a large sample, it would suggest that most of the businessmen engage in the shop-keeping and/or the businesses covered in this research, and as they gain more experience, they either go to the farm or other types of businesses.

Concerning the age and profit, it is interesting to find a shoe-shine boy who was under the age of twenty but made more than 500 shillings. Further investigation revealed that he was an orphan and he learnt the business the hard way. Sixty six per cent of the businessmen interviewed are within the ages of 20-30 years. Forty three per cent of them earn over 500 shillings. From the analysis, the majority of the businessmen lie within the ages of 20-39 years and earn less than 500 shillings. Again, because of the small sample, it is not possible to see clearly the relationship between the age and the success of the business. From table 13 showing businesses earning 500 shillings profit per month or more by age and education, it can be seen that about seventy per cent are over 30 years of age. Out of these fifty nine per cent have had above three years of formal education. This analysis suggests that the more educated and elderly businessmen were more successful in the business than those under 30 and with less than four years of formal education. However, taking this group with over three years of formal education and over 30 years and comparing with the total businessmen, shows that the number is relatively small - it is about twenty nine per cent.

In all these analysis, it must be pointed out that the sample taken is too small for each category and thus a true picture may not be revealed. Although success in business may not be closely and continuously associated with education, a businessman needs at least to be able to read and write and understand things like adding up his accounts, preparation of an invoice, bank statement, etc. Marris and Somerset say: "Amongst the uneducated, only the most determined and intelligent are likely to survive in business, even on a small scale."¹⁹

3.16. Conclusion

In a study on the development of African private Enterprises, De Wilde says that "virtually all surveys on African businessmen have concluded that inadequate management is the most crucial factor."²⁰ In another study, Geiger and Armstrong stress that "inadequate business skills constitute a more serious though less intractable problem than inadequate capital."²¹ This problem of inadequate business skills is partly explained by the fact that the large majority of small-scale shopkeepers are essentially "one man operations." Usually the owner is himself a manager and does all the functions that pertain to the business, for example, ordering and purchasing of stock, keeping records, as well as selling. In some cases, of course, the size justifies the "owner-manager" situation, but—as the size expands, there is need for more delegation that the advantages of specialized activities can be realized.

Twenty per cent of the businessmen interviewed said that they were satisfied with the present size of their businesses, whereas eighty per cent said they were not. The majority are concerned with survival and growth and success of their businesses. But recognizing that inadequate business skills and experience are the principal bottlenecks in these businesses, there is a need to remedy the situation. The most feasible and practical way of imparting business skills is by providing training and advice to existing as well as potential businessmen. The nature and size of businesses, and also the age, education and experience of the businessmen vary such that the type of training and advice or extension service should be tailored to individual needs. This can only be possible by visiting and advising them on their premises.

The following brief section describes the reactions of participants at a traders' course organized by the District Trade Development Officer, Nandi District. This is not an attempt to find out how much the businessmen have learned but rather to get their opinions on how and what they think the course has benefited them.

3.2. Part Two

3.2.1. Introduction

The aim in reaction evaluation is to obtain and use information about trainees' expressed reactions to the training, and the main concern is about what trainees themselves think of the training. The information obtained can be used for modifying the current or subsequent courses. However, it has to be pointed out that this type of evaluation relies on the subjective reports of the trainees - their expressed reactions to the training.

The concept of total evaluation requires the use of all the four categories of evaluation: Reaction, Learning, Behaviour, and Results.²² It is pointed out that reaction evaluation is the least valuable type of evaluation and is at best an indefinite method for assessing the effectiveness of training outcomes. It provides a tentative answer to whether the training did its job, and it simply tells about the degree of apparent acceptance of the programme. As I pointed out earlier, it is "apparent" because a trainee may be reluctant to tell the truth about his feelings. However, I chose this method because the businessmen interviewed in this project differed a great deal in their backgrounds and also, the type of businesses vary and they do not face the same problems. In this project, the views of 19 businessmen who participated in a traders' course will be discussed.

3.2.2. The Government's Concern

The Government through the Ministry of Commerce is placing considerable emphasis on training and development of businessmen throughout the Republic. This is evident in the measures taken by the Government to promote small-scale businessmen and also in the institutions which have been established for that purpose. The Management Training and Advisory Centre was established in 1966 as part of assistance to Kenya by the United Nations Development Programme. Among the objectives of the centre is to provide management training in small and medium sized business and industry with emphasis on proper use of modern business methods and systems; and to provide advisory and extension services to small and medium sized business in urban and rural areas. It works in conjunction with other agencies like the Kenya Industrial Estates and the trade development officers in offering training and extension services to businessmen.²³ It has been assigned the role of coordinating the efforts of these agencies, and according to the current development plan, the centre has been allocated K£257,000 in the development expenditure vote and K£596,000 in recurrent expenditure. It is to expand its programme and emphasize management training for small businessmen and the training of extension and advisory services staff.²⁴

Each of the eight provinces has a Provincial Trade Officer and a number of District Trade Officers reporting to him, and part of their many duties is to organize training courses and advise local businessmen. The courses usually include simple book-keeping, lectures on good management techniques, the role of different public offices connected with trade, and general topics like County Council By-Laws; Law and Order and Public Health.

3.2.3. Reasons for attending the Course

The number of courses organized by the District Trade Development Officer, Nandi District every year is sometimes one or two. Table 14 shows the breakdown of attendants at traders' courses organized within the district in four years. There were no specified qualifications or conditions set before attending a course. Usually, the fee is 50 shillings per person. Despite the low fee charged, it can be seen from the figures given that the number of courses organized are very few and so are the participants in such courses. One possible explanation of the low turn-out and also the infrequency of such courses is that the traders are reluctant to attend. They usually complain that attendance at such courses necessitates their absence from the businesses and hence, temporary closure or unsuitable management. Another reason given by the trade officer is that there are not sufficient funds, and also enough time and staff to organize courses regularly and to cover many businessmen in all the locations in the district.

Table 14

Breakdown of Participants

<u>Year</u>	<u>No. of Participants</u>	<u>No. of Courses</u>
1977	23	1
1978	34	1
1979	37	1
1980	43	2
1981	-	-

NB. At the time the interview was conducted, no course had been organized for 1981.

When I interviewed the participants at the traders' course, they gave several reasons why they attended the course. As expected, the majority responded that their main reason was to gain more knowledge and be more acquainted with the modern methods of business management. It was interesting, however, that a good number of them mentioned that they wanted to obtain a "certificate of attendance", and as will be shown later, it was thought that it would enhance the chances of procuring a loan. Two said that their attendance was a chance to meet and be known to the Officers so that in future, their chances of getting credit facilities through such Officers can be greatly improved. Table 15 gives a summary of the frequency of the reasons given for attending the course. Note that a businessman could give more than one reason; and hence, the use of frequency.

Table 15Reasons for attending the course

<u>Reason</u>	<u>Frequency of reason given</u>
To gain more knowledge	18
To obtain a certificate	13
To obtain a loan in future	9
To be known by the Officers	2
To widen experience	1
To meet with other businessmen	1
Requested to attend	<u>1</u>
Total number of businessmen	19

When I enquired on how the certificate of attendance would help them, the majority cited its importance when applying for a loan. See Table 16. The certificate could also be considered a requisite when applying to attend some more advanced courses of the same nature, or even when applying for a job. It was considered by one participant as an indication of achievement, and another thought that the customers would show more trust and respect to those who have attended a course and hence, the likelihood of attracting more customers. Obviously, it is very difficult to ascertain such a claim in cases where a business offers just a general service, for example, selling goods. However, where a service is specialized, for example, that of a barber, carpenter, shoe-maker, or tailor, it is possible that more clients will be attracted once the proprietor attends a

special course relevant to the business and also if the new skills learned are carried over to the job situation.

Table 16

Usefulness of a Certificate of attendance

<u>Use</u>	<u>No. of times mentioned</u>
When applying for a loan	15
Application for employment	5
For advanced courses	3
An indication of achievement	1
Respect and trust from customers	1
An encouragement to others	<u>1</u>
Total number of businessmen	<u>19</u>

Every businessman who attends such courses feels entitled to a "certificate of attendance" which to many is presumed to be a requisite for a recommendation for a loan. From the foregoing analysis, it seems that the courses are viewed by the businessmen as stepping stones to loans. If businessmen are encouraged to attend such courses, or to keep proper books of accounts in their businesses as an incentive of improving their chances of getting a loan, it would mean that they will always attempt to fulfil those requirements. The course itself would come to be regarded as a qualifying exercise. The danger is that such qualifications are then perceived not as ends in themselves, nor a direct means to better management of higher profits, but as means to the end of being

granted a loan. Concerning the traders interviewed during his study on the introduction of a cost-effective extension service to small businesses, Harper says that attendance at a course is "recalled by a framed certificate on the wall rather than by adoption of any better business practices."²⁵ In such a situation also, books of account would be kept by rote with a view to qualifying for a loan without making any attempt to find out how they may be used to make any difference to the business.

Trade Officers may be justified in using the possibility of improved chances of a loan as a means of recruiting participants because it may be difficult persuading the businessmen to attend courses. Presumably, it is also possible that the businessmen who sacrifice to attend a course are more interested in learning how to be better businessmen and might be expected to make better use of the loan. However, emphasizing loans so much may reduce the effectiveness of the training programmes.

3.2.4. Views of the Participants

It is rather difficult to evaluate the success of such a course and be able show with concrete facts and figures the extent to which it has contributed to the success of a business. **First** of all, the businesses are of different types and situations and circumstances are unique to each. Also, the businessmen themselves vary in terms of age, education and experience, and other backgrounds. Therefore, what or how

the course has specifically contributed to the success of their businesses is not easy to measure because merely attending cannot be singled out as the sole contributing factor. The success or failure of a business depends on so many other factors. Furthermore, as it was pointed out earlier, there is no 'single' way of managing. However, the views given by the participants at the course may help to show the degree of apparent acceptance of the programme.

Eleven of the participants said that as a result of attending the course, they were now trying to maintain proper records of their businesses and practice of good management techniques. This is especially in areas of purchasing and the sale of the right quantities of stock; sales promotion practices; proper financial management especially debts, and the establishment of good customer relations. The use of a cash book and ledger, and the writing of simple statements like the profit and loss account and the balance sheet were claimed to be among the new changes introduced. Reduction in bad debts was mentioned as one of the benefits arising from the attendance of the course as there was now a proper management of debtors due to consistency in keeping records. Eight participants maintained either that there was no need to introduce other types of books of accounts as just simple records on an exercise book could do, or that they in fact had been using such books and that they only learned more details especially, on the writing of simple statements. Although the reports given by the participants are subjective, their views can be useful in improving the training course.

Most participants said they liked the book-keeping topic best in that it was challenging and directly useful in their businesses. However, some pointed out the fact that book-keeping exercises were very hard and difficult to follow even the short time allocated to the lesson. Other topics involved just general discussions like County Council By-Laws; Law and Order ; Public Health; the functions of I.C.D.C. and K.N.T.C., etc., and some of the traders claimed that they already knew about them, or that the topics were not directly relevant to their businesses.

The introduction or improvement of record-keeping often provides the businessmen with a valuable tool, and the books so kept are only a means to an end. This is not to suggest that there are no benefits to be gained from keeping records. Although poor record-keeping may not cause a business to fail, many failures can be prevented by good records. A regular study of accurate records makes it possible to detect trends, set sales and profit goals intelligently, and make plans for reaching those goals. However, if the purpose of accounts is taken to be the determination of profit or loss, and an overall record of how the money has been spent, then rough methods may serve as well. In discussing about problems of training entrepreneurs, Marris, et.al.say: "When inadequate accounting does begin to be a serious handicap, the missing skill is not competence in routine book-keeping, but a weakness of organization."²⁶ As pointed out earlier, some businessmen may keep books of account by rote, and as a means to the end of being granted a loan.

The information about the participants' reactions to the course is given in Tables 17 to 19. As has already been mentioned, this is a subjective assessment of the trainee's reactions to the course. Some authorities say that information about trainees' reactions to training may be obtained during training, immediately after training, or some time later.²⁷

Three scales were used, and the intervals along each scale were numbered from 0 to 6 starting from the 'no change' to 'Greatly improved', so that a high number indicated a favourable reaction. Each participant indicated his answer by putting a mark in what for him was the appropriate interval in each scale. The means and medians are calculated in each case. An average of the scores on the scale is 3, and I assumed that a favourable reaction is indicated by an average of scores of magnitude 3 or more.

Table 17

Results of Reaction to the Value of the Course

<u>Score (X)</u>	<u>Frequency (F)</u>	<u>F x X</u>
0	0	0
1	0	0
2	2	4
3	3	9
4	5	20
5	4	20
6	5	30
	<u>Sum of F = 19</u>	<u>Sum of F x X = 83</u>

Therefore the average score is $\frac{83}{19} = 4.36$

The median is the 11th number, which is 4.

Table 18
Results of Reaction to Knowledge of Book-keeping

<u>Score (X)</u>	<u>Frequency (F)</u>	<u>F x X</u>
0	0	0
1	1	1
2	2	4
3	1	3
4	4	16
5	7	35
6	<u>4</u>	<u>24</u>
	Sum of F=19	Sum of FxX = 83

Therefore, the mean is $\frac{83}{19} = 4.36$.

The median is the average of the 10th and the 11th number, and is 5.

Table 19
Results of Reaction to Knowledge of Good Management Techniques

<u>Score (X)</u>	<u>Frequency (F)</u>	<u>F x X</u>
0	0	0
1	1	1
2	2	4
3	7	21
4	5	20
5	4	20
6	<u>0</u>	<u>0</u>
	Sum of F = 19	Sum of FxX = 66

The average is $\frac{66}{19} = 3.47$; the median is 3.

The opinions given by the participants on the value of the training course show that the average score is 4.36. This is above the mean of the scores of 3. The median is defined as:

"The value of the middle item (or the mean of the values of the two middle items) when the items are arrayed, that is arranged in an increasing or decreasing order of magnitude."²⁸ In this case, it is 4, and is also above the average of the scores on the scale.

Incidentally, the average score in the case of opinions of the book-keeping knowledge is also equal to the average of scores on the value of the training course. This must not be interpreted to mean that the two opinions given on the two areas are identical. This, of course, depended on the frequency of the different scores. The median in this case is 5 and is also above the mean of the scores which is 3.

As concerning the opinions on knowledge of good management techniques, the average of the scores is 3.47 and is again above the mean of the scores. The median in this case is equivalent to the mean of the scores and is 3.

From the foregoing analysis, it is seen that the average of the scores for the opinions on the value of the training course as a whole is the same as the average of the scores on book-keeping knowledge. The average for good management techniques is slightly lower than the average of the other two but is above the mean of the scores on each scale. This must be seen as an interpretation of the sum of reactions of the participants. Taken on an individual basis, it was

obvious that some showed an unfavourable reaction to the course as a whole and to the specific topics taught. In all, the average of the scores is above the mean of the scores on the scale which suggests a favourable reaction by the participants. But it should be pointed out that while this method of evaluation may serve a purpose, it only provides a tentative answer as to whether the training did its job. It tells nothing about the effectiveness of the programme in terms of the other three categories: the learning, job behaviour, and functional (efficiency and costs) levels. It is also possible that the participants may have been reluctant to tell the truth about their feelings, and so the findings may only help to show the degree of apparent reaction to the course. Nevertheless, although the reports given by the participants are subjective, their views can be useful in improving the training course.

Tables 20, 21, 22 and 23 give a summary of the opinions of the participants on the level of understanding of the language used for instruction at the course, language preference, the venue, and duration of the course respectively. It is worth noting that the sample taken is too small to be able to arrive at generalized conclusions. However, it may be commented that the language preferred to be used in the course depended on the tribal background of the participants. The Kalenjins would prefer Kalenjin to be used as a medium of instruction and likewise, the Luos would prefer instructions in their mother tongue. However, in a district where the businessmen are represented by different tribes, then a common

language understood by all ought to be used. It was interesting to note that the language used as a medium of instruction, Kiswahili, was given first preference by eight participants, and seventeen out of nineteen of them mentioned either that they understood the language fairly well, or very well.

Those who thought the venue of the course was not convenient mainly mentioned that it was because of the long distance they had to travel and hence more transport costs, or that their businesses and families had been left unattended. It was suggested by six participants that the course be held near the businessmen's premises, or alternatively have consultants to extend advice and instruction to businessmen in their premises. This would, they argued, save time and money used in travelling to a distant venue thus avoiding leaving the business either closed or unattended to properly during the period of absence.

Table 20

<u>Degree</u>	<u>No. of Participants</u>
Very well	7
Fairly well	10
Very little	2
Not at all	<u>0</u>
Total no. of participants =	19

Table 21

Language Preference (First Priority Only)

<u>Language</u>	<u>No. of participants</u>
Kiswahili	7
English	4
Kalenjin	5
Others	<u>3</u>
Total no. of participants =	19

Table 22

Convenience of the Venue

<u>Response</u>	<u>No. of Participants</u>
Yes	11
No	<u>8</u>
Total no. of participants =	19

Table 23

Duration of the Course

<u>Response</u>	<u>No. of Participants</u>
Not enough	5
Enough	9
Too Long	3
Too Short	<u>2</u>
Total no. of participants =	19

3.2.5. Conclusion

Businessmen differ in their backgrounds, and invariably their business operations reflect this background. The courses offered to such businessmen will be less effective the wider the range of businesses they try to cover. For example, a carpenter and shoe-repairer, tailor and baker do not face the same problems. The circumstances and situations are unique to each and therefore, training needs to be tailored to the needs of individual businessmen by only visiting them on their premises. In order to ensure the transfer of class-room knowledge into practical day-to-day business operation and also helping businessmen to recognize existing and potential problems, then this approach may be the most effective. The major obstacle, however, which is usually acknowledged is the shortage of qualified staff. Harper undertook an experiment to determine whether a less qualified person would equally render effective extension service to small-scale retailers and he reported that the results were encouraging.²⁹

In the small businesses, the owner is usually a manager and often the sole employee and so find it difficult to be absent from their businesses for more than a few days at a time. The absence means either closing the business or entrusting it to somebody who may practice unsuitable management. The visiting of businessmen on their premises in order to give advice and instruction is supported by other authorities.

The I.L.O. recommends that:

"Follow up (to courses) is required in the form of business promotion and advisory services that will be geared to the need of smaller wholesalers and retailers."³⁰

And a report of the Working Party on Small Business Development say that:

"The training of small businessmen is most effectively accomplished through an extension service on the premises of the business itself."³¹

Harper concludes that "individual extension is a most suitable form of training for small general shopkeepers in general and for retailers in particular."³²

The following chapter contains a summary and conclusions of the findings of the study.

it is possible with small businesses to use local management, local money and local labour without using much of the scarce foreign exchange, and they also act as good training grounds for entrepreneurs and managers who can run big businesses as well as small ones.

The owners of the businesses covered in the project mentioned several problems, which in their view, impeded the success of their businesses. Among these were: lack of finance; problem of supply and transportation of stock; insufficient number of customers; competition from other traders; lack of book-keeping knowledge; and the persistent request by customers to take goods on credit. However, the most recurring problem mentioned was the lack of capital, and over seventy per cent of the businessmen considered that the availability of this would make their businesses more successful. This allegation is supported by other studies cited earlier that businessmen would always mention capital as their major problem. However, the limitation in this study is that a small sample was taken and the conclusion reached may not be very valid.

The concern for land was indicated by the businessmen when they mentioned that any extra savings would go towards the purchase of it as it was considered a proof of success and final security.

Ten cases of real life examples are described, and it was clear after investigation and analysis that the owners of the small businesses thought they needed more finance. But the major problem was lack of management advice and so they could not be able to analyse their own situations and ideas. It was observed that problems of inadequate business skills is explained partly by the fact that the large majority of small-scale shop-keepers are essentially "one man operations" where the owner is a manager and does all the functions. It was suggested that as the size expands, there is need for more delegation so that the advantages of specialized activities can be realized. It was concluded that the type of training and advice which should be extended to such businesses ought to be one which takes into account all the varying circumstances, situations and uniqueness to each business. The nature and size of businesses, and also the age, education and experience of the businessmen vary such that the type of training and advice should be tailored to individual needs. This can only be possible by visiting and advising them on their premises.

In part two of chapter three, the views of nineteen businessmen who participated in a traders' course were analysed. Reaction evaluation was used, and it was pointed out that this is the least valuable type of evaluation for assessing the effectiveness of training programmes. However, the method was chosen because it was thought as the most suitable for the type of businessmen interviewed whose businesses also varied.

The government's concern in the training and development of small-scale businessmen was indicated and the measures it has taken for their promotion were mentioned.

The reasons for attending the course were also sought and it was found that the majority of the participants wanted to increase their knowledge in management techniques, and to obtain a certificate of attendance. The latter was viewed by many as a "ticket" to improving their chances of procuring a loan sooner or later. It was concluded that if the possibility of improved chances of a loan is used in recruiting participants, then it may reduce the effectiveness of the training programme.

A number of participants expressed satisfaction and claimed that the course was beneficial to them. But the main problem of evaluating management training is that it is very difficult to associate the success in a business to the value of the training course. Several factors help contribute and it is therefore rather difficult to attribute the success solely to the value of the training. This type of evaluation relied on the subjective opinions of the participants.

The average of the scores was found to be above the mean of the scores on each scale, which suggested a favourable reaction by the participants. The C-I-R-O- framework of evaluation suggests the use of all the four levels of evaluation. The reaction level used in this study only provides a tentative answer about the effectiveness of the programme in terms of the other levels. However, it does show the apparent favourable

reaction to the programme, and the results obtained can be useful in improving future training courses.

In small businesses, more capital is sometimes necessary, but as it was found out, better management can even enable better use of the existing capital and the objectives of the business can be achieved without recourse to loans at all. The owners may not be interested in self-improvement at all except perhaps if that means getting a loan, and so the training offered must be made attractive and the businessmen encouraged to change their habits and learn to analyse their problems and develop solutions. Management of small businesses involves special skills and techniques but positive attitudes and motivation are very vital. However, it is unlikely to develop such attributes in a traditional classroom teaching. The extension service, which involves a visit to the businessman's premise may be the most appropriate. Small businesses are different from one another and the problems are unique to each. Even if the goods and/or services sold are very similar, the purchasing and sales promotion policies, credit policies, and the methods of dealing with customers, etc. vary very widely between one business and another. So, the problems of each business must be examined by enquiry and observation and then appropriate recommendations made for improvement.

An obvious limitation to this study is the short time that was available to conduct the research. As a result of this constraint, it was not possible to study a large sample in greater detail. The sample taken may be too small such that it restricts generalization from the study. Another deficiency in the study is that due to the shortage of ample time, the methodology for gathering the information may contain some flaws, especially in the evaluation of management training. However, despite the limitations mentioned, it is my hope and belief that within the space of time and resources available, the objectives set out for the study have been adequately accomplished.

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