AN EVALUATION OF ENTREPRENEURSHIP EDUCATION AS A TOOL USED BY THE GOVERNMENT TO PROMOTE GROWTH AND DEVELOPMENT OF SMEs IN KENYA
A CASE STUDY OF THE KPMG TOP 100 SMEs

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the Research project contains no material previously published or written by another person except where due reference is made in the Research project itself.

..……..... [*Name of Candidate*]

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This Research has been submitted for examination with my approval as the Supervisor.

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Contents

List of abbreviations

Kenya Private Sector Alliance (KEPSA)

Small and medium sized enterprises (SMEs)

Presidential Round Table (PRT)

KPMG

Nairobi securities Exchange (NSE)

Kenya National Examination Council (KNEC)

ABSTRACT

The primary aim of this was to evaluate entrepreneurship education as a government policy tool, to stimulate growth and development of SMEs in Kenya. The SMEs considered for this study are all considered the best in their fields according to KPMG's Top 100 SMEs. The study focused on owners or management of the SMEs selected. The study investigated whether entrepreneurship education had an effect on the performance of the selected KPMG Top 100 SMEs and subsequently their growth and development. The study made use of the data collected through the use of self-administered questionnaire in a survey. The data analysis included descriptive statistics and the T-test. Results showed a positive impact on the performance of SMEs in Kenya through the study of KPMG's Top 100 SMEs in 2015.It particularly improved entrepreneurship skills and knowledge of both the owners and managers of SMEs. The study indicated the extent to which entrepreneurship education plays in the growth and development of SMEs through highlighting the positive relationship between entrepreneurship education and growth and profitability of SMEs.

Keywords: Entrepreneurship education, KPMG TOP 100 SMEs, Kenya

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

According to a report by the World Bank (World Bank, 2015), Small and medium enterprises (SMEs) in Africa have been hailed as the engine of economic growth. Formal SMEs are reported to contribute up to 45 percent of total employment and up to 33 percent of national income (GDP) in emerging economies, when informal SMEs is included, this percentage is higher.

SMES are an essential part of the economic fabric of developing countries (Dalberg, 2011). Entrepreneurship brings about new sources of employment and productive investment, and the basis for growth and poverty reduction. Historically in developed countries, SMEs have benefited those economies and have contributed to the thriving economies that they are today (Khrystyna Kushnir, 2010).

Kenya is a country with an increasing rate of unemployment and poverty. It has promises of a potential economic growth in the private sector (Economics, 2016). The government and private businesses have taken an initiative at attempting to address these challenges. Researches from various parts of the world support that the collaboration of government and private sector promote development of SMEs for sustainable economic growth (Khrystyna Kushnir, 2010).

(McManus, 2005) vouched for the importance of small firms in the European Union citing that they offered substantial benefits arising from the ability to work flexibly from home particularly in micro firms where a lot of growth has been evident in the European Union. Literature suggests that Small firms have traditionally offered quicker production growth in comparison with larger firms, thus proving the potential of small firms as key drivers of the economy. This characteristic can be attributed to the fact that smaller firm have a higher risk appetite than their larger counterparts (Hall, 1995).

Small firms have had an extensive role to play in the increase of innovation and the reduction of the productivity gap when The European Union is compared to the United States (Communities, 2003).The importance of SMEs in Europe is evident where European SMES in 2005 accounted for 99.8% of all European enterprises, 67.1 % of private jobs and more than 80% of employment in important industrial sectors such as metal products, manufacturing, construction and furniture (Commission, 2008).

Through the support of the government in the European Commission this was made a reality. Financial support framework programs have been used to facilitate growth and development in the European Union (Audrey Gilmorea, 2013).

(Chen, 2006) credits the Chinese government as a key driver of the country's SME success. He breaks down the efforts of the government into three phases where cumulatively the government focused on encouragement of SMEs through support township developments, collective and self-employed developments through both monetary and fiscal policies. These initiatives resulted in the rapid expansion of enterprises that saw great economic development and improvements in people's living standards. (Council, 2004) reports that as 2001 about 2.4 million SMEs in China accounted for 99% of all registered corporations following government initiative. This resulted in increased employment, exports, economic growth and science and technology innovation.

(Tambunan, 2008) reports of how numerous government promotion programs for SMEs in Indonesia have been initiated. Some of these programs include Small Enterprise Credit Scheme .The schemes were set up to avail subsidized credit facilities for village units via small rural development banks. Human resource development programs for general management, management quality systems. Various government department were put in charge of these programs and took the lead in the implementation of the SME development programs.

As a measure of the effectiveness of these government programs in Indonesia (Institute, 2005) conducted a filed study which concluded that a majority of the SMES did claim that their businesses had improved due to the assistance programs from the government.

In Kenya the Gross Domestic Products was worth 55.24 billion dollars in 2013, (KNBS, Kenya GDP 2013, 2013) SMEs were estimated to have contributed about 45% of the GDP. In addition to this the sector employs about 85% of the Kenyan workforce. Kenya's Vision 2030 projects that SMEs will be used as a key economic tool to foster growth and development as well as a lever in the enhancement of the country's global competitiveness.

For SMEs to progress, an enabling economic environment is without a doubt key in their success. More often than not, the economic environment is plagued by corruption, tedious legal and compliance requirements, tax issues, insecurity and inefficient government services. All of which are under the control of the government. The

difference between SMEs that grow and those that find it difficult to grow is the ability of their owners to learn and acquire skills fundamental to their craft. The government in a bid to promote SME development enlisted the help of entrepreneurship education (King, 2003).

(D.Johnson, 2000) in their paper emphasized the need for entrepreneurship education in Kenya due to the countries changing economic demands. The increase in the need for supply of entrepreneurs who were trained in technology and business could only be achieved through employing of entrepreneurship education in the curriculum. Entrepreneurship education ranks high on policy agendas in many countries including Kenya but little has been researched on the impact of this initiative by the government. There are still doubts whether entrepreneurship education affects performance, growth and developments of SMEs. With the majority in agreement that there is a limit to what can be taught, entrepreneurship education still is promoted in the Kenyan curriculum. Thus the debate on the effectiveness of entrepreneurship education in Kenya still surges on.

1.2 Statement of the Problem

SMEs play an important role in Kenyan Economics as clearly indicated in (KNBS, Kenya GDP 2013, 2013) where nearly half of the GDP came from the sector. The rise of the middle income class has propelled SMEs more by promoting the service industry players (KPMG, 2015) due to an increase in consumption of consumer goods. However, past statistics indicate that three out of five businesses fail within the first few months of operations (KNBS, Small And Medium Size Entreprises, 2007).This has made it very difficult for businesses to grow into large scale enterprises. (King, 2003) cites this failure as a result of challenges faced by small firms which affect their growth and in turn diminish their ability to contribute effectively to sustainable development.

(Wanjohi A. M., 2010) outlined lack of managerial training, experience and lack of education and skills as that cancer that plagues most SMEs and inhibits their growth and success. This comes in spite of government effort to promote entrepreneurship education initiatives as a way to culture entrepreneurial spirit and subsequently SME growth and development.

It was therefore unclear how and to what extent, government initiative in the promotion of Entrepreneurship education, has contributed to performance, growth and

development of SMEs in Kenya. These were the primary concerns that the researcher set out to find out.

1.3 Purpose of the Study

This study was aimed at examining and analyzing the role of the government in influencing growth and development of SMEs in Kenya through Entrepreneurship education programs. Importance of Entrepreneurship education and its effectiveness as a tool of promotion of SME growth and development in Kenya.

1.4 Objectives of the Study

The objectives of this study were to;

I. To determine whether a relationship between Entrepreneurship education and the growth and development of SMEs in Kenya exists.
II. To evaluate the effectiveness of Entrepreneurship education in promoting growth and development of SMEs in Kenya.

1.5 Research Questions

I. To what extent does Entrepreneurship education affect the growth and development of SMEs in Kenya?
II. How effective is Entrepreneurship education as a tool for the growth and development of SMEs in Kenya?

1.6 Significance of the Study

This study aims at finding out how the government incentives in Entrepreneurship education is related to the growth and development of SMEs and how the government can formulate strategies and policies for improving business conditions, boosting the capacity of SMEs, improving the performance of SME leading to their ultimate success, expending the financial sector and strengthening links firms which will permanently increase SME access to finance. The perception of the effectiveness of Entrepreneurship education will enable the government and education institutions improve on the existent framework in place.

The factors influencing the success of SMEs provided by various authors will be compared with those provided by the entrepreneurs themselves so as to draw a comprehensive conclusion.

CHAPTER TWO: LITERATURE REVIEW

2.1 Definition of SMEs

Small and Medium sized enterprises are generally referred to as to as non-subsidiary, independent firms that employ less than a given number of employees. This number is subject to countries and may vary. The most frequent upper limit designating an SME is 250 employees as in the European Union (Union, 2003). However some countries may set the limit at 200 employees while the United States considers SMEs to include firms with fewer than 500 employees (OECD, 2005).The most common criteria used for the definition of SMEs are the number of workers employed, the potential energy and investment (Chacuamba Ferlizdoar, 2011).

In Kenya according to the MSE Act of 2012, Small enterprises can be described as a firm, trade, industry or a business activity whose annual turnover ranges between five hundred and five million shillings. SMEs employ between ten to fifty people and their total assets and financial investment are determined by the cabinet secretary from time to time while medium enterprises are said to employ between fifty to a hundred and fifty people (MSE, 2012).Sectors include manufacturing where the investment in plant and machinery as well as the registered capital of the enterprise is between ten and fifty million shillings. In addition, service and farming enterprises in this category, have equipment investment as well as registered capital between five and twenty million. Medium enterprises are those that exceed the above limits.

2.1.1 SMEs in Kenya

In Kenya Small and Medium Sized enterprises are divided into four areas including agriculture, trade, manufacturing and provision of services. This division affirms that Kenya's SMEs are involved in all sectors of the economy despite that fact that the disproportionate numbers are found in agriculture and the provision of services (MSE, 2012).

According to a report on Kenya's economic outlook as at 2015 (Africa Outlook, 2015), the government of Kenya showed improvement in the private business sector of the country by injecting numerous investment in physical infrastructure. In addition to this it fostered public-private dialogue by collaborating with the Kenya Private Sector Alliance (KEPSA), established the Presidential Round Table (PRT) to discuss the role each party had in improving the business climate in Kenya.

The performance of the four SME sectors as ranked by a survey carried out by Nation Media group in collaboration with KPMG (KPMG, 2015)announced that the service industry had taken the number one spot while manufacturing sector dominated the top ten in the top a hundred list. Telecommunication and professional services firms were among those that recorded the biggest growth of more than 80 per cent. The performance was linked to quality offering and good marketing strategies that won the firms more clients. The survey showed that Kenyan firms are increasingly attracted to joint ventured with foreign investors as a way of tapping more funding and expertise to fuel growth.

In conclusion the survey found out that one-third of the businesses aspired to list on the Nairobi securities Exchange (NSE) in the medium term. The service industry emerged as one of the up and coming SME sectors due to rapid urbanization and expansion of the middle-class, which has increased the demand for consumer goods and services (Top 100 SMEs competition, 2013).

To understand SMEs it is important to understand the different types of entrepreneurs involved (Kiggundu, 2002).In the Kenyan economy entrepreneurs, micro-entrepreneurs, women and youth entrepreneurs are the common categories used to evaluate entrepreneurs (Milcah Wavinya Mulu-Mutuku, 2015).

In a study aimed understanding the potential of SME sectors in Kenya, four categories were examined (Julia Brethenoux , Marnix Mulder, 2015).

1. Necessity Entrepreneurs

This refers to small enterprises that operate in rural areas and asset light sectors such as retail, trade, agriculture(as subsistence farmers).Their main focus is income for their family needs and this experience low growth. Rarely do people in this category employ non-owners and they only succeed over a long time.

2. Parallel and Network Entrepreneurs

This kind sees growth in their first ventures and grows horizontally by setting up other ventures addressing opportunities arising in non-related industries.

3. Moderate growth entrepreneurs

They often start family businesses in the manufacturing, agri-business and trade sectors for more than 10 years and are characterized by a low or moderate growth. They mostly remain small to medium in size usually employing 5 to 50 people. Stability is a key driving factor for them.

4. High Growth Startups

Although the most surveyed and studied due to their often innovation-driven high growth rates, they actually represent a small segment of the Kenyan SME landscape. They can be micro or small in size (having been in operation for less than 5 years) and they are often owned by young entrepreneurs generally educated or with previous work experience abroad. The fastest growing usually work in tech and financial services sectors.

It is evident from the above categories that each entrepreneur leans towards their own strength. All seem develop their skills in their particular fields through formal and informal entrepreneurship education. Therefore in order to determine the growth and development of SMEs it is important to examine how the entrepreneurship spirit can be cultivated in entrepreneurs. Entrepreneurship education is one way in which the government can facilitate this entrepreneurial spirit.

2.2 Government role in Fostering Entrepreneurial spirit

Small and Medium Enterprises are a result of entrepreneurship. (Birch, 1987) Described entrepreneurship as a solution to the fast-changing economic demands across the world and a sustainable path to sustainable economic development. (Minniti, 2008) Emphasizes this by citing a claim in the field of entrepreneurship that credits entrepreneurship as an activity that promotes economic growth and development, which they do so through SMEs. The role of government in promoting this activity has therefore been of keen interest as its policies towards entrepreneurship has a direct effect to the growth and development of SMEs.

In Understanding the Growth and Development of SMEs, early researches have in the past referred to the life cycle model to evaluate the status of SMEs (Hanks, 1993).In this model the SME is said to generally manifest in four stages, as the rate of transition will depend on a country's economic development (Stephan Schmitt-Degenhardt A. S., 2002).The first phase referred to as the formation phase, documents the startup phase of an enterprise where low growth rates are dominant. The second phase "Expansion" sees an increase in production, turnover and employment of a larger workforce to cope with increased productivity. The third phase, "maturity stage" document a decline in growth rate as the initial business idea and concept no longer guarantee dynamic expansion. The fourth and final stage "Diversification stage" sees the company advance towards a broader and more dynamic business concept to complete the pre-existing one. The cycle might repeat itself should the company reach the final stage. (Mbesa S, 2012) measured growth and development of SMEs through analyzing annual sales, profitability of the business, value of the assets and the number of employees in a business over time, which was a simplistic version of the life cycle model.

The Government of Kenya is the sole regulator and licensor body in the country and as such plays an important role in SME growth and development. Through different ministries, departments and state corporations, the government is in charge of making policies to impact SME development (MSE ACT 2012).Through this policies, the government puts in place a framework for businesses to receive appropriate incentives to facilitate efficient performance. Such interventions from the government stimulate growth of enterprises to develop to be larger formal enterprises (Wanjohi A. M., 2010). Efforts by the government to stimulate this sector begun with the Kenya Local Government Reform programme of 1999.The programme was aimed at a deliberate

policy aimed at reducing poverty and unemployment to accelerate economic growth. The programme focused mainly in improving service delivery, enhancing economic governance and eradicating poverty. The government initiated the Single Business Permit and the Local Authority Transfer fund as a way to curb the licensing problems faced by SMEs in the startup phase.

The government recently initiated the modernization of tax administration (i tax), which has simplified filing of returns and a new competition framework that inhibits monopolies in business sectors. In addition to this business licenses have been simplified and introduction of performance contracts have been introduced in the investment framework (African Development Bank, 2013).

Financial challenges met by SMEs in initial and subsequent development phases (Mugure, 2008), were also addressed by the government. The collaboration of the International Finance Corporation, The central Bank and the ministry of finance established a credit reference bureau to benefit SME entrepreneurs. Women entrepreneurs were one of the key beneficiaries of this scheme. This initiative availed credit to both land and non-land collateral applicants.

Government engineered policies geared towards the SME sector proves to be a recommendable initiative with the collaboration of both the public and private sector as it serves to promoting economic growth and sustenance.

2.2.1 Entrepreneurship education

There is an increasing tendency for government policy to promote entrepreneurship for its economic benefit. As a result, the government seeks to employ entrepreneurship education as a means to increase levels of economic activity (O'connor, 2010).Many countries have taken up the development of entrepreneurship education to drive their economy despite the continued debate on whether entrepreneurs are made or born (Faris, 1999).Many have decided to take their chances on entrepreneurs being made and have thus embraced entrepreneurship education.

Entrepreneurship education aims to prepare people to be responsible, enterprising individuals who will be able to take risks, manage results and learn from outcomes (Bbenkele, 2010).In addition to this, Business owners learn how to prevent and solve business problems that they may encounter. It also boosts the need for achievement, self-confidence and growth-related entrepreneurial and managerial attitudes.

In the USA they long discovered the power of entrepreneurship and chose to invest in it through education. In earlier literature (Vesper, 1982) noted that at the end of the 1970s the curricular in the USA universities with one or more courses in entrepreneurship were approximately 130, which were more than ten times in comparison to the 1960s. (Vesper K. a., 1997)) further noted that during the 1980s and 1990s curricula in entrepreneurial courses rose steadily from 250 in 1985 to 370 in 1992 and to approximately 400 in 1995.

(Katz, 2003) Commented that into the late 1990s there had been over 300 endowed faculty positions, more than 100 centers of entrepreneurship and more than 40 refereed journals articles and several professional organizations.

Fast forward to today the USA, according to a Gallup poll released in January of 2013, 43% of students in the 12th and 5th grade wanted to be entrepreneurs, in addition many young people were enrolling for lessons on how to be business savvy.60% of students said that their schools had classes on how to start a business up from 50% in 2011.

This increase in the popularity of entrepreneurship stemmed from youth unemployment hitting one of its worst records. In January of 2007 the unemployment rate for ages 16-24 was at 17.6% from an estimated 10.9% (Statistics, 2007).This propelled many young people to explore entrepreneurship as an avenue for employment.

After the economy collapsed due to the bubble, Japan an economic power was hit by the long term economic depression and forced japan to have seek a different industrial

structure (The status of the Entrepreneurship education in Japan).Entrepreneurial activity was arrived at as the basis to develop new industries. Investment in national public universities and research institutes emerged as a viable avenue for fostering entrepreneurial culture. Japan formed an innovation system of "Joint industry-government-education model". Due to Japan's strong inclination to science and technology many universities emerged and developed. Therefore enterprises and entrepreneurship education are closely linked to one another.

The Hiranuma project stated that in 10 years in universities and colleges, the number of patents obtained would increase 10 times and reach up to 100 schools with venture investment enterprises be established (Hiranuma, 2001).Currently the universities in Japan, there is 46.1% proportion, which is 247 schools has the entrepreneurship curriculum (Japanese Ministry of Economy,Trade and Industry, 2009)The database further reports that there about 40% of total courses set up related courses of entrepreneurship education.

(Fatoki, O and Garwe,D, 2010) confirms that in South Africa entrepreneurship education is one of the main factors that limit the growth of the economy. This realization has propelled the government to enforce improvements in entrepreneurship education to improve the low rate of entrepreneurial activity. With reports indicating that South Africa's ability to absorb new labor force into the formal sector saw a decline from about 62% to less than 4% in the past four decades (Davies, 2001). Entrepreneurship education was thus important if youth were to escape the challenges that come with unemployment. (Co, M.J and Mitchell,B, 2006) advised that the economy of South Africa needed an entrepreneur who was able to take calculated risks and who was also innovative. That was the only way the South African economy could combat the problem of unemployment. This therefore would mean that the people needed to be educated and trained so as to be equipped with entrepreneurial skills and values that would encourage creation of jobs rather than the seeking of jobs.

Early literature (Garavan, T.N., O'cinneide, B. , 1994) suggest that the common objectives of entrepreneurship education and training programs are:

- To acquire entrepreneurship knowledge
- To acquire skills and techniques in the analysis of business situations and in the synthesis of action plans
- To identify and promote entrepreneurial drive, talent and skills
- To develop an appreciation of all unique aspects of entrepreneurship
- To stimulate attitudes towards change
- To encourage new start-ups and other entrepreneurial ventures

Entrepreneurship education is key in imparting entrepreneurial skills among individuals (Mwasalawiba, 2010).Therefore, entrepreneurship is important to entrepreneurial intention, opportunity recognition and new venture creation. (Olawale Fatok and Olabanji oni, 2014) emphasizes that entrepreneurship education seeks to provide students (especially those in tertiary schools) with knowledge, skills and motivation to encourage entrepreneurial studies in a variety of settings. He continues to say that schools are an important link between theoretical

The consortium of entrepreneurship education (COE, 2013) insists that entrepreneurship education is not only about teaching how to run a business, but also encourages creative thinking, promoting a great sense of self-confidence and worth and accountability.

2.2.2 Entrepreneurship education and training programmes

Early researchers such as (Gibb AA, 1987), (Hanks, 1993) , (Katz, 2003)found out that entrepreneurship education came from varied sources which equipped entrepreneurs with required skills to facilitate entrepreneurial success.

1. Educational and training for small business owners.

This type of education provides practical help for the ordinary day to day business operations. Most startups are aided on how to raise startup capital, legal regulations, tax compliance business accounting and marketing strategies. This programmes are usually offered through business consultancy and at educational institutes.

However, (Gibb AA, 1987) highlighted several problems with such programmes. The key problems were that teachers had different perceptions of the material used, the length of the programmes and the content that made up the startup programmes.

2. Entrepreneurial education

This mainly focuses on the creation of new economic entities through startup entrepreneurship education. An attempt is made to identify the favorable conditions to stimulate these new entities. Though conditions largely remain unfavorable, technology emerges as a key condition to stimulate this process. This is due to the fact that startups require a creative environment to be initiated and technology functions to provide this condition (Hall, 1995).

3. Continuing small business education

Mostly available through business schools (Katz, 2003), it is more difficult to organize than the basic startup programme. This type of programmes are usually politically stimulated and function to meet demand. A defect that rises in these programmes is that business owners find them too generalized for their needs and look for something more tailored.

4. Small Business awareness education.

This is primarily aimed at increasing the population of people who are scientifically knowledgeable about small businesses as an economic alternative. It is mainly factored in at secondary levels of education where students are encouraged to take up business subjects (Republic of Kenya, 1990) .

(Vesper, 1982), emphasizes that the courses are mainly aimed at increasing student awareness of the small firms and providing basic information on setting up and running a business.

2.2.3 Entrepreneurship Education in Kenya

According to the human capital theory, investment in knowledge and skills enhance an individual's productivity capacity. The earliest form of entrepreneurship education was developed in Kenya in the early 1900s.Entrepreneurship education since then has been growing rapidly in all areas of the country with a keen concentration at the tertiary level of education. Literature on the subject (Kedogo, 2013) suggests that the fact that wage employment, particularly in the public sector is no longer a guarantee and that people have been forced to look for other alternative means of income.

(African Development Bank, 2013) reports that in the past the Kenyan economy has generated only 50,000 jobs in total leaving hundreds of thousands of youth without opportunities for formal employment. Given the above statistics, a common belief has been adopted that entrepreneurship education can aid learners in developing and pursuing entrepreneurial careers which may help them become successful self-employed citizens. Entrepreneurship education is of key importance to the communities, as those who benefit from it acquire skills that enable them take action and bring changes which will improve their community.

To cater to the informal sector, (M.Gathungu, 2013) reports that the government offers business owners in the informal sector with businesses educators. They provide instructions on how to raise finance, legal regulations, choosing premises, taxation book keeping, accounting and marketing problems. An example of such government efforts is that of the Jua Kali sector. A Jua Kali voucher support programme of 1995-2001 saw micro and small entrepreneurs offered training programmes. The Government of Kenya recognized the potential that the sector had and followed to collaborate with the international labor Organization (I.L.O) and with the United Nations Development Program (UNDP). Kenya was encouraged to develop a training capacity in entrepreneurship that could lead to an entrepreneurship culture in the country (Republic of Kenya, 1990).

To save the nation from the big problem of youth unemployment, the government sought the revival and revitalization of youth polytechnics seeing as how important youth polytechnics were in enabling the youth access the necessary skills and values to promote entrepreneurship. The government took up the restructuring of curriculum, recruitment and training of instructors and certification to improve certification of the candidates to improve the polytechnic standards.

With the plan in place it was believed that the trained youth would venture into self-employment therefore creating jobs by opening avenues for other unemployed youth. Polytechnics stood out as the avenue of choice as the relevant skills acquired in the programs beat the academic education system that rendered many people unemployed due to poor performance of the country's economy. Kenya Vision 2030 places emphasize on innovation, science and technology as the key drivers of the achievement of the vision, to which polytechnics are geared towards making this a reality.

The ministry of youth and sports was tasked with the development of a new youth polytechnic curriculum which was designed to allow access to the youth's curriculum to be examined by the Kenya National Examination Council (KNEC).

However this approach still proved ineffective towards fostering of entrepreneurial spirit. Under the new curriculum developed by the ministry of youth Affairs and sports, Kenya Institute of education and United Nations Development program (Mbesa S, 2012) saw the curriculum implement twelve trade areas and support subjects which included entrepreneurship education, communication skills, information communication Technology and life skills as support subjects to promote entrepreneurial readiness among the youth polytechnic graduates.

The government, after a World Bank report (Peter and Susan, 2004) identified entrepreneurship as an avenue to stimulate generation of jobs among university graduates, recommended the introduction of entrepreneurship modules in all tertiary schools. Among its pioneers were Jomo Kenyatta University of agriculture and Technology, Kenyatta University, Mount Kenya University and Strathmore University.

Jomo Kenyatta, Kenyatta and Strathmore have linked their academic entrepreneurship interests to incubator programs that offer students and the community mentorship, networking opportunities. Potential investor funding from the private sector is also facilitated in these institutes (Africa, n.d.).

Jomo Kenyatta University stands out as a pioneer of entrepreneurship at the tertiary level, being the first university in East Africa to offer a PhD in entrepreneurship (JKUAT, 2016).

Strathmore University a leading private university best known for its Business school, offers full academic programs in entrepreneurship in its school of commerce and management. It also offers entrepreneurship modules to its other faculties to equip its students with entrepreneurship awareness (SBS, 2016).

2.3 Entrepreneurship education and the growth and development of SMEs.

Earlier research indicates that participation of individuals in Entrepreneurship education improves their ability to identify opportunities and enhance entrepreneurial intention (Souitaris, V., Zerbinati, S., Andreas, A., 2007).

Entrepreneurship education as part of the total education system involves the teaching of skills, development of ideas and skills necessary for job creation. An entrepreneur promotes employment by creating it rather than seeking for it. Therefore, there is great need to embrace this type of education and facilitate it to make it functional in the country. The presence of quality entrepreneurship could be used as a means to facilitate employment and fight against poverty in Kenya.

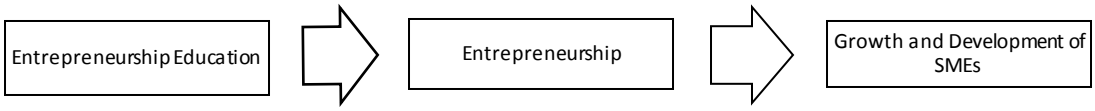
(Kangasharju, 2000) In his paper stated that in order to prevent business failures and promote SMEs in South Africa growth and development, the lack of appropriate skills must be addressed. This suggests that if certain skills lack, SMEs will continue to fail and they will not grow thus the economy will not improve. Thus the promotion of Entrepreneurship education is necessary to improve the skills that entrepreneurs are equipped with. Therefore it is correct to assume that if the quality of entrepreneurship education is improved then SMEs will thrive in the economy as the entrepreneurs will be adequately equipped. (Kabongo,J.D and Okpara,J.O, 2010)

SME performance is highly dependent on effective entrepreneurship education (Maas,G and Herrington,M, 2006).Earlier research shows that entrepreneurship education and the performance of SMES have a positive correlation. Therefore, entrepreneurship education emerges as a factor that strongly impacts entrepreneurship (Raposo,M and Do Paco,A, 2010).

(Timmon J,A and Spinelli S, 2007)Suggests that not only creative and innovative aspects are important but also management skills, business savviness and sufficient networks are important when it comes to the performance of SMEs. Management that lacks the above mentioned skills are likely to drive the poor performance of SMEs.

The relationship between entrepreneurship education and the growth and development of SMEs can be inferred from research to be positive. Where a positive increase in one results into a positive increase of the other.

Figure1.1



Entrepreneurship education thus benefits the society at large through employment creation, provision of job opportunities and economic growth. Though entrepreneurship education is being implemented in tertiary levels of education by recommendation from the government. The question that remains yet to be answered is whether entrepreneurship can actually be taught. The main problem lies in whether entrepreneurial success can be taught given that there does not exist a unified curriculum on the subject content. Various business modules and teaching techniques are employed to cater to the variety of population that make up the society.

2.3.1 Evaluation of Entrepreneurship education in SMEs

Educational institutions offer a wide range of entrepreneurship awareness and activities as indicated by the earlier mentioned literature. The evaluation criteria therefore should consider the educational level, the goal of the education programme undertaken and the participants involved.

Models used for the evaluation process should concentrate on the subject matter in order to act as a guideline of the compilation of entrepreneurship programme. Some of the models commonly used in evaluation include;

1. Entrepreneurial Performance Education Model (E/P Model).

This model was developed by Vuuren and Nieman and it was concerned with the elements that drove entrepreneurial performance. The model which is mathematical based indicated that there was an absence of elements such as motivation, entrepreneurial skills that led to low levels of entrepreneurial performance.

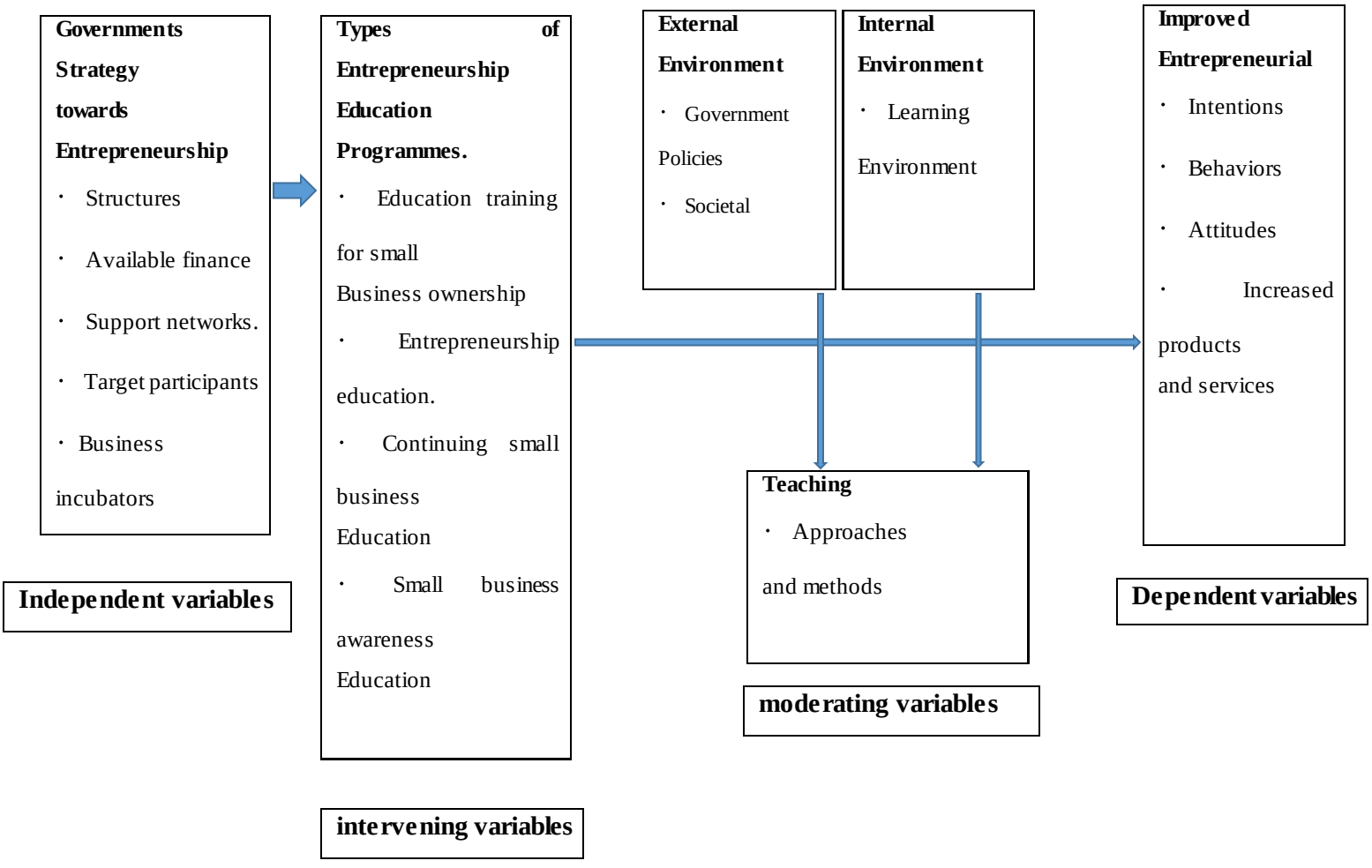
2. Entrepreneurial Education Model (E/E Model).

This model was developed by Pretorius in 2001 and it considered Entrepreneurial education together in the context in which it was operated facilitated and approached. The model emphasized that the facilitator was a key construct based on his skills, knowledge, experience and method of application. So the efficiency of the programme boiled down to who its facilitators were.

Conceptual framework

To understand entrepreneurship education, the entrepreneurship education model will be used to assess the model. The model is based on (Ajzen, 1991) theoretical framework of planned behavior. The framework sets out to measure the participants' attitude and intentions regarding entrepreneurship intention and behavior.

The framework utilizes variables to define the relationship between entrepreneurship education and SME performance.



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

(Kothari, 2004) refers to research as a scientific and systematic search for relevant information on a specific topic. He adds that research is an art of scientific investigation, where certain methods are used for conduction of the research. Research methodology which is a continuous process is a systematic way of solving research problems using not only various methods but also the use of logic behind those methods. (Leedy, 1993)States that the primary aim of research methodology is to produce reliable and valid data that is free from bias and other errors.

This chapter focuses on the research methodology of the study, the research design, the target population, the sampling procedure and methods of data collection and data analysis.

3.2 Research Design

A research design is generally defined by (Kothari, 2004)as the arrangement of conditions for collection and analysis of data in a way that relevance and research purpose are combined. (Orotho, 2004) refers to a research design as the scheme, outline or plan that is used to generate answers to research problems.

The study will employ the use of a questionnaire based survey to conduct an explanatory research design to help determine how entrepreneurship education affects growth and development of SMEs in Kenya. SMEs selected for the study are those that are viewed to be the best in their sectors and will thus reflect a generalized view of the effectiveness of entrepreneurship education in Kenya.

The questionnaire used for the survey will evaluate variables by analyzing descriptive variables such as the:

- Respondent
- Objective of the study
- Profile of the company
- Background of the Business owners
- Reasons behind their success of the business

3.3 Target Population

The study shall target top SMEs in the KPMGs Top 100 SMEs list in 2015. These are small and medium sized enterprises that were assessed according to the criteria set by KPMG. The study will sample the top contenders selected in each category of SME performance and will be approached to participate in the study through their Human Resource department that is in-charge of human capital and training.

3.4. Sample procedure

Since the enterprises considered for this study have been analyzed in each of their business sectors, the study will use this census and hence there will be no sampling. (Kedogo, 2013), in his paper suggests that a sample of 10% to 30% after objective selection, is adequate for generalization of the findings. A self-administered questionnaire shall be distributed to the companies. Following the high level of different categorization among the selected respondents regarding effectiveness of entrepreneurship education, this study shall aim for 20% of the respondents in each of the categories considered. This number of companies will be required for this study to be feasible.

3.5 Data collection Method

Data collection involves consulting primary and secondary data sources in order to derive information, facts, evidence and truths pertaining to the research problem (J.E, Hunter and F.L, Schmidt, 2004). The study shall use both primary and secondary data from previous studies to evaluate the information gathered.

Primary data shall be collected as the immediate source of data for the purpose of the study. Both numerical and text information will be gathered so that the final data gathered will be representative of both quantitative and qualitative information. In this study, data collection shall be done by administering a closed-ended and open ended structured questionnaire.

The closed-ended questions are formulated on a five point Likert scale where respondents will be required to make choices that best describe the situation regarding the issue under question. Secondary data will be collected from the relevant published materials both in print and online.

Questionnaires will be self-administered and will be distributed to the Human Resource managers.

3.6 Data Analysis

The data collected will be analyzed both quantitatively and qualitatively using descriptive and inferential statistical methods. The data will be presented in frequency distribution tables, charts and results expressed in percentages. Inferential statistics will show the relationship between variables using the T-test and Cronbach alpha.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

In this chapter data extracted from the questionnaires was presented using tables and graphs. Discussions were derived from analysis of the data presented. The study sought to determine and evaluate the level of entrepreneurship education and training among SMEs in the KPMG top 100 of 2015.

The respondents were therefore asked to indicate their level of education and if they have had any training in entrepreneurship and how often they had. In addition to this, they were asked to indicate to which extent they agreed with the statements regarding the entrepreneurship training they had received.

4.1.1 Questionnaire response rate

The sample under consideration was of a hundred companies and of the hundred questionnaires issued however, 70 were returned but only 63 were fully completed. This number makes up 63% was sufficient to make conclusions of the research as a minimum of 30% of the sample is required to make general assumptions.

4.1.2 Statistical procedures

This study used Microsoft excel as the statistical software for data analysis given that most data examined the extent to which respondents agreed with a certain notion. Subsequently the T-test, chi square and descriptive statistics were used to analyze data. Validity tests and reliability tests were also performed and are presented below.

4.1.2.1 Reliability test

The Cronbach's alpha indicator that was used to test reliability indicates reliability of a questionnaire. According to (Field, 2009) the values around 0.7 and 0.8 are good for reliability tests.

4.1.2.2 A: Reliability test

	Number of items	%
Cases Valid	58	92.0635
Excluded	5	7.9365
Total	63	100.0000

4.1.2.2 B: Reliability test

Cronbach's Alpha	Number of items
0.821	45

The Cronbach's alpha of 0.821, which is significantly above 0.7 and 0.8, was obtained in the reliability tests. According to (Field, 2009) the results are reliable.

4.2 General Information

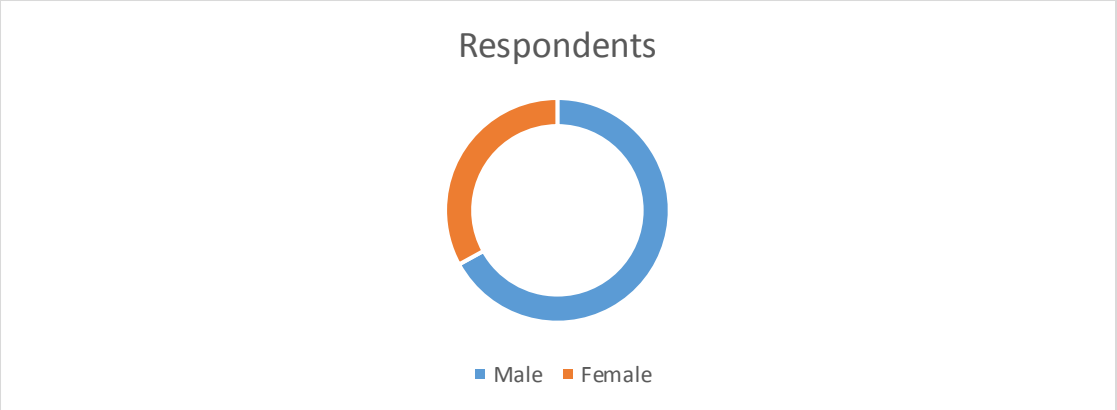
This primary section served to collect general information about the respondents in issues relating to gender, type of business, industry or sector of the business, level of education, whether the respondents had any entrepreneurship education background and whether they found it useful to possess it.

Information gathered in this section was important for classification purposes of the respondents demographically. Information was analyses on a question by question analysis for comprehensibility.

4.2.1 Gender of respondents

There was need to determine the gender of respondents to enable the researcher make demographic analysis and inferences of the respondents.

Figure 4.2.1 Gender of respondents



The pie chart above indicates that male entrepreneurs constitute 42 (67%) of the respondents while their female counterparts constitute 21 (33%). The results indicate that men are generally more involved in entrepreneurial activities as compared to women. This may be related to the challenges that face women entrepreneurs in Kenya. (Jagongo Ambrose, 2012)

Mentions personal constraints such as family balance, inaccessibility of credit and general socio-cultural attitudes towards female entrepreneurs.

4.2.2 Industry or Sector of the Business

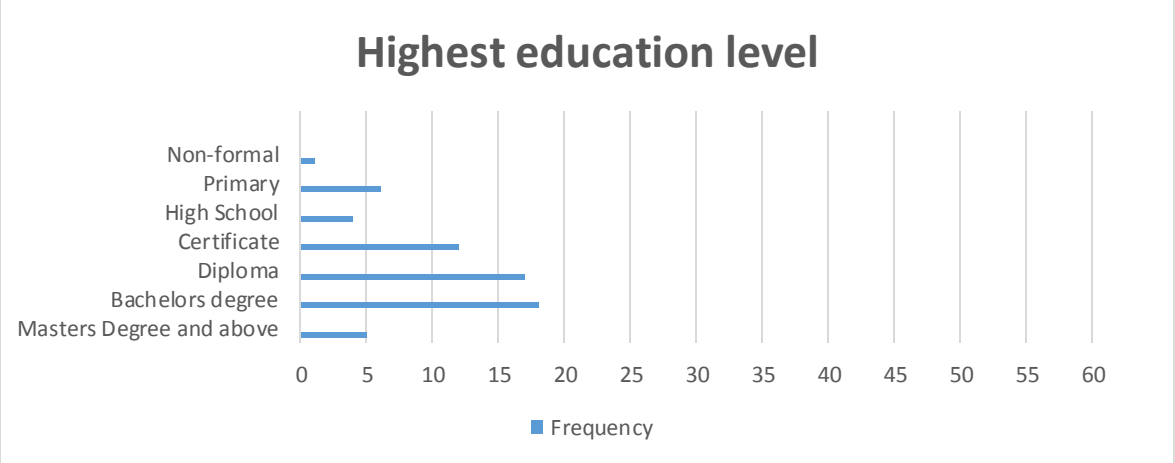
The top 100 SMEs are diverse and fall into categories of retail, wholesale, transport, ICT, Infrastructure/Construction, manufacturing and Financial Services. It was important to determine how these industries were represented.

The results show that majority of SMEs that constitute the top 100 fall into the service industry, which is a profitable sector for entrepreneurial ventures and opportunities.

4.2.3 Highest education Level

To effectively gauge the effect of entrepreneurship education on business performance, it was crucial to find out the highest level of education of the respondents. This was also important in determining whether they understood the importance of education in running a business.

Figure 4.2.3. Highest education Level

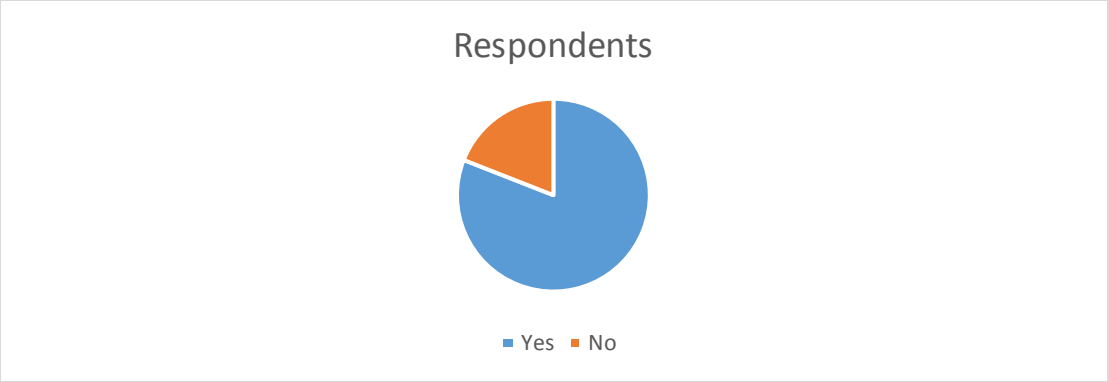


It is clear from the data above that majority of the respondents possess post-secondary education and therefore recognize the importance of education in the business world.

4.2.4 Received Entrepreneurship education

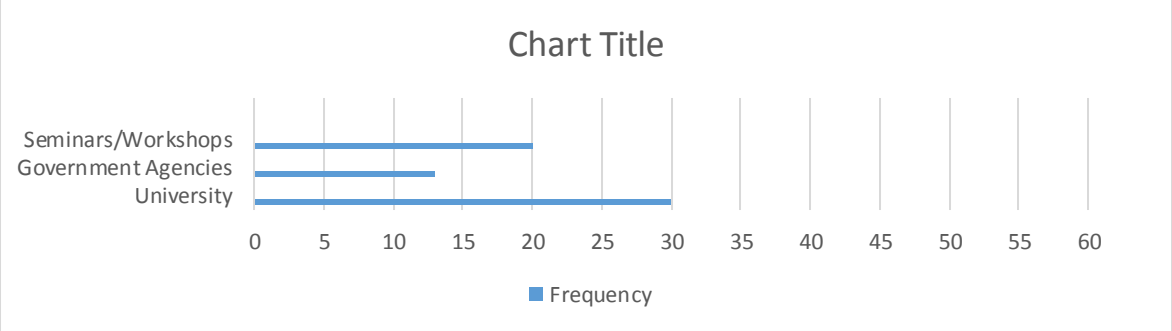
The objective of the study is primarily to evaluate the impact of entrepreneurship education on performance of SMEs in Kenya. A question on whether the respondents ever received some form of entrepreneurship education was asked for this purpose. The table below shows the respondents who received entrepreneurship education.

Table 4.2.4 Received entrepreneurship education.



From the above data it is evident that majority of the respondents, particularly 51(80%) received entrepreneurship education.12 (20%) out of the 63 respondents affirmed that they had never received entrepreneurship education in particular but had other education qualifications. Thus it can be concluded that majority of the SME owners and managers among the KPMG Top 100 SMEs in Kenya have a background of entrepreneurship education during the course of their lives. The question now remains where the entrepreneurship education was offered to them.

4.2.5 Institution that offered entrepreneurship education

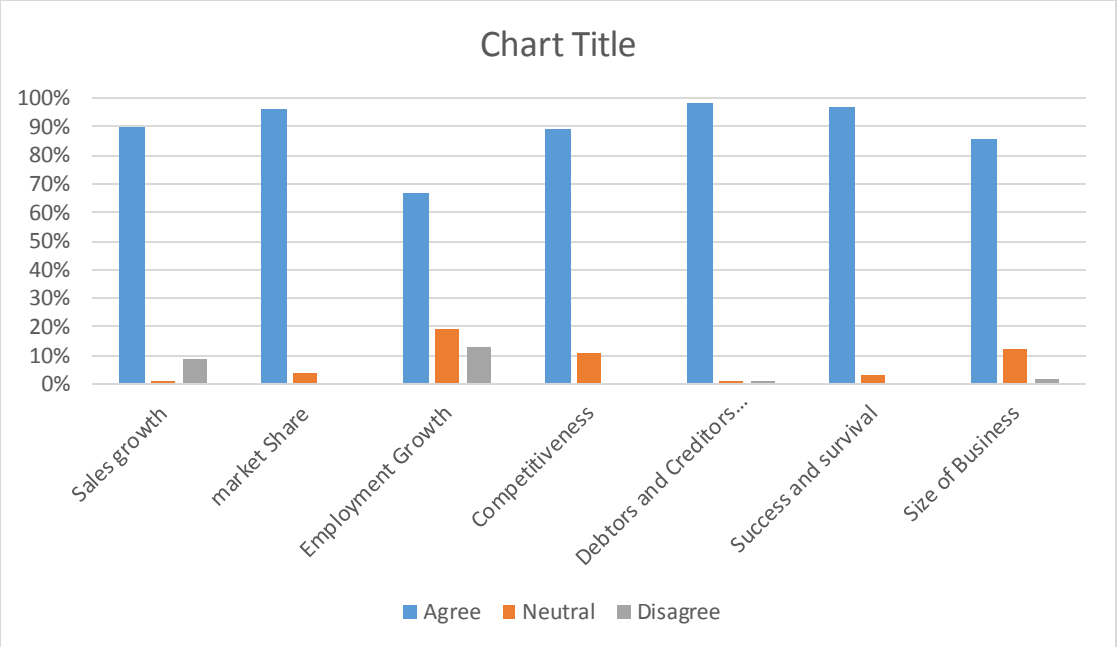


From the table above, the data indicated that most of the respondents got entrepreneurship education from the universities and college (48%) and the second majority from company organized workshops and seminars (32%). The government directly through their agencies attributed (20%) of the entrepreneurship education offered.

4.3 Company Performance

Since the main objective of this study is to investigate whether entrepreneurship education has an impact on the performance of SMEs, it was important to test to which extent entrepreneurship education affects performance indicator of SMEs.

Table 4.3: Impact of entrepreneurship education on performance indicators



4.3.1 Impact of entrepreneurship education on sales growth of SMEs

Growth of sales being one of the main indicators of growth can be identified as a performance measure. From the data above, it is indicated that the majority 57% of the respondents agree that entrepreneurship education can affect and improve sales growth of SMEs. To add on to this 33% strongly agree to this notion. A total of 9% do not agree with the effect entrepreneurship education has on sales growth.

Thus it can be stated that sales growth of SMEs can be improved through providing and improving entrepreneurship education to SME owners, managers and general employees.

4.3.2 Impact of entrepreneurship education on gaining market share.

Market share growth can also be used to assess the performance of SMEs. A positive market share is indicative well performing SMEs this in the case of KPMG's top 100 SMEs in Kenya.

The results in table 4.4 indicate that a total of 96% of the respondents are in agreement that entrepreneurship education can help improve a SMEs market share. The remaining 4% were neutral and could not agree or disagree. Therefore it is safe to conclude that entrepreneurship has a positive impact on market share of SMEs

4.3.3 Impact of entrepreneurship education on employment growth

The more a business grows the more it tends to employ more people.it is from this that employment growth is derived as an indicator of SME performance.

The results illustrate that a total of 67% of the respondents agreed that entrepreneurship education can help improve the employment capacity of SMEs.19% of the respondents were uncertain and a total of 13% disagreed on the notion that entrepreneurship education positively impact employment growth. It is thus right to conclude that entrepreneurship education is crucial in improving the employment capacity of SMEs.

4.3.4 Impact of entrepreneurship education on competitiveness of SMEs.

A question geared at obtaining the views of respondents on the impact of entrepreneurship education on the competitiveness of SMEs was asked. Competitiveness as an indicator of performance of firms in which failure to be competitive may reduce chances of survival of a business venture.

Results show that 63% of the respondents strongly agree to the fact that entrepreneurship education can improve the competitiveness of SMEs. With only 26% agreeing and 11% being neutral. It can be then concluded that the competitiveness of SMEs can be improved by providing entrepreneurship education to SME owners and managers.

4.3.5 Impact of entrepreneurship education on debtors and creditors management of SMEs.

Debtors form current assets for SMEs while creditors form part of current liabilities. Each of this components influence cash flow and subsequently chance of success for the business. The quality of debtors and creditors management can be used as an indicator of business performance. It is from this that it was important to assess the views of respondents on how entrepreneurship education can assist in improving debtors and creditors management.

The results illustrate that a total of 98% of the respondents I.e. 40 %(strongly agree) while 58 %(Agree), view that entrepreneurship education helps improve the management of debtors and creditors. Only 1% disagreed while 1% were neutral.it can thus be concluded from the results that entrepreneurship education plays a major role in improving debtors and creditor's management of SMEs

4.3.6 Impact of entrepreneurship education on the survival and success of SMEs.

To evaluate the role of entrepreneurship education in increasing the chance of survival and success of SMEs, it was important to ask the respondents to what extent they thought it was relevant. Acting as broad indicators, survival and success are important to assess.

From the table 43 majority of the respondents 74% were in agreement that the success and survival of SMEs is enhanced by equipping SME managers and owners with entrepreneurial competencies. An additional 23% agreed to the notion that entrepreneurship education is a very important if SMEs are to succeed and survive. This brings the percentage of respondents that generally agree that entrepreneurship education is important for SME survival and success to a total of 96% meaning that only 4% of the respondents disagreed. Therefore, the majority of respondents are of the view that entrepreneurship education plays a critical role in the survival and success of SMEs.

4.3.7 Impact of entrepreneurship education on the size of SMEs.

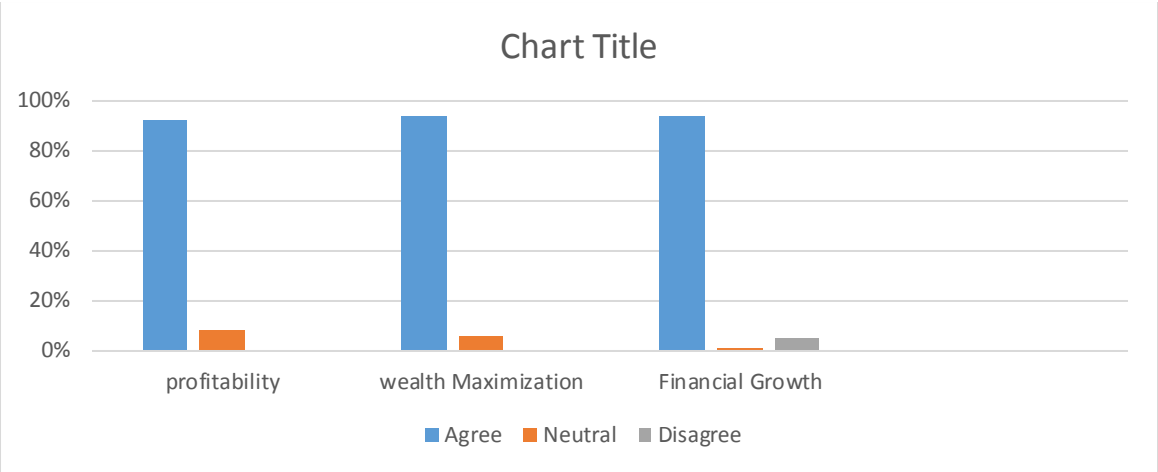
When it comes to impact of entrepreneurship education on the size of the businesses, the results show that majority of SMEs owners and managers agreed that entrepreneurship education have an effect on the size of their business. With 86% of the respondents agreeing and only 2% disagreeing and 12% remaining neutral, it can be concluded that the size of a business is positively related to the quality and level of entrepreneurship education received.

This is from the notion that when SME managers and owners receive entrepreneurial education, they seek to grow their business.

4.4 Financial Performance

The impact of entrepreneurship education on profitability, wealth maximization and financial growth of SMEs was important to evaluate so as to determine the extent to which entrepreneurial education can contribute to the financial performance of a business venture.

Table 4.4: The extent to which entrepreneurship education can affect financial performance of SMEs



4.4.1 Impact of entrepreneurship education on profitability of SMEs.

According to the table 4.4, a total of 92% of SME owners and managers are in agreement that entrepreneurship education can help improve the profitability of SMEs.The remaining 8% are neutral with none in disagreement. A conclusion that entrepreneurship education improves the profitability of SMEs can be drawn from these results.

4.4.2 Impact of entrepreneurship education on wealth maximization of SMEs.

When it comes to business owners, wealth maximization is usually at the top of the list of their objectives. Total of 94% of the respondents agreed that entrepreneurship education can impact on the wealth maximization of SME owners. With only 6% being neutral, none of the respondents disagreed with the effect entrepreneurship education had on wealth maximization.

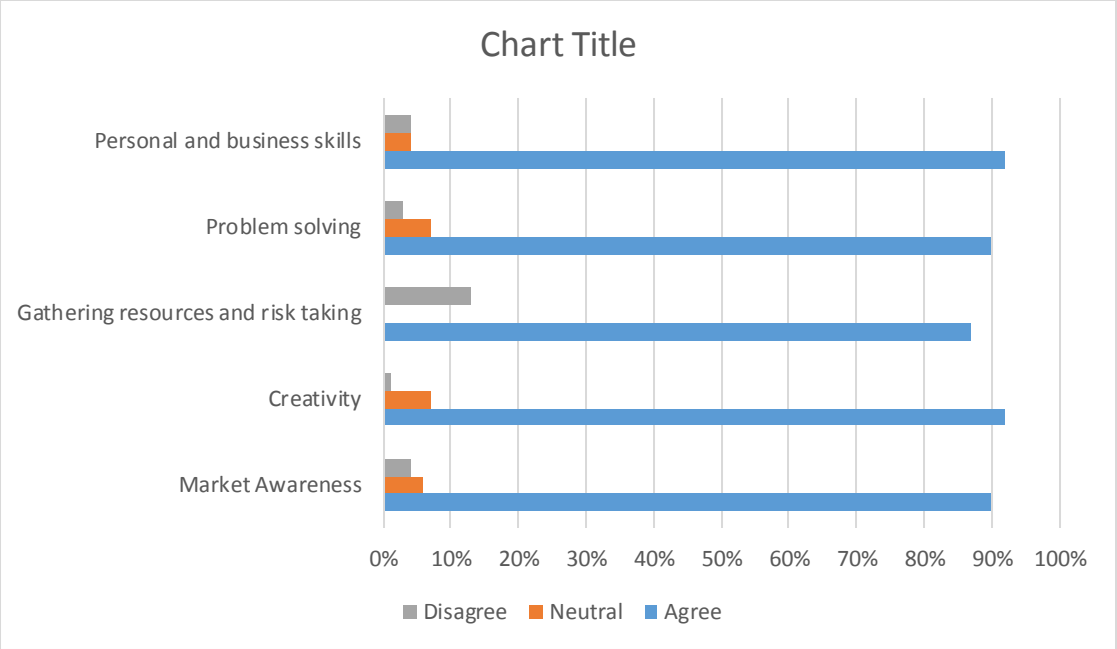
4.4.3 Impact of entrepreneurship education on financial growth of SMEs.

A total of 94% of the respondents agreed that entrepreneurship education can help improve the financial growth of SMEs. Only 6% disagreed and were of the view that entrepreneurship education has nothing to do with the financial growth of SMEs.

4.5 Entrepreneurial skills

The relationship between entrepreneurship education and entrepreneurial skills was examined to determine how much entrepreneurial skills improved when entrepreneurship education was factored in. Entrepreneurial skills considered were; market awareness, creativity, innovation, flexibility, risk taking, gathering resources, problem solving, and technical skills. Personal skills and business skills were assessed.

Table 4.5: The extent to which entrepreneurship education can improve the entrepreneurship skills



4.5.1 Impact of Entrepreneurship education on market awareness of entrepreneurs.

90% of the respondents agree that entrepreneurship education plays a vital part in improving the market awareness of SME operators. Only 3% disagreed and 7% remained neutral. It can then be concluded that market awareness of SME owners and managers can be enhanced through entrepreneurship education.

4.5.2 Impact of Entrepreneurship education on creativity, innovativeness and flexibility of entrepreneurs.

Creativity, innovativeness and flexibility are important skills for an entrepreneur to have so as to make business ventures creative. Respondent's views on the impact of entrepreneurship education on this skills were obtained and summarized below.

92% of the respondents agreed that entrepreneurship education improves their creativity and the ability to innovate and be flexible in their business perception. With 7% being neutral and 1% in disagreement it is clear that SMEs owners and managers can attribute creativity, innovativeness and flexibility to entrepreneurship education.

4.5.3 Impact of Entrepreneurship education on Gathering resources and risk taking of entrepreneurs.

The ability to take calculated risks, acquisition of resources is very crucial in the operation and success of any business venture. In terms of calculated risks, it is important to determine to which extent entrepreneurship education can improve the ability of the SME to take risks. Resources in this context refers to human, technology and financial.

87% of the respondents agreed that entrepreneurship education was very important in improving skills and risk perception and taking. With the remainder 13% disagreeing with that notion. It can thus be can be accepted that the abilities of entrepreneurs to take risks and gather resources can be enhanced through entrepreneurship education.

4.5.4 Impact of Entrepreneurship education on Problem solving and technical skills of entrepreneurs.

Problem solving skills and technical skills are important entrepreneurial skills that an entrepreneur should possess so as to make his business profitable. Thus it was important that the two skills be assessed in relation to entrepreneurship education.

90% of the respondents agreed with the notion that entrepreneurship education could improve an entrepreneurs problem solving and technical skills.7% remained neutral while only 3% disagreed with that notion. Thus with a majority of the respondents supporting the notion it is safe to conclude that entrepreneurship education is crucial in the development and improvement of both problem solving and technical skills an entrepreneur possesses.

4.5.5 Impact of Entrepreneurship education on Personal and business skills of entrepreneurs.

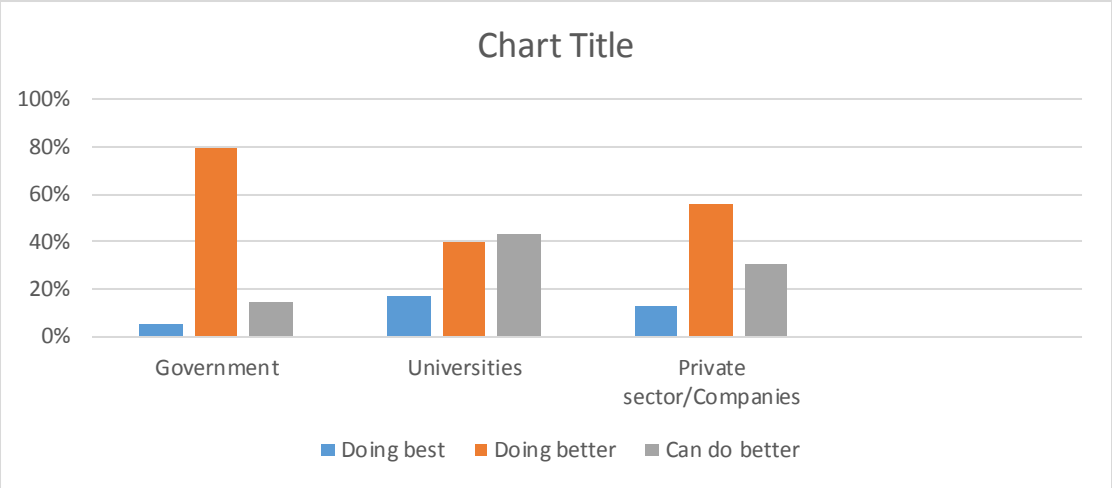
The role of entrepreneurship education in improving personal and business skills of entrepreneurs was assessed.

92% of the respondents, agreed that entrepreneurship education improves business and personal skills of entrepreneurs while 4% remained neutral and the remainder 4% disagreeing. Based on this findings it can be concluded that the development of both personal and business skills can be attained through entrepreneurship education.

Development of entrepreneurial skills can be developed with the help of entrepreneurship education.

4.6 Organizations that help improve SME performance

Table 4.6. The extent to which organizations help improve SME performance.



4.6.1 The extent to which the government is assisting to improve the performance of SMEs

Respondents were asked to rate government efforts in improving the SME sector, given that it is the legal body that sets the entrepreneurial environment. Only 15% were of the view that the government could actually do better that it was, while 80% of the respondents indicated that the government was actually doing better in improving SME performance in kenya.5% however indicated that they were satisfied with the efforts of the government in the SME sector in Kenya. It can be thus concluded that the government is trying to render assistance but it could still do better in their efforts.

4.6.2 The extent to which universities are assisting to improve the performance of SMEs

Universities are of particular importance given they are involved in teaching and research. SMEs particularly benefit from universities through the community activities that universities take up, in a bid to improve it.

Results on table 4.6 show that 43% of the respondents indicated that universities in Kenya could do better, while 40% felt that the universities were actually doing better than the government in terms of improving the performance of SMEs and the remaining 17% indicated that the universities were actually doing their best in regards to the effort they put in to promote entrepreneurship activities.

4.6.3 The extent to which universities are assisting to improve the performance of SMEs

Private companies were of particular interest as they are the most involved in the entrepreneurial sector I.e. SMEs.The efforts they themselves put in the sector to help improve the entrepreneurial environment is important in increasing chances of success of their ventures.

31% indicated negative feedback in regards to the private sector input in developing the SME sector while majority 56 % indicating that the private sector could do better in terms of effort input. The remaining 13% were satisfied with the efforts put in by the private sector in promoting the SME sector in the country.

4.7 Hypothesis Testing

The aim of the study was to investigate the effectiveness of entrepreneurship education towards the performance of SMEs in Kenya through a case study of KPMG's top 100 SMEs. This was to be investigated through the two objectives of the study which were to establish whether there existed a relationship between entrepreneurship education and growth and development of SMEs in Kenya exists and to evaluate the effectiveness of Entrepreneurship education in promoting growth and development of SMEs in Kenya.

The hypothesis tested to meet this objectives are:

H01: Entrepreneurship education has no impact on the performance of SMEs in Kenya (KPMG's top 100 SMEs).

H02: Entrepreneurship education does not improve entrepreneurship skills and knowledge of SME owners and managers.

H03: Entrepreneurship does not play a role in the establishment and survival of SMEs in Kenya.

H04: There is no relationship between entrepreneurship education and growth of SMEs.

Each hypothesis is tested individually in the sections that follows.

4.7.1 H01: Entrepreneurship education has no impact on the performance of SMEs in Kenya (KPMG's top 100 SMEs).

To confirm whether entrepreneurship education received had improved the performance of SMEs, cross tabulation was applied. Out of 63 respondents that received entrepreneurship education 96.4% of the respondents confirmed that it did improve the performance of their businesses. About 8.4% respondents said that entrepreneurship education did improve the performance of their businesses 79% never received entrepreneurship education.

A chi-square test of association was performed by cross tabulating two variables namely entrepreneurship education and performance of business. The results of the Chi-square test are on the table below

	value	df	Asymp.sig.(2-sided)	Exact sig. (2-sided)	Exact sig. (1-sided)
Pearson chi-square	121.775[a]	1	.000		
Continuity correction	111.615	1	.000		
Likelihood ratio	67.817	1	.000		
Fisher's exact test				.000	.000
Linear-by-linear association	125.978	1	.000		
No of valid cases	63				

From the results, a Chi-square value of 121.775 and 1 degree of freedom with a probability value of 0.000 was found. Since the p-value (probability) of 0.000 is less than 0.05, it therefore means that we reject the null hypothesis and conclude that Entrepreneurship education does have an impact on the performance of SMEs in Kenya.

The Pearson product moment correlation measures the strength and direction of the association between two variables. It is denoted by r, shown in the table below.

		Received entrepreneurship education	Did EE improve the performance of your business
Received entrepreneurship education	Pearson Correlation sig.(2-tailed) N	1 63	.857** .000 63
Did EE improve the performance of your business	Pearson correlation sig.(2-tailed) N	.857** .000 63	1 63

It is shown that in this case our r is 0.857 which means that there is a strong positive correlation between entrepreneurship education and the performance of SMEs.This proves that the more entrepreneurship education is improved, the more the performance of SMEs is also improved.

In support of this results, (Georg von Graevenitz, , Dietmar Harhoff, , Richard Weber,, 2010)also support that entrepreneurship skills and knowledge positively affect the performance of SMEs.This states that the performance of SMEs is critically affected by the experience, knowledge and skills of the entrepreneur.

4.7.2 H02: Entrepreneurship education does not improve entrepreneurship skills and knowledge of SME owners and managers of KPMG's top 100 SMEs.

A chi-square test of association was performed by cross tabulating two variables namely entrepreneurship education and entrepreneurship knowledge and skills that are necessary to people who want to start businesses.

The majority of the people who received entrepreneurship education, 93% agreed that entrepreneurship knowledge was important to those who wanted to start their businesses. However, 7% of the respondents who indicated that entrepreneurship education had nothing to do with the improvement of entrepreneurship knowledge skills necessary to start a business.

	value	Df	Asymp.sig. (2-sided)	Exact sig. (2-sided)	Exact sig. (1-sided)
Pearson Chi-Square	64.252[a]	1	.000		
Continuity correction[b]	56.057	1	.000		
Likelihood ratio	29.197	1	.000		
Fisher's exact test				.000	.000
Linear-by-linear association	64.876	1	.000		
No of valid cases	63				

From the results of the chi-square value of 64.252 and 1 degree of freedom with a probability value of 0.000 was found. Since the p-value (probability) of 0.000 is less than 0.5 which in turn means we have to reject the null hypothesis and conclude that entrepreneurship education improves entrepreneurship skills and knowledge of SME owners and managers.

To determine the direction of the relationship between the two variable i.e. entrepreneurship education and the improvement of entrepreneurship skills is depicted by the Pearson product moment correlation for hypothesis 2.

		Received entrepreneurship education	Entrepreneurship knowledge and skills necessary to people who want to start businesses
Received entrepreneurship education	Pearson correlation sig.(2-tailed) N	1 63	.624** .000 63
Entrepreneurship knowledge and skills necessary to people who want to start businesses	Pearson correlation Sig.(2-tailed) N	.624** .000 63	1 63

From the data above shows that the Pearson product moment correlation denoted by r, is 0.624, which means that there is a strong positive correlation between entrepreneurship education and the improvement of entrepreneurship skills and knowledge of SME owners and managers in Kenya. This proves that the more entrepreneurship education is improved, the more the entrepreneurial skills and knowledge of SME owners and managers are also improved.

4.7.3 H03: Entrepreneurship does not play a role in the establishment and survival of SMEs in Kenya.

A cross tabulation of two variables was done between entrepreneurship education and survival of SMEs. Majority of respondents agreed that Entrepreneurship education is important for the successful establishment and survival of businesses. On the flip side those who did not receive entrepreneurship education agreed to education playing a critical role in the establishment and survival of SMEs.

	value	Df	Asymp.sig. (2-sided)	Exact sig. (2-sided)	Exact sig. (1-sided)
Pearson Chi-square	.207[a]	1	.007		
Community correction[b]	.014	1	.904		
Likelihood ratio	203	1	.652		
Fisher's Exact Test				.728	.428
Linear-by-linear Association	.205	1	.635		
No of valid cases	63				

According to the results, a chi-square of 0.207 and a degree of freedom (1) with a probability value of 0.007 was found. Since the p-value which is the probability in this case is less than 0.05, the null hypothesis is rejected and a conclusion is made that entrepreneurship education does play a role in the establishment and subsequent success of SMEs in Kenya.

Correlation between entrepreneurship education and the improvement of entrepreneurship skills.

		Received entrepreneurship education	Establishment and survival of SMEs
Received entrepreneurship education	Pearson correlation	1	.728
	sig.(2-tailed)		.000
	N	63	63
Establishment and survival of SMEs	Pearson correlation	.728	1
	sig.(2-tailed)	.000	
	N	63	63

The person product moment correlation which measures the strength and direction of the association between the two variables and denoted by r, is 0.728, which indicates that there is a strong positive correlation between entrepreneurship and education and the improvement of entrepreneurship skills and knowledge of SME owners and managers of the KPMG's top 100 SMEs and subsequently in Kenya.

Other literature in support of these findings include (Tendai, 2013) who also found a positive relationship between entrepreneurship education and improvement of entrepreneurship skills. These results were further supported by (Georg von Graevenitz, , Dietmar Harhoff, , Richard Weber,, 2010) who highlighted the importance of entrepreneurship education on the growth and development of SMEs. In addition, (Lima, E., Lopes, R. M., Nassif, V. and da Silva, D., 2015) supported this notion by concluding that without entrepreneurship education, entrepreneurs in Brazil would not be adequately equipped to run their businesses on the long run.

4.7.4 H04: There is no relationship between entrepreneurship education and growth of SMEs.

A one-variable test was done for the above hypothesis to evaluate the responses given by the respondents in relation to the financial performance i.e. wealth maximization, financial growth and profitability differed from the predicted value significantly.

Chi-square tests for hypothesis 4

	The extent to which EE affects profitability	The extent to which EE affects wealth maximization of SME owners	The Extent to which EE affects financial growth of SMEs	overall
Chi-square	87.035[a]	102.265[a]	297.046[b]	108.158[c]
Df	2	2	3	5
Asymp.sig.	.000	.000	.000	.000

The results above indicate an overall chi-square value of 1.08.158 with a degree of freedom of 5 and p-value of 0.000 which is the probability. Therefore the null hypothesis is rejected and a conclusion that there exists a relationship between entrepreneurship education and the profitability and growth of SMEs in Kenya. (Nieman, G. and Nieuwenhuizen, C., 2009) in their work highlight the importance of SMEs being run by people with entrepreneurial skills and knowledge, they stress that such traits are necessary for the success of the business and are better off than those who lack these fundamental skills.

CHAPTER FIVE: SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

In this chapter, findings and data analysis done are summarized in reference to the study objectives. Conclusions are based on the study findings analyzed in the previous chapter. Recommendations are made on the conclusions arrived at.

5.2. Summary overview

The objectives of the study were divided into primary and secondary objectives. The primary objective was to evaluate the effectiveness of Entrepreneurship education as a tool for growth and development of SMEs in Kenya.

The secondary objective was to evaluate the extent to which Entrepreneurship education affected the growth and development of SMEs in Kenya. These objectives were subject to the KPMG top 100 SMEs in 2015.

The primary objective which established the impact of entrepreneurship education on the performance in chapter 4 indicated a positive relationship between entrepreneurship education and business performance which is indicative of the effectiveness of entrepreneurship education as a tool for growth and development of SMEs in Kenya. This is in line with earlier literature in chapter two which postulated a positive role of entrepreneurship education by stating that it improved skills and knowledge of owners/managers of SMEs. This was further supported by findings of this research.

Through this findings, the secondary objective which was to evaluate the extent to which Entrepreneurship education affected the growth and development of SMEs in Kenya was confirmed by establishing that entrepreneurship education plays a critical role in the establishment and survival of SMEs in Kenya. This was further supported by results from the study.

5.2.1 Other Key Findings

From the results in chapter 4 it is important to highlight some key findings instrumental to this field of study:

- Entrepreneurs can be made and are not necessarily born. This is evident through entrepreneurship education, where one can develop entrepreneurial skill, knowledge and talent. Thus the notion that an entrepreneur is born is contradicted through this finding.
- Entrepreneurship education is important with regards to socio-economic development through the role it plays in bringing up levels of entrepreneurship.
- The management of KPMG's top 100 SMEs in Kenya can be said to be above average as majority of them are past secondary level of education. Thus an educated management is important in the growth and development of SMEs in Kenya.
- Majority of respondents among the sampled SME population received entrepreneurship education, which was offered through private means sponsored by the companies and universities.
- Entrepreneurship education improves the entrepreneurial skills of SME management and consequently the performance of SMEs. Entrepreneurship education is also important in the establishment, survival, profitability and growth of SMEs.
- The government and universities are among the key venues for access to Entrepreneurship education, thus a collaboration between the two organizations could see the entrepreneurial sector thrive.

5.2.2 Theoretical implications

This study contributes to the literature on the debate of whether entrepreneurs are born or made. The importance of entrepreneurship education is highlighted as to playing a role in the growth, development and subsequent success of SMEs in Kenya. The results also highlight the importance of training institutions both private and public, the government and policy makers in aiding the access of entrepreneurship education in Kenya.

The results can thus be used by both the private and public sector towards the growth and development of entrepreneurial talent through entrepreneurship education. This study subsequently contributes to the success of the SME sector in Kenya in general.

5.3 Recommendations

In light of the findings of this research, some recommendations are suggested to SME owners and managers, the government and its agencies, institutions of higher learning and private companies.

5.3.1 The Government

Given the role played by entrepreneurs and SMEs in the Kenyan economy, such as poverty reduction and employment opportunities, the government should strive to provide sustainable support in terms of accessibility of resources and where necessary.

This can be achieved through promotion of entrepreneurship education programs in school, universities and workshops. Where both students and SME owners and managers are included. The programs need to be sufficiently funded by the government to ensure effectiveness.

Provision of resources in a manner that does not dim the entrepreneurial spirit is of key importance as it will serve to encourage more people to consider entrepreneurship as an alternative avenue in life rather than rely solely on employment. The more the government supports this sector the more the economy will improve both socially and economically.

5.3.2 SME owners and managers

It goes without say that SME owners and managers are responsible for the performance and subsequent success of their SMEs. Therefore, it is important that they take advantage of entrepreneurship education programs offered by institutions of higher learning and government agencies to improve the performance of their businesses. An empowered staff through entrepreneurial skill and knowledge will further increase their chances of success.

SME owners and managers should not only wait for free services by the government, but should also scout for programs privately to improve the possibility of success of their businesses.

5.3.3 Institutions of higher learning

This are especially important because they provide entrepreneurship education as they have both the expertise and resources to do so. Therefore, it is crucial that awareness campaigns be carried out by universities to encourage more people to enroll for entrepreneurship courses. Entrepreneurship courses need to be offered across all disciplines such that they are not only limited to business students.

There is also need to market entrepreneurship as an alternative career path for students. This will encourage students to start their own businesses and create job opportunities rather than becoming active job seekers.

Community engagement projects are also key as they are involved in teaching the community at large to create economic opportunities for themselves rather than being dependent on employers or the government.

5.3.4 Private business sector

This sector which constitutes other private companies should strive through their corporate responsibility to improve the performance of the SME sector. They should not be limited to seeing each other as competition but should work cooperatively to improve the sector.

This could be through workshops, implementation of policies, establishment of fair trade and collaboration with the government to offer internship opportunities to the public.

5.4 Conclusion

This study concludes that entrepreneurship education has a positive impact on the performance of SMEs in Kenya through the study of KPMG's Top 100 SMEs in 2015.It particularly improves entrepreneurship skills and knowledge of both the owners and managers of SMEs. It further plays a role in the establishment and survival of SMEs. The study indicates the extent to which entrepreneurship education plays in the growth and development of SMEs through highlighting the positive relationship between entrepreneurship education and growth and profitability of SMEs. Thus making it a crucial element in the overall success of SMEs.

5.4.1 Limitations of the study

Due to time limitations the researcher could not sample all SMEs in the country but instead chose those sampled by KPMG as they were diverse and representative of different areas and sectors in the country. An overall 70% response rate was considered and a final 63% used due to response limitations in time and question comprehension. Based on the limitations, the results should be used with caution particularly when generalizing the SME sector in Kenya.

5.4.2 Areas of further research

It is suggested that the same study be carried out a national level as it was focused on a sample of KPMS's Top 100 SMEs in Kenya. Teaching methodologies used in entrepreneurship education in Kenya is also an area of possible evaluation. The effectiveness of government support in the SME sector is also an area of consideration.

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Appendices

Appendix 1.

Questionnaire

Q1. What type of business does the company operate?

- Formal
- Informal

Q2. What type of business are you?

- Sole proprietor
- Partnership
- Limited liability company

Q3. To which category does the business belong to?

- Entertainment
- Business and professional services
- Clothing and Textile
- Construction and Industry
- Education
- Food and Dining and hotels
- Legal and Financial
- Media and Communication
- Real estate
- Computer and electronics
- Sports and Recreation
- Travel and transportation
- Any other please mention

Q4. What is the educational background of the owner of the business?

- Primary
- Secondary
- Diploma
- Degree
- Masters
- PHD

Q5.What other additional educational course have you undertaken?

Q6. Is Entrepreneurship education an added advantage when recruiting individuals to the business?

Why?

Q7. The following are statement that perceive the effectiveness of entrepreneurship education in the success of the business. Kindly tell me to which extent you agree or disagree with each statement.

	Strongly agree	**agree**	**Neutral**	**disagree**	**Strongly disagree**
General perception					
Entrepreneurship education is important to the performance of the company.					
Entrepreneurship education provides new ideas about how to run a business.					
The management team has had training sessions on entrepreneurship.					
The company provides entrepreneurship training to its management team often.					
The company is doing well in terms of sales turnover.					
The improved sales is attributed to the training received.					
Entrepreneurship education has helped the company to be at par or ahead of competition.					
Entrepreneurship education contributed to the growth of the company.					
From the experience of the management in business, I feel it is important for the government to train entrepreneurs.					
The success of the company is due to Entrepreneurship education					

Company Performance					
Entrepreneurship education affects sales growth					
Entrepreneurship education affects Market share					
Entrepreneurship education affects Employment growth					
Entrepreneurship education affects Competitiveness					
Entrepreneurship education affects Stock management					
Entrepreneurship education affects Debtors and creditors management					
Entrepreneurship education affects Cash management					
Entrepreneurship education affects Success and survival					
Entrepreneurship education affects Size of business					
Financial performance					
Entrepreneurship education can affect the company's Profitability					

Entrepreneurship education can affect the companies Wealth maximization					
Entrepreneurship education can affect the company's Financial growth					
Entrepreneurial skills					
Entrepreneurship education can improve Market awareness					
Entrepreneurship education can improve Creativity and innovation					
Entrepreneurship education can improve Flexibility					
Entrepreneurship education can improve Risk taking					
Entrepreneurship education can improve Gathering of resources					
Entrepreneurship education can improve Problem solving					
Entrepreneurship education can improve Technical skills					
Entrepreneurship education can improve Personal skills					
Entrepreneurship education can improve Business skills					
Organizations that help improve the performance of SMEs in Kenya					

The Government					
Universities					
Private companies/ sector					

Thank You for your time and participation.