

A PAPER PRESENTED FOR AIBUMA CONFERENCE AT KICC

**THEME: TRANSFORMING BUSINESS AND MANAGEMENT
PRACTICES IN AFRICA AND BEYOND**

**TITLE; EFFECT OF QUALITY IMPROVEMENT PRACTICES
ON MICRO AND SMALL ENTERPRISE PERFORMANCE**

**AUTHORS; DR. ROSELYN W. GAKURE, JOMO KENYATTA UNIVERSITY OF AGRICULTURE
AND TECHNOLOGY; PETER PAUL KITHAE PHD STUDENT, JKUAT AND
ASSOCIATE MEMBER, KENYA INSTITUTE OF MANAGEMENT, Cell phone;
0721493984, email pkithae2001@yahoo.com**

MAY, 2011

EFFECT OF QUALITY IMPROVEMENT PRACTICES ON MICRO AND SMALL ENTERPRISE PERFORMANCE

BY; DR. ROSELYN W. GAKURE, JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY; PETER PAUL KITHAE PHD STUDENT, JKUAT AND ASSOCIATE MEMBER, KENYA INSTITUTE OF MANAGEMENT, Cell phone; 0721493984, email pkithae2001@yahoo.com

Abstract

This paper focused on the role of quality improvement practices on performance of micro and small enterprises in Kenya. Despite the central role of MSEs in employment, industrial transformation and poverty reduction, the competitiveness and growth prospects of MSEs fall below the levels required to meet challenges of increasing and changing basis for competition.

According to Dr. Edwards Deming, quality acts as the catalyst necessary to start an economic chain reaction. He asserted that improved quality leads to decreased costs, fewer mistakes, fewer delays and better use of resources. This in turn leads to improved productivity which enables a company to capture more markets, stay in business and provide more jobs.

The paper explored impact of quality improvement practices on various aspects of micro and small enterprise performance. Role of ingredients of quality improvement process (viz. strategic planning, customer focus, employee involvement and bench marking) as enablers in quality improvement and thus mses' gaining competitive advantage to survive have been highlighted. A descriptive research design was used to carry out the study. A sample of fifty mses was selected for study using stratified random sampling technique.

Among the major impediments to implementation of the above techniques were found to be lack of relevant skills, frequent machine breakdowns, and inadequate finances. To solve the situation, the study recommended that mses need be trained on emerging technologies; be assisted to get relevant machines and be provided with finances at cheap interest rates.

Key words

Micro and small enterprises, Quality improvement practices, Performance/competitiveness

1. INTRODUCTION AND RESEARCH OBJECTIVES

The role and importance of small enterprise sector to economies of countries has been recognized and documented all over the world. This is mainly in terms of job creation, technological innovation and Gross National Product. Despite this central role of MSEs, the competitiveness and growth prospects of MSEs fall below the levels required to meet challenges of increasing and changing basis for competition, shifting patterns of legislation and regulations,

tumbling trade barriers and fragmentation of markets (Moyi and Njiraini, 2005). Further challenges posed by globalization and liberalization suggest that MSEs must be internally and internationally competitive to survive and grow (UNIDO, 2002).

Statement of the problem.

Due to the crucial role that mses play in economic development of the country, the government of Kenya has done a lot towards improving the business environment surrounding mses. To start with, the government has encouraged technical Institutes and other relevant bodies to develop simple goods and production methods. Secondly, the government has been disseminating information on new products and production methods to potential producers. Thirdly, the government has revised building codes to favour architectural and engineering structures that make intensive use of products supplied by MSEs; and, lastly, the government has encouraged the formation of co-operatives as a means through which MSEs would access information and support on technology, credit, input and markets (Moya and Njiraini, 2005). However, despite all this, the baseline survey of 1999 estimated that 80% of the MSEs fail within their first three years after start up. (GOK, 2001). This research study aimed at finding reasons for this so as to bridge the existing gap. It was to reveal effect of quality improvement processes, on performance of mses.

Research objectives

The general objective was to find out how mses are implementing quality improvement processes to improve quality of their products and gain competitive advantages over their competitors to survive. Specific objectives were as follows

- a. To find out major investment in technology prevalent in mses
- b. To investigate effect of quality improvement practices on key business areas
- c. To evaluate challenges encountered in using the techniques
- d. To find out interventions necessary to boost use of quality improvement processes

Significant of the study

To donor agencies The findings will be of great assistance to donors as they will be able to engage suitable business development agencies (BDS) to help mses improve their technological capabilities, become innovative to improve quality of their products to survive.

To the government. The findings will give direction on prioritizing the expenditure of the donors and policy makers in consideration to areas where the strategies should be focused so as to effectively promote MSE development

To beneficiaries Information from this study will be useful to both potential and practicing entrepreneurs to realize their weaknesses/shortcomings and rectify them to maximize beneficial effects for their businesses.

Assumptions of the study

The study assumed that quality improvement process has not brought much impact on the target beneficiaries and that something need be done to improve its successes. It was further assumed that the respondents to the interview would provide sincere and honest information and views.

Definition of terms

This section deals with operational definitions whose role is to indicate the specific manner in which a term or concept is to be applied. Their use may be different in another perspective. This study used the following concepts.

Micro and small enterprises (MSEs) A micro or small enterprise is an undertaking, which employs between 1 and 20 employees, with capital investment of not more than kshs 30 million. Operational and administrative management lies in the hands of one to three persons who usually make major decisions.

Technology According to Van Dijk (2001), Technology may be seen as a resource that can be useful if adapted by firms to improve their efficiency and factor productivity. This study used the same definition.

Appropriate technology Is defined as the technology that is suitable to the needs of an MSE operating in the labour intensive, low-skill spheres and using local materials and resources (Buainainn, 2002).

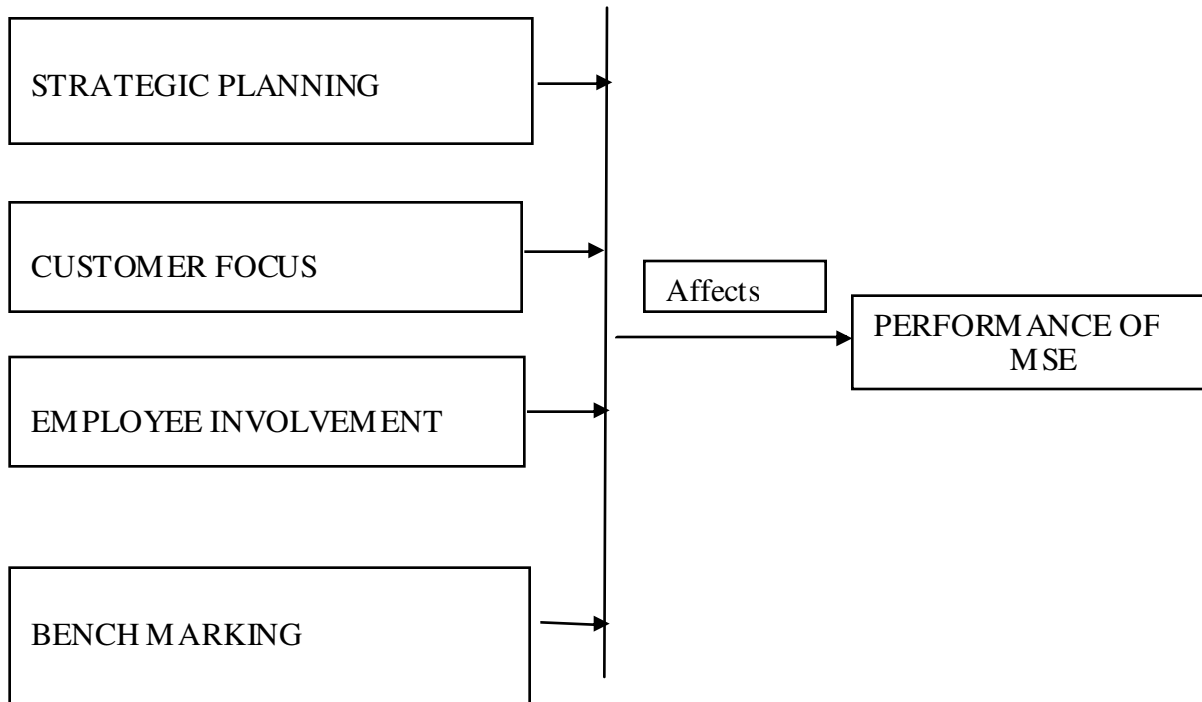
2. THEORETICAL BACKGROUND AND INFORMING LITERATURE REVIEW

Introduction

This chapter reviews literature relevant to the research problem. It is based on several research papers and contributions of various authors, National Development plans, Government sessional papers and other policy documents in the development of entrepreneurs and small business enterprises. The review gives special consideration to the extent to which mses have implemented the various ingredients of quality improvement processes, viz. strategic planning,

customer focus, employee involvement and bench marking to improve quality of their products and gain competitive advantages over their competitors to survive.

The paper conceptualized that the various ingredients of quality improvement process have effect on performance of micro and small enterprises as shown in the following diagram



INDEPENDENT VARIABLES

DEPENDENT VARIABLE

Fig 1. **Conceptual frame work**

The diagram above illustrates the relationship between ingredients of quality improvement process and performance of MSEs (the dependent variable). The study conceptualized that quality improvement process would form independent variables and its effect was expected to impact positively on the performance of MSEs. These are explained as follows.

Performance of MSE.

This time round, most firms have to rise up to the challenge of operating in a very dynamic, technological, competitive and volatile environment. It is only those firms that will embrace quality as their core business which will survive the onslaught that competition brings with it.

There are many new market entrants with ‘bigger stick’ which will give existing firms a good run for their money .

Successful business operation depends on the ability to complete; the ability to compete depends largely on the quality of the product (Lyman & Grubellini, 1975). This will therefore require that an entrepreneurial organization works towards product/service improvement on a continuous basis. This will, in turn, call for managerial talent that is capable of harnessing organizational resources – human, material, physical and informational resources- efficiently and effectively toward meeting the organizations objectives and goals. Most organizations objectives are to make profit; which is partly realized through the provision of competitive and quality products/services.

There is a growing realization that high quality goods and services can give an organization a considerable competitive edge. Good quality reduces the cost of rework, scrap, and returns and, most importantly, generates satisfied customers. The entrepreneur may opt to employ a flat organizational structure with informal networks throughout (Hisrich, 2005) to facilitate an effective control system.

Management is essential for business; as leadership is, as entrepreneurship is (Turner, 2002). In small enterprises, the owner is the manager of the business whereas in large enterprises, management and ownership are divorced from each other. Most large business organizations are operated by professional managers who may or may not own part of the business. It is the risk of management to operate the business at a profit and to provide each of the three major interest groups – consumer, worker, owner – with fair return (Lyman & Gubellini, 1975). The consumer must be given a good product/service for his money, the worker must have a fair wage for his labour and skills; the owner must receive a fair return on his investment.

Strategic planning

According to Wehrich & Koontz (1994), a key factor of strategy is to unify and give direction to plans and thus influence the course along which a business is trying to go. A strategy may also be looked at as a game plan that management use for positioning the company in the chosen market arena to competing successfully satisfy customers and achieve competitive advantage over its competitors. Likewise, strategic planning is the overall planning that ensures the good management of a process. Strategic planning starts with writing the company's mission statement, analyzing its critical success factors and understanding its core processes.

Through strategic planning, most of the obstacles to organizational excellence and resistance to change are overcome through education, communication, participation of all, workers

involvement, facilitation and support by the management. According to George and Arnold(1998), the function of strategic planning in the new management model is to align all the enterprises efforts to customer satisfaction, quality, and operational performance goal. Once this is implemented, world class planning process would make it possible for all employees to match their tasks to specific business objectives.

Customer focus

In the words of Steve Hoisington, customer satisfaction is the focal point for running our business (George and Arnold (1998). Customers are the most important ingredients in any organization. They have many needs and choices. For any business organization to prosper, customer needs have to be satisfied. Likewise, their standards of quality must be kept. These needs keep on changing and businesses must closely monitor the changes to remain abreast. Where these needs and standards have been ignored, customer relations have changed drastically. Unsatisfied customers results to customer complaints and if not well attended leads to lack of customers and thus low sales (Edward Freeman, 1984).

As peter Drucker in George and Arnold (1998) suggests, the focus of new management model is not on how much we are making but on how well we are meeting our customer requirements. Customer satisfaction determines company's financial success. In an increasingly competitive market place, you cannot hope to survive in a system that is out of control. A system is out of control if you do not know exactly what your customers require, you do not have well defined processes for translating those requirements into internal actions, you do not align all of your tasks and processes long common goals and objectives, you do not involve everyone in continuous improvement, you do not understand and improve all your critical processes and do not satisfy your customers (George and Arnold, 1998).

Hayes and Abernathy (1980) have argued effectively that US managers have concentrated on designing and producing initiative, rather than innovative products. This led to low sales as their products come as second best to foreign competitor in the market place that emphasizes quality.

Employee involvement

.Human resource welfare is very important in any firm. The reputation a small business acquires in the community is closely related to its employee relations. A contented, well-treated staff of workers will reflect royalty and enthusiasm in their dealings with customers and with the public.

They are assets to the small business. Thus good employee relations are essential to good public relations, Kelley C; Lawyer K and Baumbach M. (1968).

Employee involvement is a long term commitment. Employees who have been trained, empowered and recognized for their achievements feel personally responsible for the company's performance. Employees who are well involved in business processes are in the best position to ensure and improve its quality, lower costs by eliminating wastes throughout the process, speed up their processes by reducing cycle time and are the ideal agents of change when they are in touch with their processes, trained through education and experience, and empowered to act decisively.

New technologies and work environment have been developed by modern organizations to make effective use of human resources. Such organizations have been viewed by society as providers of safe, meaningful and satisfying work as well as monetary rewards (Green Law and Biggs, 1979).

Bench marking

Bench marking is a method of measuring your organization against the recognized best performers in a certain industry, organization, function, system, or process. (Oakland, 1999). The purpose of bench marking is to provide a target for improving the performance of your organization. The benchmark targets improvement of the process outputs or the performance of the actual process.

Bench marking focuses on customer-driven project management improvement efforts by emphasizing desired outcomes. It also nurtures wholesome competition by creating the desire to be the best. Bench marking provides a common focus to hold the organization together by measuring areas and analyzing these areas against the best. This targeting of the best reinforces continuous improvement by keeping everyone centered on a long term objective. The leaders are considered "world class". The organization starts with its current performance. This is the baseline. Through the implementation of continuous improvement, the organization moves toward improvement. As the organization institutionalizes continuous improvement, it progresses to competitive, best in class, and world class. With the help of bench marking, this continuous improvement can be planned and implemented to meet the organization's specific objectives.

Oakland (1999) identifies four methods of bench marking as; Internal, competitive, functional and Generic. In each case, the type of Bench marking selected depends on the measures needed and the methods used to collect the data. Internal bench marking looks inside the organization for similar processes and units that seem to do better.

Competitive bench marking looks at competitors and examines their processes. This type of bench marking seeks other institutions that are performing better than the customer – driven project management organization. When these processes are found, the competitor’s performance is compared with that of the customer – driven project management organization.

Functional bench marking looks at any outside or inside activity that is functionally exact to the process under review. Generic bench marking looks at any outside or inside activity that is generically the same as the one under review.

Benefits of bench marking are many and includes Creating a better understanding of the current position, Heightening sensitivity to changing customer needs, Encouraging innovation, Developing realistic stretch goals and Establishing realistic action plans.

3. RESEARCH METHODOLOGY

Research design

The study used both qualitative and quantitative research designs which were descriptive in nature; as Gall and Borg (1989) noted, “Descriptive studies by nature emphasis interpretation”.

The target population was 50 MSEs selected from Embu district using Stratified random sampling technique. The study was expected to generate descriptive Information. Table I shows how the three sub sectors were stratified.

Table1: sample sizes according to sub sectors

Sub sector	SMES Sample Size (n)
Manufacturers	10
Repairs and services	15
Traders and middlemen	25
TOTALS	50

Qualitative data was manually analyzed using the researcher's insight and research skills to bring out the main themes. The emerging themes were then operationalised for content analysis and to make meanings and importance of the study. Responses to quantitative questions were electronically analyzed to reveal relationship between the dependent and independent variables.

4. RESEARCH FINDINGS AND DISCUSSIONS.

Introduction

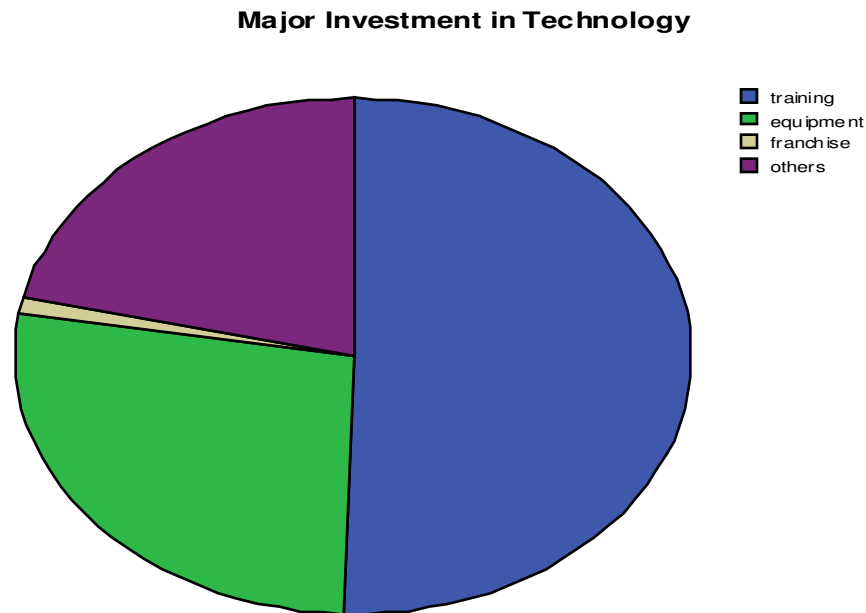
This chapter examined the research objectives formulated in relation to the findings obtained. Conclusions and recommendations were subsequently given being based on information generated from the analysis of the questionnaire.

Summary of the findings.

Business major investment in technology

The study revealed that 54% of all businesses had training as their major investment in technology, 28% in equipment, 16% in franchise and 2% on others. These findings tend to strengthen Ikiara's and UNIDO's assertion that education and on job training are drivers of adoption, survival and growth amongst enterprises and economies (Ikiara et al, 2005; UNIDO, 2004). Likewise, the results also compare fairly well with Biggs et al (1995) and Gichira (1999) that firms in Africa have not invested much since they are young and small and that most of their investment in technology is in training.

This means that these businesses are not able to reap much from emerging technologies as they have invested in only one form, training. Figures 2 below shows entrepreneurs' major investment



in technology

Fig.2; Businesses major investment in technology and their frequencies

Effect of quality improvement techniques on Key Business Areas

Customer care

From the study, 49% of the respondents felt that quality improvement practices helps them solve their customer complaints very much; 37% fairly well, 9% not much and 5% not at all, These findings agrees well with Van Dijk (2001) that technology is a resource that can be useful if adapted by firms to improve their efficiency and factor productivity .

Likewise, Moyi (2005) asserts that technology is a source of competitiveness and that firms that are able to access, generate and apply technology have a competitive edge over those that cannot. However, respondents had a mixed reaction when it came to reclaiming their lost customers where only 45% felt that the practices were of much help to them in reclaiming their lost customers. This is indicated in fig3 below.

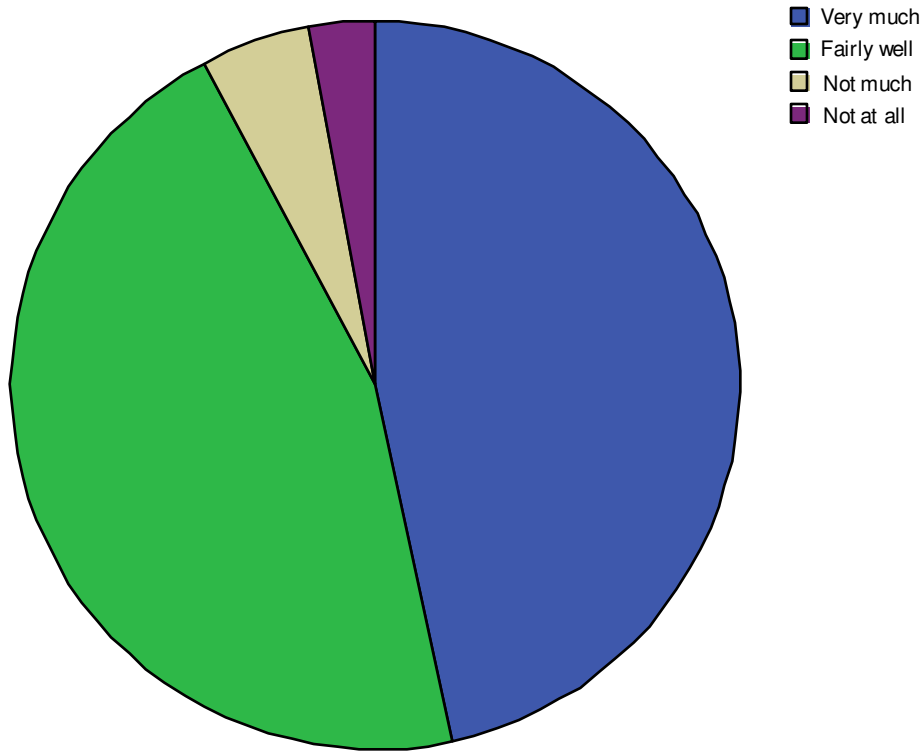


Fig. 3 How practices help respondents Solve Customer Complaints

Staff Motivation

On staff motivation, 45.6% of respondents stated that quality improvement practices were of much help in keeping their employees motivated, 35.9% stated that they help them fairly well, 2.9% said they do not help them much while a big junk (15.5%) felt that they do not help them at all. These views are well supported by Enos (1992) and Gichira (2002).

According to Enos, increased workers education has two effects: the productivity of the workers increases, the “productive” effect and the ability of the workers to deal with new technical information increases, the “attention” effect (Enos, 1992). Gichira (2002) asserts that technology has a lot of impact on the task level efficiency of individual workers. It is a source of innovation and assists in creating linkages between users and manufacturers. It strengthens communication channels and thus keeps personnel well informed and thus

motivated. Technology is therefore important in personnel management. Table 2 below shows entrepreneurs' views on how quality improvement practices help them to keep their employees motivated.

Table 2: Information on Personal Management - Keeping Employees Motivated

Options	Percent
Very much	45.6
Fairly well	35.9
Not much	2.9
Not at all	15.5
Total	100.0

Relationship between quality improvement techniques and increased output

When respondents' views on use of quality improvement techniques are plotted on a scatter diagram against its effect on increased output, the results show a positive correlation between use of quality improvement technique and performance of MSE (increased output). However, this relationship is very weak. This concurs well with (UNIDO, 2004) that MSES lack capabilities to produce efficiently, meet deadlines, upgrade product quality and evolve new product design. This view is also shared by Tyler Biggs, Manju Shah and Pradeep Srivastava that where firms are purported to have lower technological capabilities, where training resources are of lower quality and where markets exhibit many more distortions, one might expect to observe much smaller returns to these investments than in more advanced countries (Tyler et al. 1995). This implies that MSES are not benefiting much from use of the technique; possibly due to lack of capabilities to use the technique.

How Quality Improvement Techniques serve business needs

When asked to state the extent to which use of quality improvement techniques addresses their business performance, (42%) indicated very much; 35% fairly well; 14.6% said not much and 8.7% stated not at all. These results corroborates with Biggs et al (1995) as he states that high technology firms which have invested in research and development have higher productivity than firms which have not. He proceeds to say that investment in technology add about 25% to value added (Biggs, 1995). According to Gichira (1999),

technology in form of human capital helps MSEs achieve effectiveness of financial assistance and strengthens communication channels.

Buainainn (2002) on the other hand states that appropriate technology help SMES to operate in low-skill spheres with local materials and resources. This implies that through quality improvement techniques, MSEs perceive that they are able to enhance their business performance.

Pearson's Correlations matrix

When independent variables are plotted against dependent variable on a Pearson's correlation matrix, they give an indication of how the two variables are related to each other through a combined mean correlation coefficient. A correlation coefficient of +1.00 implies that the variables are positively correlated; a situation which in our case would imply that technology is being adopted by MSEs and is very well enhancing the MSEs performance and thus giving them competitive advantage in the market. A correlation coefficient of -1.00 on the other hand would imply that the variables are negatively correlated and in our case, it would imply that technology is hindering MSEs from performing and thus rendering them weak in their competitiveness.

The study results

When independent variables are plotted against dependent variable on a Pearson's correlation matrix, they give a combined mean correlation coefficient of 0.169. The study results of 0.169 imply a very weak over all correlation coefficient between technology adoption (independent variables) and ingredients of MSE performance (dependent variable). This implies that technology adoption has very little effect on performance of youth led MSEs. This position is similar to the Government of Kenya's assertion that "MSEs have very restricted levels of technology, inappropriate technology and inadequate institutional capacity to support adaptation and absorption of modern technological skills. Such enterprises suffer from lack of information on existing technologies and are exposed to a weak environment that hampers coordination and transfer of technology. They have no way of gauging appropriateness of technology" (GOK, 2003). Table 3 below represents this effect of technology adoption on performance of MSEs.

Effects of quality improvement process on performance of mses

Table 3: Pearson's Correlations matrix- quality improvement process ingredients

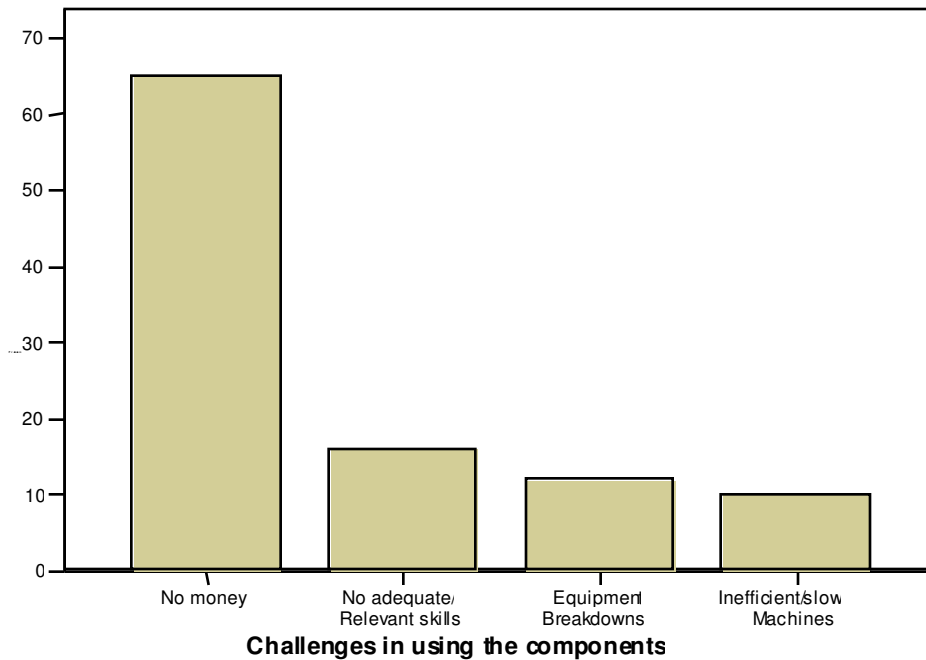
DEPENDENT VARIABLE \ INDEPENDENT VARIABLES	Strategic planning	Customer focus	Employee involvement	Benchmarking
Solution for customer complaints	-.072	.278(**)	.272(**)	.121
Customer retention	-.248(*)	.014	.241(*)	.216(*)
Reclaim lost customers	-.226(*)	.256(**)	.506(**)	.172
Calculate profits and losses	.112	.002	.148	.300(**)
Business record Keeping	.283(**)	.301(**)	.177	.384(**)
Solution to lack of market coping with competition	-.095	.287(**)	.174	.213(*)
Product innovation and difference	.111	.297(**)	.151	.262(**)
Sourcing for Qualified Employees	-.166	.215(*)	.283(**)	.296(**)
Keeping Employees Motivated	.340(**)	.083	.208(*)	-.010
Retaining Qualified Employees	.212(*)	-.094	.103	-.040
Identifying Refinancing Needs	.304(**)	-.068	.212(*)	-.212(*)
Securing Sources of B. Finance	-.091	.193	.181	.331(**)
Business Risk Minimisation	.107	.297(**)	.362(**)	.380(**)
Uncertainty Avoidance	-.174	.254(*)	.458(**)	.243(*)
Faster Production	-.055	.223(*)	.485(**)	.209(*)
Saving on Labour Cost	.065	.217(*)	-.058	.152
Saving on Time	.015	.093	.056	.315(**)
Substitute for Cheaper Material	-.013	.193	.230(*)	.293(**)
Increase Production Efficiency	-.215(*)	.043	.416(**)	.135
Reduced Operation Costs	-.209(*)	.209(*)	.158	.155
Reduced working Capital Required	-.251(*)	.231(*)	.380(**)	.426(**)
Improving Product Reliability	-.133	.073	.234(*)	.213(*)
Better Packaging	-.055	.253(*)	.373(**)	.246(*)
Greater Self Sufficiency in supplies	.221(*)	.084	.243(*)	-.133
Increased Market Independency	-.004	.144	.391(**)	.187
Development of Skills	.002	.131	.543(**)	.175
Increased Output	.197(*)	.158	.289(**)	.319(**)
use of appropriate technology	-.070	.114	.156	.480(**)
use of quality improvement techniques	1	.258(**)	.097	.072
conformance to legal requirements	.258(**)	1	.337(**)	.339(**)
financial resource management	.097	.337(**)	1	.189
ability to secure good business site	.072	.339(**)	.189	1
Mean absolute correlation coeff.	-.089	.450(**)	.309(**)	.240(*)
	0.169	0.219	0.285	0.256

Pearson's correlation matrix shows a very weak over-all correlation between independent variables (quality improvement process ingredients and MSE performance

Challenges in Using Components of quality improvement practices

When responding to challenges they face in using components of technology, sixty eight per cent of respondents felt that the major challenge they face is inadequate financial resources. 13% indicated that lack of relevant skills constitute their number one challenge; 11% lamented that frequent machine break downs are their major handicaps and 8% talked of inefficient and slow machines. These findings are similar to assertions by the Government of Kenya (GOK, 1982) that most MSEs lack capacity to adopt modern technologies because decisions relating to cost aspect rests with multinational corporations. Other scholars with similar views include Moyi (2005) who observes that Kenya's productive and investment capability is constrained by factors such as high cost of equipment and machine components; Gichira (2002) who concludes that widening gap between the technological capabilities employed by African firms and those employed by firms in other parts of the world are caused by inadequate funds; and Biggs, Shah and Srivastova (1995) who asserts that studies in African countries reveal that Africa exhibits much more inter firm technological heterogeneity than other developing regions (due to lack of funds), Patel (1986), Chambers (1967) and Albu (1997) who conclude that entrepreneurs need skills, knowledge as well as financial resources to be able to assimilate change and create technology. Chambers (1967) also goes a head to observe that the measure of survival and success-solvency, net income, growth in assets, employment creation and others are all measured in monetary terms and rests around the firm's financial management (Chambers,1967).

These discussions imply that the most important challenge in using components of quality improvement practices is inadequate finances. These results are represented in figure 4



**Fig.4 Challenges in Using Components of quality improvement practices
Improvement Interventions for use of quality improvement practices**

When asked to suggest improvement interventions that they feel appropriate, most entrepreneurs (68%) stated that a major improvement intervention for their MSEs is to be financed. 18% said they need to be trained; 11% said for their businesses to be helped they need to be linked to suppliers while 3% talked of other varied interventions.

These findings corroborate well with ministry of youth assertion that skills acquisition is necessary but not sufficient to improve MSE performance (GOK, 2006). To supplement the skills, youth entrepreneurs also need to be funded. Second in the list of improvement interventions is provision of relevant skills which is supported by 18% of the respondents. This supports observations that advantages associated with new technologies is seldom realized without a learning intensive process of experimentation, modification and adaptation to the specific circumstances of the firm (Enos 1992; Aw and Tan 1995). In conclusion, financing and entrepreneurship training are two major interventions necessary to assist MSES improve their technological adoption capabilities. Figure 5 below shows respondents' suggestions on improvement interventions in use of technology components

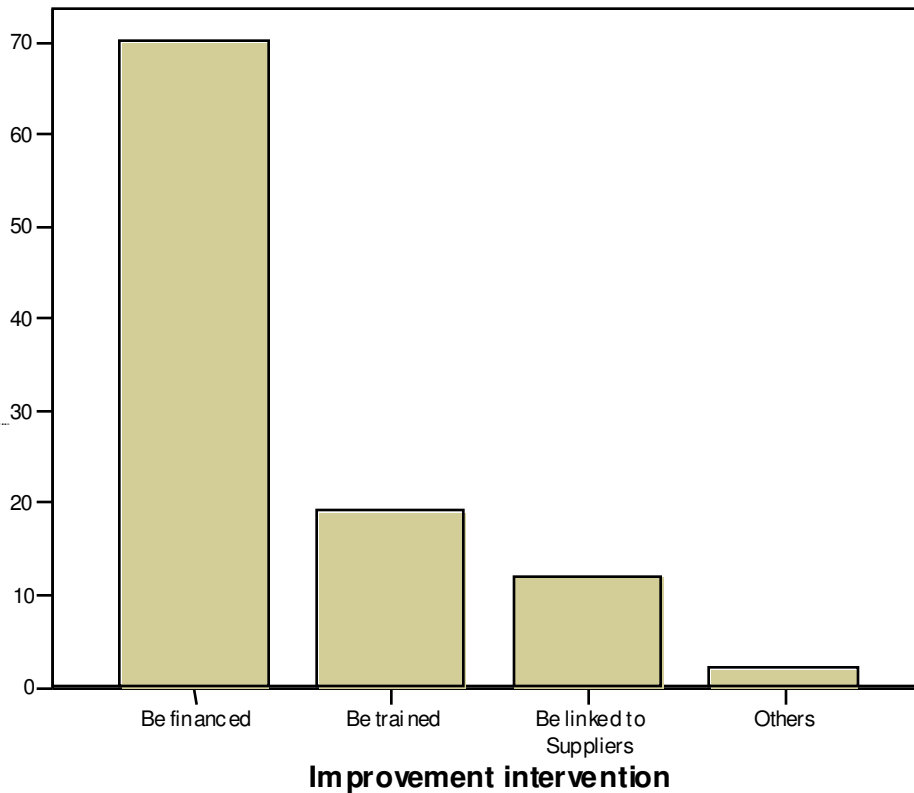


Fig.5 Improvement Interventions in Use of Components

Summary.

Strategic planning was related highly as of major help in boosting key business arrears, followed by Customer focus, then bench marking and finally employee involvement. On implementation, majority practice customer focus, followed by bench marking, then employee involvement and hardly any do strategic planning for their business. From correlation matrix, it appears that these quality improvement processes have positive but weak relationship with performance of the enterprises, meaning that they do not have much impact on performance of mses.

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

In conclusion, there is a general consensus that all entrepreneurs engage in quality improvement process in different ways. However, very few involve employee in deciding how quality is to be

improved in their businesses since they do not trust them. Instead, they only involve them in implementing the decisions. Likewise, hardly any do strategic planning possibly because they lack relevant skills.

Recommendations

1. To make MSEs be able to benefit more from quality improvement process, it is necessary that they are given all the necessary assistance to enhance their capability to produce efficiently, meet deadlines, upgrade product quality and bring out new product designs. To this end, it is recommended that these enterprises be provided with adequate finances, relevant tools and equipment and be trained on upcoming technology.
2. As argued by UNIDO (2004), acquiring new technology and applying it to get advantage of competition would require capacity to assimilate the technology, to manage it and to control it. Entrepreneurs may have invested in training in earlier years but require current skills to adopt the emerging technologies. They therefore need frequent upgrading of their entrepreneurship and management skills through refresher courses. Financing the training need be done by the government but provision of the training programme should be left to consultants and monitored by government agents.

References

- Ablu M (1997) "Technological learning and innovating in industrial clusters in the south" science policy unit, electronic working paper No. 7 Brighton: university of sussex.
- Argis c. (1985) Strategy, change and routines, New York, Pitman
- Awasthi D.N. Murali BP, (1990) *Entrepreneurship Development and New Enterprise creation, Experience of the entrepreneurship Development Institute of India*. ILO Geneva
- Biggs, T. et al. (1995) *Technological capability and learning in African enterprises*, technical paper no. 288, Washington DC, World Bank.
- Deakins D. (2003) *Entrepreneurship and Small Firms* 3rd ed. MC. Graw Hill, New York.
- Drucker (1986) *Innovation and entrepreneurship* Heinemann publishers, London
- Embu (2001): *Embu District Development Plan (2002-2008) on Effective Management for sustainable growth and Poverty reduction* Embu County Council, Embu
- Engelman R: (1993) *Jua Kali Development Project, Management Training* KIM, Nairobi
- Fulop C. (1970) *Retailing and the consumer*, printed by Longman Group LTD London

- Gall and Borg (1989) *Educational Research, an introduction (5th Ed)* New York and London, Longman.
- George and Arnold (1998) *Total Quality Management (2nd Ed)* New York, John Willey & Sons
- Gibb A.A. (1991) *Defining success in Entrepreneurship Approach*, ILO Geneva.
- Government of Kenya (1986) *Sessional Paper No.2 of 1986 on Economic Management for renewed Growth*. Government Printers, Nairobi.
- Government of Kenya(1989) *Strategy for small enterprise development in Kenya towards the year 2000* Government Printers, Nairobi.
- Government of Kenya(1996) *Sessional paper No. 2 of 1996 on Industrial Transformation to the year 2020*.Government Printers, Nairobi
- Government of Kenya(1997) *8th National Development Plan (1997-2000)*. Government Printers, Nairobi
- Government of Kenya(2004) (22nd Jan. 2004) *Draft Sessional Paper on Development of Micro and small enterprises for wealth and employment creation for poverty reduction*. Government Printers, Nairobi
- Government of Kenya(2004) *Central bureau of statistics*, Government Printers, Nairobi
- Government of Kenya(2005) *Economic recovery strategy for wealth and employment creation: 2003 – 2007*, Nairobi
- Government of Kenya(2006) *Ministry of state for youth affairs,Draft strategic plan 2006-2011, March 2006*. Government Printers, Nairobi
- Government of Kenya(2007) *The National youth Policy*, Government Printers, Nairobi
- Green law and Biggs (1979) *Modern personnel management* printed by W.B Sounders Co. USA
- Guthrie, C. (1983) *Selection and training for entrepreneurshipDevelopment* ILO Geneva.
- Hammer, M and Champy, J. (1983) *Re-engineering the corporation – A manifesto for Business revolution*, Nicholas Brealey, London
- Harper, M. (1993) *Selection and training for Entrepreneurship Development ILO Geneva*.
- Healey, M. J. (1991)*Obtaining information from business*. Harlow, Longman)
- Hernes T. (1988). *A guide for trainers and training managers*, ILO Geneva
- Ikiara M.and Okotcho (2005) *services trade related development strategies in tourism*, ILO (1986) *The promotion of small and medium sized enterprises* ILO, Geneva.
- Kasina,C.K (1991) “*Directorate of industrial training*” News letter

- Kelly C, et al. (1969) *How to organize and Operate a small business* Printed by prentice-Hall ,Inc Toronto Canada
- Liedholm, C and Mead, C. (1991) *Dynamics of Micro-enterprises Research issues and approaches*,Michigan State University.
- MC Comic, D. (1988) *Small enterprise in Nairobi; A golden opportunity or dead end?* PhD dissertation, University of Nairobi.
- Morrison, A, (1998) *Entrepreneurship – an International Perspective* Butter worth Heinemann
- Moyi E and Njiraini p (2005) *Towards Technology models for MSES in Kenya: common principles and best practices Kippra Discussion paper NO. 51*. Bulletin.
- Mugenda and mugenda(1999). *Research methods, quantitative approaches*. Act press, Nairobi Kenya
- Neuman, W. I. (2000) *Social research methods, 2nd ed*. London, Allyn and Bacon
- Ngahu, C. (1995)*choice of technology in small-scale enterprise: international development research center (IDRC)*
- Nzomo, N.D. (1986)*Entrepreneurship development policy in National Development Planning The Kenya – Case Article Eastern Africa Economic Review*
- Oakland, J.S. (1993) *Total quality management –The route to improving performance, 2nd edition*, Butterworth – Heinemann oxford .
- Oakland, J. S. (1995) *Total quality management – Text with cases*, Butterwoth – Heinemann, oxford
- Oakland, J. S. (1999) *Total organizational excellence –Achieving word class performance*, Butterworth –Heinemann in oxford.
- Powell, V. (1987) *Improving public enterprise performance* ILO Geneva
- Sifuna, D. (1986) *Unemployment and non-formal training in the informal sector in Kenya*. Presented to a staff graduate seminar, held in Kenyatta University . Nairobi.
- UNIDO (2002) *Industrial development report: competing through innovation and learning venna: united Nation industrial development organization*
- UNIDO (2004) *Integrated institutional capacity building services and programmer for technology centers and parks venna: United Nations industrial development organization*

Van Dijk (2001) *Innovation and micro and small enterprise development in developing countries: linking knowledge as skills to produce employment*: University of Erasmus Netherlands.

Willimack D. K. et al (2002) *Understanding unit and item non response in business surveys*, New York, Wiley Inter Science

World Bank (1978) *Appraisal of small-scale industrial project Kenya* Washington, DC

Yambo, M. (1986) *Technical Training and Work Experience in Kenya* – unpublished.