

**INFLUENCE OF YOUTH DEVELOPMENT FUND  
ON PERFORMANCE OF YOUTH OWNED ENTERPRISES IN KENYA: A CASE  
OF KANDUYI SUBCOUNTY IN BUNGOMA.**

**BY  
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## DECLARATION

This research project is my original work and has not been presented for the award of any Degree in any other university.

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This research project has been submitted for registration with my approval as the university Supervisor.

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## **DEDICATION**

I dedicate my research project to my parents Mr. Clement Khaemba and Mrs. Demtilla Khaemba, My Husband Calistus Namachanja, my children Mercian, Moses and Maya. To my siblings Mildred, Florence. Mary. Caroline and Vincent who encouraged and gave me support through prayers.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>DDOs:</b>	District Development Officers
<b>KNBS:</b>	Kenya National Bureau of Statistics
<b>KWFT:</b>	Kenya Women Finance Trust
<b>R&amp;D:</b>	Research and Development
<b>SMEs:</b>	Small Medium Enterprises
<b>YDF:</b>	Youth Development Fund
<b>YEDF:</b>	Youth Enterprise Development Fund
<b>AEO:</b>	African Economic Outlook

## ABSTRACT

This study investigated factors influencing the performance of youth owned enterprises in Kanduyi Sub County. The objective of this study included the following: To determine the extent to which education/training on youth development fund; credit access; enterprise competition; business environment influence performance of youth owned enterprises in Bungoma. A conceptual framework to show the relationship between the dependent and independent variables including all indicators was used in the study. A pilot study was conducted in Webuye town and was not involved in the final study to avoid contaminating the final actual sample. The target population for this research included all the 11,300 youth entrepreneurs with a sample size of 370 determined from Krejcie and Morgan table and randomly selected. A descriptive research design was used to allow researcher to gather information, summarize, present and interpret data for the purpose of clarification. Proportional allocation was used to compute the exact number of subjects in each location which was a correct representation in each region. The received data was classified, summarized, coded, sorted and SPSS software used in analysis. On The findings, It was realized that 334(91%) which was the majority of the respondents said that they were influenced by their academic qualification. Majority of the respondents, 131(36%) said that bureaucracy influences the performance of youth owned enterprise in a low level also, majority of the respondents, 225(62%) said that compulsory youth groups influences the performance of youth owned enterprise in a very low level while the results on the amount accessed found an influence on the performance of the youth entrepreneurs as depicted by the majority of the respondents 333(91%) who supported this statement. Majority of the respondents, 191(52%) said that networking influences the performance of youth owned enterprise in a very high level. The study revealed that business policies does not influence the performance of the youth entrepreneurs as depicted by the majority of the respondents 309(84%) who said that business policies did not influence them, also, majority of the respondents, 163(44%) said that market fluctuations influences the performance of youth owned enterprise in a very high level.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

A youth has various definitions, the UN definition of a youth is a person between the ages of 15 and 24 years, while in Africa a youth varies among different countries for example in Uganda a youth is a person between ages 18 and 30 years. The Kenyan constitution seals the ambiguity of who is a youth by providing a definition in article 260. This is a person who has attained 18 years but is below 35 years. under the bill of rights (article 21 (3)) the constitution obligates all state organs and officers to address the needs of vulnerable groups within society, including women, older members of society, persons with disabilities, children, youth, members of minority or marginalized communities, and members of particular ethnic, religious or cultural communities. The youth in Kenya, who number about 9.1 million, account for about 38% of the population of these, 51.7 % are female. the youth form 60% of the total labour force but many of them have not been absorbed in the job market owing to the country's high unemployment level (Kenya national youth policy, 2007). The number of persons enumerated during 2009 population and housing census in Kenya was 38,610,097 representing an increase of about 35% from the 1999 census. The population pyramid shows that the population of Kenya is still very youthful (KNBS, Kenya census 2009). In this study we shall use the Kenyan definition.

In the AEO (2012), it was claimed that small enterprises were a major source of employment and income and entrepreneurship was argued to be key to economic growth in developing countries. Youth development in many parts of the world continued to face obstacles at local, national and international levels, despite the numerous international resolutions calling

for states to provide young people with opportunities to participate fully in all aspects of society (ADB et al, African economic outlook, 2012). In Kenya, the employment challenge has been growing overtime with the youth being the main casualties. Despite numerous policy efforts, poverty and unemployment continue to afflict many Kenyans. As a response to challenges of unemployment, the Government of Kenya established the Youth Development Fund in the year 2006. The main mission was to increase economic opportunities and participation by Kenyan youth through enterprise development and strategic partnerships.

In Japan, a nation that once boasted the likes of Sony, Toyota and Mitsubishi as its entrepreneurial heralds, Japan's entrepreneurial record in the new millennium is surprisingly sparse. Indeed, entrepreneurs in Japan have become the exception rather than the norm. Common problems faced by aspiring entrepreneurs include the lack of venture capital, labyrinthine government regulations, and the dominance of large companies. Yet for all these factors, it takes two hands to clap you need both an environment conducive to startups as well as people who aspire to be entrepreneurs. (Yasuda, 2006)0725238974

On the political front, the Japanese government – whether the old Liberal Democratic Party or the new Democratic Party of Japan – has worked very hard to incentivize entrepreneurship. Indeed, Toyo University professor Takehiko Yasuda has detailed an extensive list of policy responses initiated since the early 2000s, including the removal of minimum capital requirements for limited liability companies and new startup loan programs to act as a quasi-state venture capitalist. In addition, government initiatives have also tried to encourage the private sector to open up venture capital to promising startups. Yet these measures have led to few appreciable results. Robert Eberhart, a fellow at Stanford University (and expert on

entrepreneurship in Japan), estimated the annual number of venture capital deals made in Japan to be half that of the US, at only a quarter of the average deal size (US\$1 .9m v US\$ 7.1 million per deal), This leads to the suspicion that the true reason for stagnant entrepreneurial activity lies elsewhere – in the education system and the youth that either conforms or retreats from entrepreneurship. At the same time, with the traditional lifelong employment model still holding sway over many desired career paths for the best and the brightest, many still regard entrepreneurship as a risky and potentially dangerous path. In this sense, young people in Japan find themselves at a crossroads, wondering whether old institutions and methods will prepare them for new challenges. Some choose to confront these challenges, while others retreat into themselves and into the comfort of the established system of lifelong employment. With the political conditions for entrepreneurship becoming more favorable, the greater challenge for entrepreneurship in Japan will be to address the social factors that hinder entrepreneurship among the youth, (Eberhart, 2009)

In the Western context, adolescence is a time of independence during which an individual break free of parental bonds and explores the world, thereby forming an identity for oneself. Yet for Japanese youth, the teenage years often represent an age of conformity and a single route to achieving the social conception of “success”. In this respect, the individual learns to function within a defined role in society, according to a set of criteria focused particularly on academic performance. As Thomas Rohlen notes in his study of education in Japanese society, direct intervention by authority is used only sparingly. Instead, the pressure to conform exerted by the group functions as the primary means of controlling those who do not behave within the normative compliance of the group and usually helps to nudge them back into compliance, (Helms, 2003)

With an entrenched mentality of group affiliation, the crucial skill sets and mentality needed for successful entrepreneurship are often suppressed, while the merits of risk aversion are highlighted. As one manager explained when asked about entrepreneurship, “the evaluation system in Japan gives everyone an initial ten points and points are deducted when you fail. Chances are not taken because in the Japanese mind we have been taught to be the same as others. People dare not take personal risk to be independent.” More importantly, the shame and embarrassment associated with failure often discourage many from attempting new ventures in the first place, thereby undermining one of the basic tenets of entrepreneurial activity – a willingness to fail and try again.

Indeed, while such a communitarian approach is not uncommon in Asia, the traditional competitiveness inherent in a system that considers academic excellence to be the sole judge of potential is amplified by the pressure placed by Japanese parents. The Japanese have a saying “the nail that sticks out gets hammered down”, which contains an implicit expectation of failure for entrepreneurs that might bring new ideas to the table. As sociologist Michael Dzusinski notes, “Foremost are the cultural expectations placed upon a young middle-class person to conform to norms and succeed in life and the one acceptable mainstream ‘route’ in which to accomplish this goal a prestigious education. Social withdrawal among the groups mentioned above can thus be seen as a sort of rebellion against these conditions, asserting the right to an individual outlook in a society geared to conformity. Yet this individual outlook is not directed outward, but rather inward, which deprives the society of possible sources of creative or entrepreneurial talent.



In Kenya, Studies show that youths lack direct relationship with physical and economic resources and access to information and communication technology, especially in rural areas (Kenya Youth Parliament, 2008). The Government launched the Youth Enterprise Development Fund (YEDF) to promote entrepreneurial activities among the youth to ensure their effectiveness. This hind is better managed through youth groups rather than individual youths. Microfinance institutions like Kenya Women Finance Trust (KWFT) came up with the idea of giving out funds to well organized groups to be used as seed capital and train inexperienced entrepreneurs in vital business skills to enable them establish, manage and sustain new ventures (Ongwae, 2008). Youth Development Programs began at national level and have since moved to district level under the District Development Officers (DDOs).

Youth entrepreneurship project in Kenya include brick makings, dairy animal keeping, poultry keeping, transport and horticulture among others. In Kibera, youths had no jobs by February 2007. When the UN Secretariat discovered this, it dispatched money to them to help them engage in some economic activities like honing skills in building and construction and professional service, training programmes to produce cheap blocks. Low cost stabilized soil blocks were produced and soon will start producing highly futurist hydroform interlocking blocks. Youths are now skilled and can form own companies and bid for jobs as building contractors. This is to upgrade slums, improve physical facilities of slum dwellers and improve livelihood and open opportunities for youths (Okoth, 2009). Other youth projects in Kenya include tree planting, sand harvesting, ballast making, and fishing. The major role of these projects is to provide income to youths and their immediate family members and improve their social life. They are to help them achieve and enjoy reaching their full potential and be ready to face the world with confidence and every chance of success. Youth projects in Bungoma Town

location include tree planting, bee keeping, dairy farming, brick making, transport, poultry keeping, sand harvesting, ballast making and horticulture. These projects have been active but are believed to face challenges for example lack of training of their leaders, poor or little or no funding, lack of participation by all youths thus leading to their failure and hence negative socio-economic impact on the community such as increased crime, pregnancies and unemployment. This could be strengthened through proper training of the youth leaders and how to use the available funds well, putting priorities first and encouraging participation of all youths in their respective projects to ensure their success and thus a positive impact in the community's social and economic welfare. Success of youth projects which implies effective management can be seen from increase in the number of youth activities or businesses and the continuity of the groups. Lack of these could imply failure of the youth activities.

## **1.2 Statement of the problem**

Scholars identify different reasons for low entrepreneurship among the youths, Rahmawati, Hasyatiand Yusran, 2012, stated six main groups of youth entrepreneurship barriers - named by them obstacles. Those six areas of obstacles are: insufficient knowledge and education, environment not enabling for youth entrepreneurship, economic and financial barriers, regulatory barriers, lack of relevant networks and lack of role models in entrepreneurship. The small enterprises play an important role in the Kenyan Economy. According to the Economic Survey (2006), the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). While little evidence exists that these small firms grow into medium-size firms (employing 50 to 100 workers), many of these small firms have the potential to grow and add one to five employees (Fadahunsi, 2012).

The Government of Kenya conceived the idea of institutional financing to provide young people with access to finance for self-employment activities and entrepreneurial skills development as a way of addressing unemployment and poverty which essentially are youth problems (GoK, 2009). This Youth Enterprise Development Fund concept is based on the premise that encouraging micro, small, and medium enterprise development initiatives is likely to have the biggest impact on job creation (MOYAs, 2010). The Fund has continued to diversify its product base by focusing on interventions that are more responsive to the needs of the youth and are geared towards addressing specific challenges facing young entrepreneurs (MOYAs, 2011).

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

The purpose of this study was to investigate the influence of youth development fund on performance of youth owned enterprises in Kanduyi Sub County.

### **1.4 Research Objectives**

1. To determine the extent to which educational/ training levels about the Youth Enterprise Development Fund influence performance of youth owned enterprises in Kenya
2. To establish the extent to which credit access influence performance of youth owned enterprise in Kenya
3. To determine the extent to which enterprise competition influence performance of youth owned enterprises in Kenya
4. To establish the extent to which business environment influence performance of youth owned enterprises in Kenya

### **1.5 Research questions**

1. How does educational/training levels about the Youth Development Fund influence performance of youth owned enterprises in Kenya?
2. How does credit access influence performance of youth owned enterprise in Kenya?
3. How does enterprise competition influence performance of youth owned enterprises in Kenya?
4. How does business environment influence performance of youth owned enterprises in Kenya?

### **1.6 Significance of the Study**

The study will generate important information on the most appropriate way to encourage and motivate youth entrepreneurs to go beyond inhibiting factors and become part of national building through starting business and other enterprises therefore becoming self-sufficient and also creating job opportunities in the country. The information will be generated to be used by the County government and other development agencies to formulate most appropriate policies that are youth entrepreneurs' friendly. The study is also an empirical knowledge on the factors that influence the performance of youth owned enterprises, in Kenya.

### **1.7 Delimitation of the Study**

The study covered the youth operating enterprises in Bungoma town, Bukembe, Kibabii and Mayanja regions of Kanduyi Sub County. This included the youth registered under the education youth and sports ministry in Bungoma County who are the custodian of the Youth Development Fund.

## **1.8 Limitations of the Study**

The research was affected by financial constraints, in travelling from different locations and to help in the logistics of research assistants which was mitigated by early savings. Time constraints was also experienced and it was mitigated through early application of research permit.

## **1.9 Basic Assumptions**

The study was based on the following assumptions: That many respondents gave their views, and information, more objectively, and sincerely. That the data generated from the selected region was a representative sample that can be replicated. That the responses were a reflection of a true and honest explicability of facts on the grounds.

## **1.10 Definition of Significant Terms**

**Business Competition** refers to rivalry among youth owned SMEs themselves or with other business trying to achieve such goals like increasing profits, market share and sales volume

**Business environment:** This involves both national and county policies that influence youth entrepreneurs

**Credit access:** Possibility of the youth owned small and medium enterprises (SMEs) to access capital facilities services at affordable rate.

**Education and Training on YDF:** Refers to process of acquiring and developing knowledge, skills and attitude.

**Enterprises** refer to an income generating activity with the number of employees ranging from 1-49. This includes micro, small, medium and Jua kali enterprises

**Performance:** Ability to see a business opportunity or necessity, take the risks involved in combining the available resources to start an enterprise; ability to manage an enterprise and see to it that it grows and expands and make profits; ability to accumulate wealth from an enterprise.

**Youth Entrepreneur:** Refer to youth people between the age of 18 to 35 who start projects due to an opportunity or necessity for profit. A youth who takes risk in combining resources to produce goods or services for profit.

### **1.11 Organization of the Study**

This study was organized in chapter one (introduction) which included; background of the study, the statement of the problem, the purpose of the study, the research objectives, research questions, significance of the study, limitation and delimitations of the study and definitions of significant terms. Chapter two (literature review) included; Levels of education/training, credit access, competition, environment, theoretical framework, conceptual framework, summary of literature review and knowledge gap. Chapter three (research methodology) included; research design, target population, sample size and sampling procedures, data collection instruments, data collection procedure, piloting instruments, validity of instruments, reliability of instruments, data analysis techniques, ethical considerations and operational definition of variables. Chapter four; data analysis, presentation and interpretation of

the findings and chapter five; summary of findings, discussion, conclusions and recommendations

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviewed the related literature under different sub-topics relevant to the study objectives. These include: Education/training on YDF, credit access, Enterprise competition and business environment. The chapter also discusses theoretical and a conceptual framework, it also presents the summary and the gaps of the study.

### **2.2 Education/training on youth development fund and performance of small enterprises**

In the area of entrepreneurship education and training key identified constrains are: lack of entrepreneurial education, wrong curricula or learning methods, lack of proper teachers or lack of linkages with business (Unesco, & International Labour Office 2006). Allied to the question of what training and development is, lies in the equally important one of where does training and development fit with the overall success of an enterprise. According to Cole (1997), training is a leaning activity, which is directed towards acquisition of specific knowledge & skills for the purpose of an occupation. It focuses on the job task. The training can be both formal and informal and is usually carried out to assist a person understand and perform his/her job better. On the other hand he defines development, as a learning activity, which is more devoted towards future, needs, rather than present needs of the organization and is concerned with career growth and immediate performance (Cole 1997). Armstrong (1999) concurs with Cole that training is a systematic modification of behavior through learning, which occurs as a result of education and instruction. Today's business environment can be characterized as changing. The accelerated pace of advances in technology, increasing foreign competition, widespread and growing unemployment creating serious adjustment problems, and diminishing resource supplies have



affected the way business is conducted. This complex and unstable environment is a way of life, which will continue far into the future (Cole 1997). This result agrees with Namusonge (2006), that educational level of most youth influenced the growth of their enterprises.

Rasmussen & Sorheim (2006) argue that entrepreneurship training has traditionally focused on teaching individuals, but many initiatives are increasingly becoming more action-oriented, emphasizing learning by doing. In their paper they present a number of action-based activities at five Swedish universities. The cases show that entrepreneurship education focuses less on teaching individuals in a classroom setting and more on learning-by-doing activities in a group setting and network context. Given that past research results have consistently found SME training to result in better company performance, even under different cultural settings such as the Netherlands, Spain, Hungary, and China (Mullei, 1999), it is expected that implementation of YEDF-related training programs will lead to higher firm performance in Youth SMEs. This statement underpins the importance of training and development in the national economic development process.

It becomes significant point of reference especially since most developing countries are responding to many challenges of the industrial development by implementing new programs, which calls for new expertise and new orientation of work. This usually means changes in specific knowledge, skills attitudes or behaviors. Training should be designed to meet the goals of the organization while simultaneously meeting the goals of individual employees (Mullei, 1999), entrepreneurship training is a crucial element in the performance of youth entrepreneurs

Sexton and Similor (1997) defined entrepreneurship training as a formal structured instruction that conveys entrepreneurial knowledge and develops focused awareness relating to opportunity, recognition and the creation of new ventures. Entrepreneurship training should be

mainly focused on starting a business and subsequent sustainability of such business. Given that past research results have consistently found SMEs training to result in better company performance, even under different cultural settings such as the Netherlands, Spain, Hungary, and China (Mullei, 1999), it is expected that training programs offered by government agencies and private sector will lead to higher firm performance in youth SMEs. This statement underpins the importance of training and development in the national economic development process.

The Government of Kenya recognizes that access to entrepreneurial skills development is key to the growth and development of any enterprise and more so the SMEs (Republic of Kenya, 2005). Skilled entrepreneurs have what it takes to pursue their dreams and acquire their objective. They have a way of surviving the tough situations. They must remember to take regular breaks from work which will ensure that you do not burn out quickly. Being a risk taker is a natural trait. They are attracted to challenges and approach risks cautiously. Common sense prevails and this makes them cautious around the tough bends. Their willingness to persevere helps them against the odds. Being passionate about their venture, their sheer belief and conviction in an idea or action is an entrepreneurial skill that helps them survive (Rasmussen & Sorheim, 2006).

Being strategy planners, entrepreneurs employ the best employees to support them in their venture. They focus on their main objective, growth and sustenance by learning to delegate. Serving as a member of the top management, they must have the ability to supervise all the sections of the business and become a generalist. Communication and delegation entrepreneurial skills help entrepreneurs to muster the abilities and efforts made by their team members. Mediating and handling complaints for their company requires immense tact and diplomacy (Gakure, 2001). Hard work and commitment are their strong entrepreneurial traits.

Entrepreneurs are able to work long hours, are not afraid to get their hands dirty and are among the first few people to focus on their task with a high degree of involvement. They set high standards of performance by their accomplishments and are motivators. Willing to lead the team members especially in a crisis is an entrepreneurial skill that is valued highly (Mwirigi, 2007).

Selling ideas and their products is an entrepreneurial skill that cannot be undervalued. Appealing presentations, direct selling whenever there is a need and determining sales quotas accurately are tasks that entrepreneurs must be able to achieve. Enhance your marketing skills by acquiring knowledge and practice. Being customer oriented is an entrepreneurial skill that helps them to satisfy the needs of their customers. An entrepreneur must be customer focused. Ultimately, it is they who decide if the business will boom or go bust. Remember, it is easy to keep your regular customers happy rather than try to woo new customers (Buckley, 1993). Ability to adapt and change to a new environment is an entrepreneurial skill that decides the outcome of success or failure in a dynamic environment.

According to Hisrich (2005), there is strong evidence that entrepreneurs tend to have entrepreneurial parents. Having a parent who is self-employed provides a strong aspiration for the entrepreneur. The independent nature and flexibility of self-employment is ingrained at an early age. Entrepreneurial parent often further enforces this feeling of independence, achievement and responsibility. This supportive relationship of the parent appears to be the most important for entrepreneurs (Hisrich, et.al, 2005).

### **2.3 Credit Access and Performance of small enterprises**

Financial services play a critical role in development by facilitating economic growth, enterprise creation; reduce income inequality and poverty levels, and employment creation. Inclusive financial systems allow poor people and disadvantaged groups such as youth, persons with disabilities and women to save, borrow and enable them to build their assets, invest in education, venture into entrepreneurial activities and improve their livelihoods (World Bank, 2012).

Yoshimoto (2000) observes that young people actively seeking employment were two to three times more likely to miss jobs compared to the older generation. Transforming young jobseekers into job-makers is considered to be an important strategy to prevent or alleviate poverty. Micro and small enterprises (MSEs) are widely recognized as a major source of employment and income in developing countries (Mano et al., 2011). If they grow in size, they would contribute to economic growth and poverty reduction among the youth (OYWA, 2012). Access to flexible, convenient, and affordable financial services empowers and equips the poor to make their own choices and build their way out of poverty in a sustained and self-determined way (Mayoux, 2003). However, these youths lack financial capital which is difficult to access from formal lending institutions.

According to the World Bank (2010), access to finance is significant to business environment and an issue for SMEs. Agnew (2003) argues that finance is the life blood of any firm or business and no matter how well it is managed, it cannot survive without enough funds for working capital fixed assets, investment and employment of skilled labour force.

A study by Ahiawodzi and Adade, (2012), examined the effect of access to credit on the growth of SMEs on the Ho Municipality of Volta Region of Ghana by using both survey and

econometric methods. The survey involved a sample of 78 SMEs in the manufacturing sector. The specified econometric model had firm growth as the dependent variable, and the independent variables included access to credit, total current investment, age of the firm, start-up capital, education level and annual turnover of the firm. Both survey and econometric results showed that access to credit exerts a significant positive effect on growth of SMEs in the Ho-Municipality of Ghana- the main policy implication of the study therefore was that the government should try hard to meet the credit needs of the SMEs in the country for a speedy economic grow

According to the World Bank Youth Report (2003), many youths in developing countries rely on personal savings, friends and family for start-up capital and expansion. Without such finances they have limited chances of starting and maintaining their own businesses. Indeed, a study carried out by Chigunta (2005) in Zambia, suggested that the majority of potential youth entrepreneurs (72.4 percent) cited lack of capital as the major reason as to why they were not self-employed. Ayodele (2006) also identified inadequate capital as one of the principal factors hindering entrepreneurship in Nigeria.

The youth possess little resources and assets that are inadequate and in some cases unacceptable as collateral for loans by Financial Institutions (Nganga, 2015). The collateral secures the debt when it is valuable for both parties involved in the contract, when the lender can take possession of the security without incurring high transaction costs according to the legal framework (Fleisig, 1995) and when its value does not diminish with use. Because the collateral's value often surpasses the loan (Picker, 1992), it is easier to recover a secured debt than an unsecured one.

#### **2.4. Enterprise Competition and Performance of small enterprises**

Small firm entrepreneurs are not only the founders and the owners of the firm, but also the managers who are responsible for the firm's operations. An entrepreneur has to consider his or her firm's environment in developing business strategies for the coming year. A manager needs to understand the management process of planning, organizing, leading and controlling of an organization's resources. In addition, a manager needs to be able to use his or her knowledge and interpersonal skills effectively when dealing with external environments. The external environment is defined as "all elements outside the firm that are relevant to its operation" (Stoner and Freeman, 1992:63). For example, customers, suppliers, bankers, governments, competitors, and so forth; are groups of individuals outside the firm who will pose a threat unless respectable relationships with them are developed. Aldrich et. al. (1987) argues that "entrepreneurs succeed because they are able to identify opportunities and obtain scarce resources from their environment resources are obtained through exchange relationships between entrepreneurs and their social networks." (pp. 155)

The entrepreneurs' personal networks are considered important in the process of business formation (Johannisson, 1987b) as well as development (Rasmussen, 1992). This is because entrepreneurs' personal networks can provide various resources to help develop the entrepreneurs' business. However, these external resources are humans, like the entrepreneur and have a personal interest in interacting with the other parties. This social interaction between entrepreneurs and their external environments or social resources involves a reciprocal exchange of resources, information, help, supports and opportunities. In addition, these external human resources are inclined to offer encouragement and moral support (Carsrud et. al., 1987). Most of the small firm's external activities are concerned with these exchanges for the best interest of the

business. An entrepreneur's personal network appears to be an effective strategy for getting access to, and exploiting external resources through exchange relationships. In general, networking may be referred to as all the relationships an entrepreneur establishes around himself or herself with external human resources. A network, according to Heald (1983:17), is "a social configuration in which some, but not all of the component units maintains relationships with one another". It is the process of sharing contacts and obtaining resources such as information, advice, moral support, money, ideas and so on (Welch, 1980; Aldrich et. al., 1987; Dubini and Aldrich,1991). Dubini and Aldrich (1991) argue that a personal network consists of all people with whom an entrepreneur has direct relations including partners, suppliers, customers, venture capitalists, bankers, other creditors, distributors, trade associations, and family members This research deals with entrepreneurs' personal networks and utilizes some concepts of personal networks developed by Aldrich et. al. (1989) to Malaysian entrepreneurs. In this case, the above definition of an entrepreneurial network is used throughout the discussion in this thesis.

According to Fumo and Jabbur (2011), competition is ranked number one of the most challenging issues among the youth entrepreneurs. In their study they identify three forms of competition as: the informal i.e. competition among informal firms which is the most severe business constraints in developing countries like Kenya, competition from other enterprises in the same line especially that are owned by adults and competition from foreign enterprises which have advantages of low cost of production and high standard of goods and services. This is further complemented by findings by Owino (2008) and Kariuki (2008) that competition is a major problem encountered by youth owned SMEs. In another study of "issues on SME development in Ghana and South Africa", Abor & Quartey, (2010) established that SMEs face greater external competition. The SMEs therefore need to expand market share to avoid

overreliance on local markets (Onugu, 2005). However, the SMEs limited international marketing experience, poor quality control and product standardization, and little access to international partners, continues to impede SMEs expansion into international markets (Wanjohi, 2010). Many new SMEs fail during the early years and one of the reasons attributed to this failure is their inability to beat the competition. For the small business to be successful the business owner must adopt certain strategies that will enable to outsmart their competitors and beat them (Onugu, 2005). Entrepreneurs in Nigeria face serious stiff competition from foreign producers. The local entrepreneurs are not protected at and the situation seem to be further worsened by the apparent lack of faith in the Nigerian Patent Law which many entrepreneurs feel offers them little protection against (Jajah, 2009).

## **2.5 Business environment and Performance of small enterprises**

Much of the literature has been devoted to identifying and describing entrepreneurial motivators and why individuals plan to become entrepreneurs. From an economics perspective, it is argued that an individual will choose to become self-employed if the expected life-time utility from self-employment is greater than the life-time utility from dependent employment (Hirsch et al, 2005). Entrepreneurs can be defined as persons who are creative in finding ways to add their own wealth, power, and prestige. According to Baumol (1990), individuals choose to be entrepreneurs when or because their utility (from wealth, power, and prestige) is maximized by doing so. There is evidence that non-monetary reasons for being self-employed play a much greater role than monetary aspects and there is doubt on the suggestion that people mainly choose self-employment as a means of gaining higher income than they could attain as employees (Hisrich,et.al, 2005)



Hull et al (1980) identified several human motivations that influence the entrepreneurial process. In their arguments, they explicitly assumed that all human action is the result of both motivational and cognitive factors, the latter including ability, intelligence, and skills. They also argued that entrepreneurship is not solely the result of human action; external factors also play a role (for example, the status of the economy which also involves availability of market, the availability of capital, the actions of competitors, and government regulations). However, environmental factors being held constant, human motivation plays a critical role in the entrepreneurial process. To this end, Buckley (1993) suggests ways that researchers could develop more realistic explanations for how human motivation influences the entrepreneurial process than is the norm in the literature to date.

Motivation is concerned with the factors that influence people to behave in certain ways. Arnold et al (1991), have listed the components as being, direction-what a person is trying to do, effort- how hard a person is trying to and persistence- how long a person keeps on trying. When speaking with business owners it is clear that they are self-motivated and determined to succeed. Motivating other people is about getting them to move in the direction you want them to go in order to achieve a result, well-motivated people are those with clearly defined goals who take action that they expect will achieve those goals (Bwisa, 2010). An organization as a whole can provide the context within which high levels of motivation can be achieved by providing incentives and rewards, satisfying work and opportunities for learning and growth (Bwisa, 2010). Researchers believe that motivation consideration of an entrepreneur adds value to the information contained in the Entrepreneurial performance. Motivation is a desire to do well, not so much for the sake of social recognition or prestige but for the sake of an inner feeling of

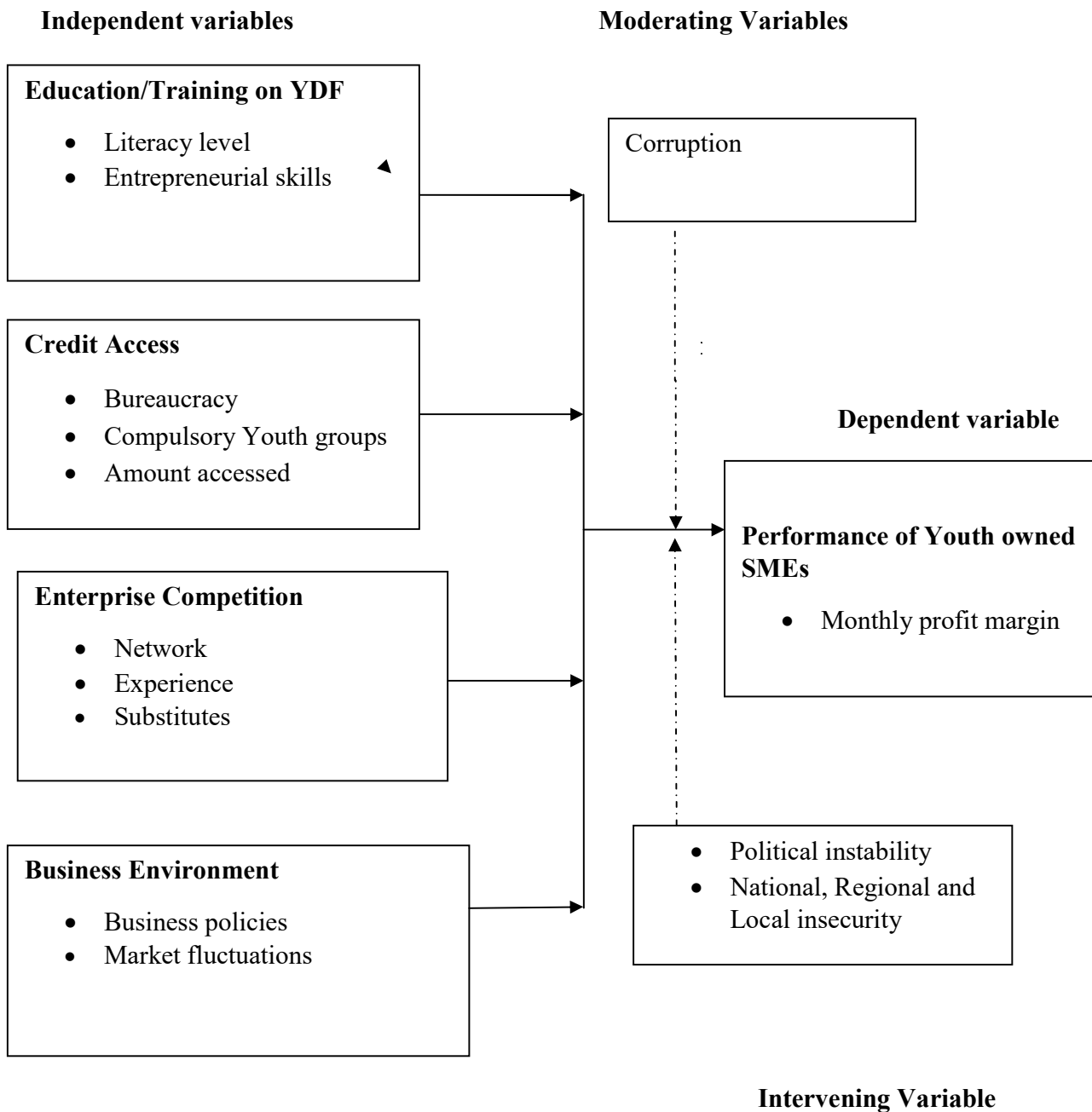
personal accomplishment. Motivated entrepreneurs focus on opportunity not resources, structure, or strategy (Sexton, et al, 1986).

## **2.6 Theoretical framework**

This study was be anchored on knowledge spillovers theory. It's a theory on entrepreneurship in which the creation of new knowledge expands the technological opportunity set. The entrepreneurial activity does not involve simply the arbitrage of opportunities, but the exploitation of knowledge spillovers not appropriated by incumbent firms. The Knowledge Spillover Theory of Entrepreneurship shifts the fundamental decision making unit of analysis in the model of economic growth away from exogenously assumed firms to individual agents with endowments of new economic knowledge. Agents with new knowledge endogenously pursue the exploitation of knowledge suggesting that the stock of knowledge yields knowledge spillovers and that there is a strong relationship between such spillovers and entrepreneurial activity. If incumbent firms appropriated all the results of R&D, there would be no knowledge spillover. This theory is relevant with the study because it emphasizes on Knowledge as a factor for entrepreneurship.

## 2.7 Conceptual framework

The study was guided by a conceptual framework in a diagrammatic representation containing all variables in the objectives and substituent indicators.



## **2.8 Summary of literature review**

The chapter looked at the factors influencing performance of youth owned enterprises in Kanduyi Sub county such as levels of education/training on YDF, credit access, enterprise competition and business environment. Also, various scholars have been discussed about their opinions and researches. The chapter also focused a theory that relate to the topic and a conceptual framework of a diagram.

## **2.9 Knowledge gap**

Youth and entrepreneurship is well documented in literature but little literature can be found about how youth development fund influence the performance of youth owned enterprises in regard to education/training on youth development fund, access to credit, enterprise competition and business environment influence the performance of youth owned enterprises in Bungoma education youth and sports ministry. A research of this kind has never been carried out in Kanduyi Sub-County.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter comprises of the research methodology that was used in the study, this includes research design, target population, sample size, sampling procedures, research instruments, validity and reliability of research instruments, data collection procedures, data analysis techniques, ethical issues and operational definition of variables.

#### **3.2 Research Design**

This study employed a descriptive survey research design. Descriptive survey research designs was used in preliminary and explanatory part of the study to allow researchers to gather information, summarize, present and interpret data for the purpose of clarification Orodho, (2003). The descriptive survey research is intended to produce statistical information about aspects of factors that influence performance of youth entrepreneurs that interest policy makers and other stakeholders. The descriptive research design was suitable because the researcher collected data and report it the way the situation was without manipulating any variables.

#### **3.3 Target population**

According to Mugenda (2003), target population is the total number of elements that researcher specifies in his or her research. The target population for this research was all youth entrepreneurs in Bungoma town, Bukembe, Mayanja and Kibabii which is 11,300 from Education, Youth and Sports Department records. This target population was unevenly distributed among the four areas of study.

### **3.4 Sampling size and sampling procedures**

In this section, the researcher discussed the sample size and sampling procedures as used the study. The researcher showed how sample size and sampling procedure was determined; also it explained how actual sampling was done during sampling procedure.

#### **3.4.1 Sample size**

Krejcie and Morgan table, (1970) in appendix 2 is used to determine sample size which is 370.

#### **3.4.2 Sampling procedures**

Stratified sampling techniques were applied to find the correct representation of youth entrepreneurs from each location; each location formed a stratum that is homogenous compared to whole population. Using proportional allocation, the sample size for each location was determined to the sample size in proportion to the youth population in the target population. After stratified sampling is done, simple random sampling was used in selection of the required youth entrepreneurs in each location according determined in the table 3.1. Pieces of papers were assigned values, odd and even numbers, those with even numbers were selected. This procedure was repeated in order to get number of samples from each location as shown in the table 3.1. Three research assistants were used to get lists of youth entrepreneurs in Kibabii, Mayanja and Sibembe while researcher conducted this exercise in Bungoma town.

**Table 3.1 sample size for each location**

Location	Number of youth	Stratified Sampling	Sample size in each location
Operating enterprises			
in each location	$n_i = (N_i \times S) / N$		
Bungoma Town	5300	$(5300 \times 370) / 11300$	174
Sibembe	2300	$(2300 \times 370) / 11300$	75
Kibabii	1700	$(1700 \times 370) / 11300$	56
Mayanja	2000	$(2000 \times 370) / 11300$	65
<b>TOTAL</b>	<b>11300</b>	<b><math>(11300 \times 370) / 11300</math></b>	<b>370</b>

$n_i$  = Sample each location

$N_i$  = strata size for each location

$S$  = Sample of the target population

### 3.5 Research Instruments

This study used questionnaires in collecting data. A questionnaire is a research instrument that gathers data over a large sample Kombo & Tromp (2006). The questionnaires that was used in this research consisted of structured questions.

### 3.6 Piloting of instruments

A minor study called pilot study was conducted to standardize the instruments before the instrument is used for actual data collection. This was carried out in Webuye region which is a different region from study areas.

### **3.6.1 Validity of Research Instruments.**

The validity of a test is a measure of how well an instrument measure what it is supposed to measure Kombo (2006).The validity of research instruments was to be established by research expert before data collection in the field. My supervisor went through my instruments to assert the content validity.

### **3.6.2 Reliability of research instruments**

Reliability refers to the measure of degree to which a research instrument yields consistent results or data after repeated trials. In order to establish the reliability of the instrument the researcher conducted a pilot study. The test-retest method of assessing reliability was used which involved administering the same instrument twice to the same group of subjects. Coefficient of correlation of 0.8 was found using SPSS.

### **3.7 Data Collection Procedures**

The researcher got research permit from the national council of science and technology (NCST) then proceeded to make appointments with the selected subjects. The researcher attached a cover letter to the questionnaire requesting the respondents to participate in the study. The questionnaires were administered by the researcher himself and three research assistants who also assisted in collecting the completed questionnaires.

### **3.8 Data Analysis and Presentation**

In this study, SPSS was used. Frequencies and percentages were computed on SPSS. Descriptive statistics according to Mugenda and Mugenda (2003) includes the statistical procedures that produce indices that summarize data and describes the sample. Tables were used in the presentation of results for visual display.



### **3.9 Ethical considerations**

The researcher assured the respondents of the confidentiality of the information they provided, including their own personal information. The respondents were informed of the purpose of the study before data is collected from them.

### **3.10 Operational definition of variables**

There were two variables that were to be considered in the study, the independent and dependent variables. The independent variables in the study was: Education/training YDF, credit access, enterprise competition and business environment. The dependent variable was the performance of youth business enterprises in terms, profit margin.

**Table 3.2: Operational definition of variables**

<b>Objectives</b>	<b>Variables</b>	<b>Indicators</b>	<b>Measurement scale</b>	<b>Descriptive Analysis</b>
The influence of education/training on YDF on the performance of business enterprises	<b>1.Independence V</b> <ul style="list-style-type: none"> <li>● education/Training on YDF</li> </ul> <b>2.Dependence V</b> <ul style="list-style-type: none"> <li>● Performance of business enterprises</li> </ul>	-Literacy levels - Entrepreneurial skills	Nominal  Ordinal	-Frequencies -percentages
The influence of credit access on the performance of youth owned enterprises	<b>1 Independence V</b> <ul style="list-style-type: none"> <li>● Credit Access</li> </ul> <b>2.Dependent V</b> Performance of business enterprises	-Bureaucracy - Compulsory Youth groups -Amount of loan accessed	Nominal  Ordinal	<b>Descriptive Analysis</b> -Frequencies -percentages
The influence of enterprise competition on the performance of youth owned enterprises	<b>1 Independence V</b> <ul style="list-style-type: none"> <li>● Enterprise competition</li> </ul> <b>2.Dependence V</b> Performance of business enterprises	Network  Experience substitutes,	Nominal  Ordinal	<b>Descriptive Analysis</b> -Frequencies -percentages
Influence of business environment on the performance of youth owned enterprises	<b>1 Independence V</b> <ul style="list-style-type: none"> <li>● Business environment</li> </ul> <b>2.Dependent V</b> Performance of business enterprises	Business policies for youths,  Market fluctuations	Nominal  Ordinal	<b>Descriptive Analysis</b> -Frequencies -percentages

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF THE FINDINGS

#### 4.1 Introduction

The results of the data analysis are presented in this chapter. Data has been organized and presented as per the objectives of the study and demographic information captured at the beginning of the analysis. The study was guided by the following objectives; To investigate the influence of levels of education/training, credit access, competition, and business environment on the performance of youth owned enterprises.

#### 4.2 Questionnaire Return Rate

Table 4.1 contains the rate at which the questionnaires were returned after dispatch to the sampled respondents.

**Table 4.1: Questionnaire Return Rate**

Questionnaire		percentage
Delivered	370	100
Returned	366	99
Missing	4	1

Out of 370 questionnaires that were delivered to respondents 366 (99%) were returned dully filled while 4(1%) were not returned. These were considered adequate for this analysis.

### 4.3 Demographic Information of Respondents

In this part general information of respondents was analyzed by use of frequencies and percentages for age of respondents, area of residence, and wealth of the parents, marital status, number of registered businesses and number of employees in each business.

#### 4.3.1 Present age of respondents

The study sought to know the age of respondents. This was important to determine the productive age of youth entrepreneurs. Table 4.2 summarizes the results.

**Table 4.2 Present Age of Respondents**

<b>Present Age</b>	<b>Frequency</b>	<b>percentage</b>
18-20	20	5%
21-25	20	5%
26-30	13	37%
31-35	190	52%
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.2 shows that, out of 366 (100%) respondents, those who were aged between 18 – 20 years were 20 (5%), between 21 – 25 years were 20(5%), between (26 – 30) years were 136(37%) and between the ages of 31 – 35were 190 (52%)

The study reveals that most of the youth involved in operating business were aged between (31 – 35) years old that comprised of 190(52%), this shows that youth entrepreneurs in these study region are in there active years.

### 4.3.2 Family wealth

The study sought to know the family background of respondents in terms of the wealth. Table 4.4 summarizes the family background of respondents in terms of the wealth.

**Table 4.3 Family wealth**

<b>Family wealth</b>	<b>Frequency</b>	<b>percentage</b>
Extremely wealthy	23	6
Wealthy	67	18%
Poor	168	46%
Extremely poor	108	30%
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.3 shows that out of 366 respondents, 23 (6%) were from extremely wealthy family, 67(18%) were from wealthy family, 168 (46%) were from poor family and 108 (30%) were from extremely poor family. This shows that majority of respondents which was 168(46%) were from poor background which is a clear indication that youth entrepreneurs in this study region started enterprises primarily due to push factors meaning its poverty that made them to start business rather than opportunity.

### 4.3.3 Marital status

The study sought to know the marital status of respondents. Table 4.5 below summarizes the results

**Table 4.4 Marital status**

<b>Marital status</b>	<b>Frequency</b>	<b>Total %</b>
Married	159	44
Single	158	43
Separated	42	11
Divorced	5	1
Widowed	2	1
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.shows that Out of 366(100%), 159(44%) were married 158(43%) were single, 42(11%) were separated, 5(1%) were divorced, 2(1%) were widowed. The research revealed that majority of the respondents 159(44%) of youth who were involved in entrepreneurship in Bungoma south were in marriage.

#### 4.3.4 Business registered

The study sought to know number of registered businesses. This was important to know the number of formal enterprises in the study sample. The results are tabulated below

**Table: 4.5 Business registration**

<b>Registration</b>	<b>Frequency</b>	<b>percentage</b>
Yes	145	40%
No	221	60%
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.5 shows that out of 366(100%), 145(40%) had their business registered while 221(60%) had their business not registered. This shows that majority of the business enterprises 221(60%), were not registered therefore are informal/Jua kali.

#### 4.3.7 Number of employees

The study sought to know number of employees in each enterprise. This was important because, as indicated in appendix 4, ILO (2007) classified business enterprises in Kenya according to the number of employees; Table 4.6 summarizes results for number of employees.

**Table 4.6 Number of employees**

<b>Number of employees</b>	<b>Frequency</b>	<b>percentage</b>
0	292	80
1-6	70	19
7-10	4	1
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.5 shows that out of 366(100%) respondents, 292(80%) did not have any employees, 70(19%) had between 1 and 6 employees, while 4(1%) had number of employees between 7 and 10.



#### 4.4 Levels of Education/Training and Performance of Youth Owned Enterprises

This was objective one of the study and it looked at the education/training level in terms of academic qualification and entrepreneurial experience of respondents.

##### 4.4.1 Level of education

The study sought to know the level of education of youth entrepreneurs where numbers were assigned to different level of education to facilitate the analysis; none (1), primary (2), secondary (3), tertiary (4), university (5). Table 4.8 summarizes results

**Table 4.7: Level of education**

<b>Level of education</b>	<b>Yes</b>	<b>Total %</b>
None of the above	90	25
Primary	105	29
Secondary	80	22
Tertiary colleges	63	16
University	28	8
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.7 shows that out of 366(100%) respondents, 90(25%) have not gone through any level of education, 105(29%) have gone through primary education, 80(22%) have gone through secondary level, 63(16%) of the respondents have gone through tertiary colleges, and 28(8%) have gone through university education. The results show that majority of the youth entrepreneurs in Bungoma south had reached primary level of education.

#### 4.4.2 Academic Qualifications

The researcher wanted to know if the respondents had successfully completed their respective levels of education, they were therefore asked if they possessed the certificates in the levels they had reached, Table 4.8 summarizes results for academic qualification.

**Table 4.8: Academic Qualifications**

<b>Academic Qualifications</b>	<b>Frequency</b>	<b>Total %</b>
<b>Primary certificate</b>	<b>102</b>	<b>42</b>
<b>Secondary certificate</b>	<b>73</b>	<b>30</b>
<b>Degree</b>	<b>15</b>	<b>7</b>
<b>Masters</b>	<b>0</b>	<b>0</b>
<b>PhD</b>	<b>0</b>	<b>0</b>
<b>Other training /Tertiary</b>	<b>51</b>	<b>21</b>
<b>Total</b>	<b>241</b>	<b>100</b>

Table 4.8 shows that out of 241 respondents, 102(42%) have primary education certificate, 73(30%) have secondary school level certificate, 15(7%) have university degree, and 51(21%) have other training qualifications from tertiary colleges. This analysis shows that most respondents have primary and secondary school certificates. This results signifies that majority of youth entrepreneurs academic qualification influenced their entrepreneurship positively. This findings agrees with Ministry of education, 2007 and Republic of Kenya, 2008 about low transition rates from lower levels of education to higher levels and especially among girls. The

study agrees with Floro&wolf, (1990) that majority of youths in sub-Saharan Africa are out of school and get less education, the greatest disparity being at the secondary and higher education levels. This result agrees with Namusonge (2006), that educational level of most youth influenced the growth of their enterprises.

#### 4.4.3 Entrepreneurial training

The researcher sought to find out if the respondents have ever received any entrepreneurial training.

**Table 4.10: entrepreneurial training**

	Frequency	Total %
Yes	364	86%
No	2	14%
<b>Total</b>	<b>366</b>	<b>100</b>

Table 4.10 shows that 364(86%) said that they have ever received any entrepreneurial training while only 2(1%) admitted to have never received the training. These results signify that majority of youth entrepreneurs training influenced their entrepreneurship positively. This result agrees with a study by (Mullei, 1999), that entrepreneurial training is designed to meet the goals of the organization while simultaneously meeting the goals of individual employee's entrepreneurship. Training is a crucial element in the performance of youth entrepreneurs

#### 4.5: Credit access and performance of youth entrepreneurs

This was objective two of the study and it looked at the influence of credit access in terms of bureaucracy, compulsory youth groups, and amount accessed on the performance of youth entrepreneurs.

##### 4.5.1 Bureaucracy

Youth entrepreneurs were asked whether there was bureaucracy in fund loan application. Results are summarized in table 4.11 below

**Table 4.11: Distribution of responses on whether bureaucracy influenced youth entrepreneurs**

	Frequency	Total %
Yes	289	79%
No	77	21%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 289(79%) said that there was bureaucracy while 77(21%) said no for the same. This result signifies that bureaucracy influenced their entrepreneurship negatively. Table 4.11 above shows that the bureaucracy affected the performance of the youth entrepreneurs as depicted by the majority of the respondents 289(79%) who said yes.

##### 4.5.2 How bureaucracy influence performance of youth entrepreneurs

The study was interested in establishing how bureaucracy influences the performance of youth entrepreneurs. Bureaucracy can scare away youth entrepreneurs. The respondents were asked to

state their opinions on the influence of bureaucracy on the performance of youth entrepreneurs as measured in the scale of very low, low, moderate, high and very high levels and the results are as indicated in table 4.12.

**Table 4.12: Distribution of responses about how bureaucracy influence youth entrepreneurs**

	Frequency	Total %
Very low	48	13
Low	131	36
Moderate	28	8
High	104	29
Very high	54	15
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%) respondents, 48(13%) said that bureaucracy influences the performance of youth entrepreneurs in a very low level, 131(36%) low level, 28(8%) moderate level, 104(29%) high level and 54(15%) at a very high level.

Table 4.12 above shows that majority of the respondents, 131(36%) said that bureaucracy influences the performance of youth owned enterprise in a low level. Bureaucracy has been mentioned in a study by Nganga, (2015) which stated that the youth possess little resources and assets that are inadequate and in some cases unacceptable as collateral for loans by Financial

Institutions and therefore, the process required to access loan can be long a tiring which discourages the youth entrepreneurs.

#### 4.5.3 Compulsory youth groups

Youth entrepreneurs were asked whether or not compulsory youth groups influenced them positively in operating their enterprises. Results are summarized in table 4.13 below

**Table 4.13: Distribution of responses on whether compulsory youth groups influenced youth entrepreneurs positively.**

	Frequency	Total %
Yes	302	83%
No	64	17%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 302(83%) said yes that compulsory youth groups influenced them positively in operating their enterprises. While 64(17%) said no for the same.

Table 4.13 above shows that the compulsory youth groups influenced the performance of the youth entrepreneurs positively as depicted by the majority of the respondents 302(83%) who said yes.

#### 4.5.4. Compulsory youth groups and performance of youth entrepreneurs

The study was interested in establishing how a compulsory youth group influences the performance of youth entrepreneurs. Compulsory youth groups can be a tedious job for youths.

The respondents were asked to state their opinions on the influence of compulsory youth groups on the performance of youth entrepreneurs as measured in the scale of very low, low, moderate, high and very high levels and the results are as indicated in table 4.14.

**Table 4.14: Opinion of respondents about how Compulsory youth groups influence youth entrepreneurs**

	Frequency	Total %
Very low	225	62
Low	69	19
Moderate	15	4
high	21	6
very high	33	8
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%) respondents, 225 (62%) said that compulsory youth groups influence the performance of youth entrepreneurs in a very low level, 69 (19%) low level, 15(4%) moderate level, 21(6%) high level, 33(9%) at a very high level.

Table 4.14 above shows that majority of the respondents, 225(62%) said that compulsory youth groups influences the performance of youth owned enterprise in a very low level.

#### 4.5.5 Amount of loan accessed

Youth entrepreneurs were asked whether or not amount of loan accessed influenced them positively in operating their enterprises. Results are summarized in table 4.15 below

**Table 4.15: Distribution of responses on whether amount of loan accessed influenced youth entrepreneurs positively**

	Frequency	Total %
Yes	333	91%
No	33	9%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 333(83%) said yes that amount of loan accessed influenced them positively in operating their enterprises. While 33(9%) said no for the same.

Table 4.15 above shows that the amount of loan accessed influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 333(91%) who said yes. This result agrees with a study by World Bank (2010), which stated that access to finance is significant to business environment. Agnew (2003) argues that finance is the life blood of any firm or business and no matter how well it is managed , it cannot survive without enough funds for working capital fixed assets, investment and employment of skilled labor force.



#### 4.6: Enterprise competition and performance of youth entrepreneurs

This was objective three of the study and it looked at the influence of enterprise competition in terms of importance of networking in competition, importance of experience competition, and effects of substitutes on the performance of youth entrepreneurs.

##### 4.6.1 Networking

Youth entrepreneurs were asked whether or not networking influenced them in operating their enterprises. Results are summarized in table 4.16 below

**Table 4.16: Distribution of responses on whether networking influenced youth entrepreneurs**

	Frequency	Total %
Yes	312	85%
No	54	15%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 312(85%) said yes that networking influenced them in operating their enterprises. While 54(15%) said no for the same.

Table 4.16 above shows that the networking influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 312(85%) who said yes

#### 4.6.2. How networking influences the performance of youth entrepreneurs

The study was interested in establishing how networking influences the performance of youth entrepreneurs. Networking can be an easy way to growth of business. The respondents were asked to state their opinions on the influence of networking on the performance of youth entrepreneurs as measured in the scale of very low, low, moderate, high and very high levels and the results are as indicated in table 4.17.

**Table 4.17: Opinion of respondents about how networking influence youth entrepreneurs**

	Frequency	Total %
Very low	15	4
Low	12	3
Moderate	18	5
high	130	36
very high	191	52
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%) respondents, 15(4%) said that networking influence the performance of youth entrepreneurs in a very low level, 12(3%) at low at level, 18(5%) moderate level, 130(36%) high level and 191(52%) at a very high level.

Table 4.17 above shows that majority of the respondents, 191(52%) said that networking influences the performance of youth owned enterprise in a very high level. The study supports the work of Aldrich et. al. (1987) who argued that "entrepreneurs succeed because they are able to identify opportunities and obtain scarce resources from their environment resources are obtained through exchange relationships between entrepreneurs and their social networks. This implies that social network is crucial to the growth of businesses owned by youths.

#### 4.6.3 Business experience

Youth entrepreneurs were asked whether or not business experience influenced them positively in operating their enterprises. Results are summarized in table 4.16 below

**Table 4.18: Distribution of responses on whether business experience influenced youth entrepreneurs positively.**

	Frequency	Total %
Yes	81	22%
No	285	78%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 81(22%) said yes that business experience influenced them in operating their enterprises. While 285(78%) said no for the same.

Table 4.18 above shows that the business experience does not influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 285(78%) who said no

#### 4.6.4 Substitutes

Youth entrepreneurs were asked whether or not substitutes influenced them positively in operating their enterprises. Results are summarized in table 4.19 below

**Table 4.19: Distribution of responses on whether substitutes influenced youth entrepreneurs positively.**

	Frequency	Total %
Yes	330	90%
No	36	10%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 330(90%) said yes that substitutes influenced them in operating their enterprises. While 36(10%) said no for the same.

Table 4.19 above shows that the substitutes influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 330(78%) who said yes

#### 4.6.5. Substitutes and performance of youth entrepreneurs

The study was interested in establishing how substitutes influence the performance of youth entrepreneurs. Product or service substitute can be an alternative for clients or customers. The respondents were asked to state their opinions on the influence of substitutes on the performance of youth entrepreneurs as measured in the scale of very low, low, moderate, high and very high levels and the results are as indicated in table 4.20.

**Table 4.20: Opinion of respondents about how substitutes influence youth entrepreneurs**

	Frequency	Total %
Very low	246	67
Low	120	33
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366 (100%) respondents, 246(67%) said that substitutes influence the performance of youth entrepreneurs in a very low level, 120(33%) at low at level.

Table 4.20 above shows that majority of the respondents, 246(67%) said that substitutes influences the performance of youth owned enterprise in a very high level.

#### **4.7: Business environment and performance of youth entrepreneurs**

This was objective four of the study and it looked at the business environment in terms of business policies, and market fluctuations and how this influenced the performance of youth entrepreneurs.

##### **4.7.1 Business Policies**

Youth entrepreneurs were asked whether or not business policies influenced them in operating their enterprises. Results are summarized in table 4.21 below

**Table 4.21: Distribution of responses on whether business policies influenced youth entrepreneurs positively.**

	<b>Frequency</b>	<b>Total %</b>
Yes	57	16%
No	309	84%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 57(16%) said yes that business policies influenced them in operating their enterprises. While 309(84%) said no for the same.

Table 4.21 above shows that the business policies does not influence the performance of the youth entrepreneurs as depicted by the majority of the respondents 309(84%) who said that business policies did not influence them

#### **4.7.2 Availability of market**

Youth entrepreneurs were asked whether or not availability of market influenced them in operating their enterprises. Results are summarized in table 4.22 below

**Table 4.22: Distribution of responses on whether availability of market influenced youth entrepreneurs**

	<b>Frequency</b>	<b>Total %</b>
Yes	320	87%
No	46	13%
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%), 320(87%) said yes that availability of market influenced them in operating their enterprises. While 46(13%) said no for the same.

Table 4.22 above shows that the availability of market influences the performance of the youth entrepreneurs as depicted by the majority of the respondents 320(87%) said yes.

#### 4.7.3. How availability of market influences the performance of youth entrepreneurs

The study was interested in establishing how availability of market influences the performance of youth entrepreneurs. The respondents were asked to state their opinions on the influence of availability of market on the performance of youth entrepreneurs as measured in the scale of very low, low, moderate, high and very high levels and the results are as indicated in table 4.23.

**Table 4.23: Opinion of respondents about how availability of market influence youth entrepreneurs**

	Frequency	Total %
Very low	30	8
Low	14	4
Moderate	51	14
high	108	30
very high	163	44
<b>Total</b>	<b>366</b>	<b>100</b>

Out of 366(100%) respondents, 30(8%) said that availability of market influences the performance of youth entrepreneurs in a very low level, 14(4%) at low level, 51(14%) at moderate level, 108(30%) at high level and 163(44%) at a very high level.

Table 4.23 above shows that majority of the respondents, 163(44%) said that market fluctuations influences the performance of youth owned enterprise in a very high level. This agrees with Hull et al (1980) who identified several factors that influence the entrepreneurial process. He argued that entrepreneurship is not solely the result of human action; external factors also play a role for example, the status of the economy which also involves availability of market, the availability of capital, the actions of competitors, and government regulations.



## **CHAPTER FIVE**

### **SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter covers summary of the findings, conclusions drawn from the study as well as recommendations based on the study findings and suggestions for further studies.

#### **5.2 Summary of findings**

##### **5.2.1 Levels of education/training and performance of youth owned enterprises**

Objective one of the study investigated how education/training level in terms of academic qualification and entrepreneurial experience of respondents influences the performance of youth entrepreneurs. It was realized that 334(91%) which was the majority of the respondents said that they were influenced by their academic qualification. The results agreed with Namusonge (2006), that educational level of most youth influenced the growth of their enterprises.

##### **5.2.2: Credit access and performance of youth entrepreneurs**

This was objective two of the study and it investigated the influence of credit access in terms of bureaucracy, compulsory youth groups, and amount accessed on the performance of youth entrepreneurs. Majority of the respondents, 131(36%) said that bureaucracy influences the performance of youth owned enterprise in a low level. Bureaucracy has been mentioned in a study by Nganga, (2015) which stated that the youth possess little resources and assets that are inadequate and in some cases unacceptable as collateral for loans by Financial Institutions and therefore, the process required to access loan can be long a tiring which discourages the youth entrepreneurs.

Majority of the respondents, 225(62%) said that compulsory youth groups influences the performance of youth owned enterprise in a very low level while the results on the amount accessed found that amount of loan accessed by respondents influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 333(91%). This result agrees with a study by World Bank (2010), which stated that access to finance is significant to business environment. Agnew (2003) argues that finance is the life blood of any firm or business and no matter how well it is managed , it cannot survive without enough funds for working capital fixed assets, investment and employment of skilled labor force.

### **5.2.3: Competition from other enterprises**

This was the third objective and it investigated how competition influences the performance of youth entrepreneurs. The study revealed that networking influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 312(85%) who agreed to it. Majority of the respondents, 191(52%) said that networking influences the performance of youth owned enterprise in a very high level. The study supports the work of Aldrich et. al. (1987) who argued that "entrepreneurs succeed because they are able to identify opportunities and obtain scarce resources from their environment resources are obtained through exchange relationships between entrepreneurs and their social networks. This implies that social network is crucial to the growth of businesses owned by youths. The study revealed that experience does not influenced the performance of the youth entrepreneurs as depicted by the majority of the respondents 285(78%) who said no to the question that experience influences the performance of youth entrepreneurs. Also, majority of the respondents, 246(67%) said that substitutes influences the performance of youth owned enterprise in a very high level.

#### **5.2.4: Business environment and performance of youth entrepreneurs**

This was objective four of the study and it investigated the business environment in terms of business policies, and market fluctuations and how this influenced the performance of youth entrepreneurs.

The study revealed that business policies does not influence the performance of the youth entrepreneurs as depicted by the majority of the respondents 309(84%) who said that business policies did not influence them, also, majority of the respondents, 163(44%) said that market fluctuations influences the performance of youth owned enterprise in a very high level. This agrees with Hull et al (1980) who identified several factors that influence the entrepreneurial process. He argued that entrepreneurship is not solely the result of human action; external factors also play a role for example, the status of the economy which also involves availability of market, the availability of capital, the actions of competitors, and government regulations.

#### **5.3 Conclusion**

On objective one, which was to investigate how education/training level influences the performance of youth entrepreneurs; The study concluded that majority of youth entrepreneurs were not literate and majority have never received any entrepreneurial training. The study recommends the training of the youths in order to improve their performance. Objective two of the study investigated the influence of credit access on the performance of youth entrepreneurs. It was found that there was bureaucracy during the application of the loans, this influenced the performance of youth entrepreneur's compulsory youth groups was present but also influenced the performance of youths, the amount of loan was also an influence. The officials should endeavor to make sure that the process of loan application is made easy to facilitate application. The loans should also be available to youths who choose not to join business groups. The third

objective which investigated how competition influences the performance of youth entrepreneurs found that that networking and substitutes was an influence at high level, however, experience was not an influence. The study therefore recommends that local and national government should endeavor to provide business forums where youths can meet and network. The last objective investigated the business environment in terms of business policies, and market fluctuations and how this influenced the performance of youth entrepreneurs. The study recommends that market be availed and policies that favor youths should be formulated.

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## **APPENDIX 1: LETTER OF INTRODUCTION TO THE RESPONDENTS**

Diana Khaemba

P.o Box 660

Bungoma.

Dear respondent,

### **REF: FILLING OF THE QUESTIONNAIRE**

I am a postgraduate student at the University of Nairobi, school of continuing and distance education, currently undertaking a master's degree in project planning and management. You have been identified as a respondent to this questionnaire. Please find the attached questionnaire, which is designed to gather information on the "influence of youth development fund on performance of youth business enterprises in Kenya". All answers are confidential and will only be used for academic purposes.

This research will be carried out in partial fulfillment of the requirements for the award of the degree of Masters of Arts in Project Planning and Management in. I will be glad if you fill and return the completed questionnaire at a suitable time.

Thank you.

Yours faithfully,

Diana Khaemba

## SECTION 1: DEMOGRAPHIC INFORMATION

### 1. Age in years

Between 18-20 [ ]

Between 21-30 [ ]

Between 31-40 [ ]

Between 41-50 [ ]

Above 50 [ ]

### 2. Area of residence;

Bungoma town [ ]

Sibembe [ ]

Kibabii [ ]

Mayanja [ ]

### 3. Marital status

Married [ ]

Single [ ]

Separated [ ]

Divorced [ ]

Widowed [ ]

Inherited [ ]

### 4. Is your business registered?

Yes [ ]

No [ ]

### 5. How many employees do you have?

Between None [ ]

Between 1-6 [ ]

Between 7-10 [ ]

Between 11-50 [ ]

Above 50 [ ]

**SECTION 2: LEVELS OF EDUCATION AND TRAINING(Mark all that applies)**

**6. What is your level of education?**

- None  Primary   
Secondary  Tertiary colleges   
University  Any other.....

**7. Does your academic qualification affect your performance?**

- Yes  No

**8. Do you have sufficient access to business information?**

- Yes  No

**9. Do you have any entrepreneurial training?**

- Yes  No

**SECTION 3: CREDIT ACCESSS AND PERFORMANCE OF SMALL ENTERPRISES**

**10. Is there a bureaucracy in the youth fund loan application?**

Yes  No

**11. How does bureaucracy in youth fund loan application influence the performance of**

1. very low

2. low

3. Moderate

4. High

5. Very high

**12. Is there a requirement of compulsory youth group?**

Yes  No

**13. How does compulsory youth group requirement in youth fund loan application influence the performance of youth owned enterprises?**

1. very low
2. low
3. Moderate
4. High
5. Very high

**14. Have you ever accessed the youth Loans?**

Yes  No

**15. If yes, was the amount sufficient?**

Yes  No

**16. How does the amount of loan accessed influence the performance of youth owned enterprises?**

1. Very low
2. Low
3. Moderate
4. High 5. Very high

**17. Have you ever been denied of any YDF due to the lack of chiefs approval?**

Yes                No           

**18. How does the compulsory chief's approval influence the performance of youth owned enterprises?**

1. Very low

2. Low

3. Moderate

4. High

5. Very high

**SECTION 4: ENTERPRISE COMPETITION AND PERFORMANCE OF SMALL ENTERPRISES**

**19. Does lack of Network affect your business?**

Yes ( )                      No ( )

**20. How does lack of Network influence your business?**

1. Very low

2. Low

3. Moderate

4. High

5. Very high

**21. Does lack of experience affect your business?**

Yes ( )                      No ( )

**22. How does lack of experience influence your business?**

1. Very low

2. Low

3. Moderate

4. High

5. Very high



**23. Do you face any competition from substitutes in your business?**

Yes ( )                      No ( )

**24. How does competition from substitutes influence the performance of your business?**

1. Very low

2. Low

3. Moderate

4. High

5. Very high

**SECTION 5: BUSINESS ENVIRONMENT AND PERFORMANCE OF YOUTH OWNED ENTERPRISES**

**25. Does policies governing youth entrepreneurs influence the performance of youth entrepreneurs??**

Yes ( )                      No ( )

**26. How does the policies governing youth entrepreneurs influence the performance of youth owned enterprises**

1. Very low

2. Low

3. Moderate

4. High

5. Very high

**27. Is there a ready market for youth entrepreneur products/services?**

Yes ( )

No ( )

**28. How does market availability influence the performance of youth owned enterprises?**

1. Very low

2. Low

3. Moderate

4. High

5. Very high

## **SECTION6: PERFORMANCES OF YOUTH ENTERPRISES**

**29. How is your profit margin?**

1. Very low

2. Low

3. Moderate

4. High

5. Very high

## APPENDIX 2: KREJCIE AND MORGAN TABLE

### DETERMINING SAMPLE SIZE FOR RESEARCH ACTIVITIES

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	140	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364

120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	382	75000
210	136	1100	285	1000000	384

### APPENDIX 3: BUDGET

<b>ITEM</b>	<b>COST IN KSHS</b>
Literature review	4,000
Computer Internet Services	15,000
Stationary	10,000
Questionnaire Design	5,000
Pre-Testing Questionnaire	3,500
Field Expenses	20,500
Other expenses	8,000
<b>Grant Total</b>	<b>66,000</b>

**APPENDIX 4: CLASSIFICATION OF BUSINESSES IN KENYA: ILO, (2007)**

<b>CLASSIFICATION</b>	<b>NUMBER</b>
Micro scale enterprises	6 and less
Small enterprises	7 to 10
Medium enterprises	11 to 50
Large scale enterprises	50 and above
Jua kali	Informal enterprises/Not registered