

**THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON THE  
DEVELOPMENT OF REGISTERED YOUTH-LED ENTERPRISES IN KIBERA  
SLUM IN NAIROBI COUNTY, KENYA**

**BY**

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SCHOOL OF BUSINESS**

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**DECLARATION**

I hereby declare that this research is my original work and has not been presented for award of any certificate, diploma or degree in any institution of higher learning.

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## **DEDICATION**

This project is dedicated to my parents and siblings who have sacrificed a lot for me to be where I am today.

## **ABBREVIATIONS AND ACRONYMS**

<b>EO</b>	Entrepreneurial Orientation
<b>ILO</b>	International Labour Organization
<b>RBV</b>	Resource Based View
<b>SCA</b>	Sustainable Competitive Advantage
<b>SMEs</b>	Small and Medium Enterprises.
<b>YEDF</b>	Youth Enterprise Development Fund

## **ABSTRACT**

This research was intended to investigate two objectives namely establishing the impact of entrepreneurial orientation on the development of registered youth led enterprises in Kibera slums in Nairobi county and also the extent of entrepreneurship practices among the registered youth led enterprises in Kibera slums.

Data was collected from various registered youth led enterprises within Kibera slums. Those interviewed included the founders of these enterprises and their business partners. A questionnaire was used to collect the primary data. The questionnaire covered general information about the various youth led enterprises, various variables of entrepreneurial orientation and the various aspects of youth development.

The findings of the study revealed that risk taking greatly influenced the development of registered youth led enterprises. Other variables of entrepreneurial orientation such as competitive aggressiveness, pro-activeness, innovativeness and autonomy also influenced the development of registered youth led enterprises to a large extent. It was also noted from the findings that the registered youth led enterprises greatly contributed to positive development in the various areas they operated at.

Based on the findings, it is recommended that the government take certain initiatives to protect the upcoming youth led enterprises from unfair competition in the market place. Such competition could be from unethical businessmen or other established entities which may engage in business practices that can lead to collapse of the young upcoming youth led enterprises. It is also recommended that upcoming young entrepreneurs must positively engage on the various aspects of entrepreneurial orientation such as risk taking, pro-activeness, competitive aggressiveness, autonomy and innovativeness if they expect to gain sustainable competitive advantage in the various markets in which they operate.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Entrepreneurship as a business field is of great concern in research recently not only in Kenya but also globally. Entrepreneurs through creativity and innovation not only contribute to economic development but also bring about job creation in a country. Promoting entrepreneurship especially among the youth is one of the objectives of the Kenyan government and other global states. Youths are susceptible to social vices such as crimes and drug abuse and entrepreneurship can be seen as a tool that can be used to get the youth out of these vices and also out of poverty. Entrepreneurship has therefore been greatly seen as a tool that can promote economic growth since entrepreneurs come up with ventures, promote innovation and introduce new competitive products thereby contributing to productivity (ILO, 2010).

Two theories namely Resource Based View (RBV) and Ajzen's Theory of Planned Behavior will guide this study. RBV looks at how entrepreneurs build their businesses from the resources within their control while Ajzen's Theory of Planned Behavior looks at the link between attitudes and behavior. Young entrepreneurs face serious challenges in accessing the required resources to run successful enterprises and their behaviors will also determine the success or failure of these enterprises making the two theories to be relevant to this study.

The UN Habitat (2008) identified Kibera slums as one of the areas with the worst living conditions and high poverty rates. Kibera has also been identified as the largest informal settlement not only in Kenya but also in Africa. Most youths who have left institutions of higher learning or those finding their ways into the city from rural areas find the rental rates in Kibera to be comparatively affordable. Kibera slum is faced by numerous challenges including high crimes rates, hooliganism, and drug abuse. There is therefore need to carry out a study on how entrepreneurship can be used as a tool of development to help these youths who form the large part of this population.

### **1.1.1 Concept of Entrepreneurship**

The Global Entrepreneurship Monitor (GEM) defined entrepreneurship as efforts by individuals or corporate to come up with something new and at the same time taking up the necessary risks and rewards (Mbatia, 1997). Due to the significant role that entrepreneurship plays in economic development and job creation, entrepreneurs have been recognized as having important role to play in the economies in which they operate (ILO, 2010).

Entrepreneurship can therefore be seen as the readiness of individuals to come up with a business idea, mobilize the necessary resources and create value so as to make profit. Entrepreneurship therefore mainly involves starting of new ventures or managing existing ventures and at the same time incorporating innovativeness and creativity. Entrepreneurship therefore involves seeing different opportunities, allocation of necessary resources to create value with the sole purpose of profit generation. This creation of value many a times is done through identification of market gaps or through the identification of opportunities for change (Turker & Selcuk, 2009).

Entrepreneurs therefore see what other people see as “problems” to be “opportunities”. They then take actions to come up with solutions to these problems, customers therefore pay the entrepreneurs to have their problems solved (Wickham, 2006).

### **1.1.2 Entrepreneurial Orientation**

The concept of Entrepreneurial Orientation (EO) has been defined differently by different scholars. Miller (1983) was the first one to come up with the concept and described it as a strategic orientation that attempts to capture various aspects of entrepreneurship such as styles of decision making and management practices within organizations. Covin and Slevin (1989) made an improvement on Miller’s definition and described EO as the degree to which top managers of an organization are willing to take business related risks and to favor innovations so as to get a sustainable competitive advantage over a firm’s rivals. Lumpkin and Dess (1996) model will be adopted by this study to test the construct multidimensionality. They saw entrepreneurial orientation as a multidimensional construct and that the success of an enterprise is subject to its environmental and organizational context.

There are various variables that are involved in the entrepreneurial process. These variables are what constitute entrepreneurship in practice and have been analyzed by various scholars and researchers. Lumpkin and Dess (1996) measured it in terms of risk taking which mainly looks at the tendency of enterprises to take uncertain actions when confronting competitors. Risk taking also looks at the willingness of enterprises to take calculated risks in their business pursuits and whether junior employees are allowed to pursue their ideas to completion while giving them all the necessary support (Lumpkin & Dess, 1996).

Pro-activeness looks at the ability of enterprises to take actions and also introduce great ideas into the market. It also looks at an enterprise's ability to come up with new products and technologies before competitors. Competitive aggressiveness on the other hand looks at the ability of an enterprise to come up with great and bold strategies to achieve competitive edge so as to increase their market share. Innovation looks at how creative an enterprise is and its attempt to bring forth new ideas. Autonomy on the other hand looks at the ability of an enterprise's employees to bring forth great ideas and see them through to completion and whether the employees are persistent and committed towards the achievement of the enterprises goals and objectives (Atiti, 2016)

### **1.1.3 Youth Development**

Wikipedia encyclopedia defines youth as the period between childhood and adulthood which is marked by physical and psychological development. The United Nations General Assembly defined a youth as someone who falls in the ages of 15 and 24 years. According to Wikipedia encyclopedia, the term development can be defined as anything that has improved whether it relates to people's achievement, personality, business, technology or establishments.

Youth development can be seen as a process that involves the increasing ability of young people to effectively understand and act on the environment in which they operate (Bushell, 2008). Development can therefore be said to last as long as life. Good development among these youths enables them to lead a healthy, satisfying and productive life as youths and later as grownups. The term youth development was mainly used in the 20<sup>th</sup> C to apply to a set of principles, philosophy or approach emphasizing active support for the growing capacity of young adults by individuals, organizations and institutions especially at the

community level. Therefore, the main aim of youth development is to enable all young people to thrive. Youth development can be attributed to improved competence, character, connections, confidence and contribution (Chiguta, et al., 2005).

#### **1.1.4 Registered Youth Led Enterprises in Nairobi County**

Due to the rising cases of unemployment among the youths in Kenya, Youth Enterprise Development Fund (YEDF) was established in 2006 by the government as a way to help these youths create jobs for themselves. The fund targeted unemployed youths who have a higher dependency rate compared to other countries in terms of economic growth, a fact that is attributed to undeveloped skills, very low levels of education resulting in low human capital that was not supply driven (Republic of Kenya, 2007). Through the fund, the youths were expected to be fully equipped to create products that were geared towards meeting market demand. In the process, these youths would be creating jobs not only for themselves but also others hence reduction of unemployment rate.

Nairobi County is home to Nairobi city which is the capital of Kenya. It's not only Kenya's administrative and economic hub, but also a cultural centre that is rated as among the fastest growing cities in Africa. According to economic survey 2015, it's estimated that Nairobi County is a home to about 60% of SMEs in Kenya which cut across various sectors such as informal sector, banking, retail, farming etc. These SMEs is estimated to hold 70% of industrial employment and generates a significant amount of Gross Domestic Product (GDP) for the country. It's estimated that Nairobi County is home to an estimated 2248 registered SMEs according to the Ministry of Trade and Tourism, Nairobi County. Although it's difficult to tell the exact number of registered youth led ventures in county, it's assumed that majority of these registered SMEs in the county are youth led, this is according to the Ministry of Youths and Sports.

The population of Nairobi County mainly constitutes youths who have remained at the periphery of the country's affairs for decades. However, the needs and aspirations of these youths have not received full support from the government since they are yet to be effectively involved in the designing, formulation and implementation of some of the policies that greatly affect them. There is therefore an underutilization of the vast knowledge, experience and skills that these youths possess. These young entrepreneurs

face a number of challenges in their attempt to carry out business in the county namely; economic and financial barriers, regulating barriers, poor access to markets, poor access to formal education, social-cultural constraints and poor access to technology.

#### **1.1.5 Registered Youth Led Entrepreneurs in Kibera Slum**

Kibera has a dubious distinction of being one of the largest informal settlements not only in Kenya but Africa. It's reportedly the second largest slum regionally. According to the licensing views provided by Nairobi County licensing office (2017), there are 825 registered youth led enterprises based in Kibera slums operating in service and manufacturing sectors. However, most of these enterprises face numerous challenges that impede their competitiveness and growth making them not to perform so well. These enterprises have greatly contributed to greater social and economic well-being of the people living in Kibera.

The UN habitat has identified Kibera slum as one of the areas with the worst living conditions and high poverty rates in the country. There is therefore need to investigate what roles entrepreneurship can play in the development of these individuals staying in Kibera. Most youths who have left institutions of higher learning or those finding their ways into the city from rural areas find the rental rates in Kibera to be comparatively affordable.

Studies done in Kenya and other African countries has shown that small scale businesses established mainly by youths, collapse between the first 2-5 years (Wanjumbi, 2012). There is therefore need to investigate and find out the unique reasons behind the survival of the registered youth led enterprises in poverty stricken area like Kibera despite the numerous challenges they face. These youths led enterprises greatly contribute to job creation for the youths and also contribute to income generation hence reduced poverty and high crime rates. They also bring about development of new skills and promotion of resilience among these youths. Some of the common challenges that practicing young entrepreneurs in Kibera slums are likely to experience include economic and financial barriers, poor access to markets and others which are discussed below: -

Economic and financial barriers are one of the biggest challenges youth entrepreneurs are grappling with in Kenya. This has forced these young entrepreneurs to use their own limited financial resources or source from their close family members, friends or other

relatives (Nieman and Nieuwenhuizen, 2009). Some of the financial factors affecting youth entrepreneurship include the following: limited access to credit, high interest rate, repayment periods and tedious loan approval processes and collateral requirements. Young upcoming entrepreneurs therefore need both external and internal finances to grow their upcoming businesses.

The Kenyan government has tried to come up with various measures to ease the accessibility of funds by young entrepreneurs. The YEDF is arguably the most renowned of the Kenyan government's initiatives. This fund was established in 2006 with the sole purpose of availing funds to the Kenyan youths to start businesses. There is also the Uwezo Fund created in 2013 to benefit women, youths and persons with disability. This fund on the other hand offers capital and mentorship to entrepreneurs with the sole aim of achieving gender equality and poverty eradication. Young entrepreneurs can therefore tap into these funds that the government has availed to help their upcoming enterprises.

Regulatory barriers are also a major challenge facing youths today. Some of the regulatory related factors that may hinder youth entrepreneurship include vigorous business registration processes, high taxation; lengthy procedures business registration and in obtaining business permits among others (Masese, 2013). Due to their lack of experience on such matters, most young people normally give up on entrepreneurship when most of them think of navigating all these processes. The regulatory business environment of any county under consideration may therefore play negative role for upcoming young entrepreneurs and their enterprises (Schoof, 2006).

Most young entrepreneurs also grapple with the challenge of poor access of markets for their products and services and this can easily lead to business failure of these youth led businesses due to lack of sustainable markets (Nieman and Nieuwenhuizen, 2009). Market development and access will also greatly determine the failure or success of youth led enterprises since it's through them that these upcoming entrepreneurs can utilize the available opportunities. Entrepreneurs, prior to delivering these products to the market, must carry out extensive research in their target markets for proper understanding of these markets (Nieman and Nieuwenhuizen, 2009). The government must therefore strive to do

away with barriers to market entry as they slow down upcoming and innovative entrepreneurs.

Lack of business support and assistance is also a major challenge faced by young entrepreneurs. Start-up phase of any upcoming enterprise is a very lonely place and if proper support is not provided then chances of giving up are very high. These young entrepreneurs therefore need support services such as mentorships and also advanced networks (Schoof, 2006). The government has come up with support structures to deal with these issues but there has been a challenge in implementing these set objectives. Schoof (2006) has outlined lack of exchange programs, lack of mentoring capacities and lack of proper training as key challenges. Upcoming entrepreneurs must therefore try and seek professional training so as to upgrade their business skills so as to increase their chances of survival in the markets they operate under.

Limited accessibility to appropriate technology is another challenge. Entrepreneurs are currently operating in fast changing business environment, and this means they must adopt the latest technologies so that they remain competitive (Nieman and Nieuwenhuizen, 2008). Some of the technological factors that influence entrepreneurship include rapid change of technology, venture formation, adoption and ICT infrastructure. Better and efficient technologies can play a pivotal role in the growth of SMEs, such benefits include reduction in production costs, efficient production, economies of scale, quality products and services, product competitiveness (Nieman and Nieuwenhuizen, 2009). Young upcoming entrepreneurs must therefore ensure they try and access modern technologies so that their businesses remain competitive in the fast changing and dynamic business environment (Gwija, 2014).

## **1.2 Research Problem**

Entrepreneurship greatly contributes to economic growth of various countries by creating about new markets, new technologies, new jobs, and new industries resulting in increased productivity. These jobs created in the process bring about equitable distribution of income leading to better living standards for the populace (Kimando, 2012).

As the country gears towards vision 2030, Kenyan youths still face numerous challenges especially in the economic context of livelihood. This made the government to come up



with YEDF in 2006 as one of the flagship project of vision 2030 under the social pillar and was meant to promote youth entrepreneurship as an additional source of job creation. It's therefore important to do an investigation to find out the impact of youth entrepreneurship development in Kibera slums.

People living in Kibera are grappling with numerous challenges that include high crime rates, hooliganism, drug abuse and high unemployment rates among other challenges. Some of these problems can be solved if the youths who form the larger percentage of the populace are encouraged to take part in entrepreneurship thereby generating income for them and also creating job opportunities for others.

Researchers and scholars have conducted studies both locally and globally on the relationship between entrepreneurship development and youth development. Some of the research works done globally are: Jawes (2012) carried out a study on the prospects of youth entrepreneurship in Nepal. Ndedi (2015) on the other hand conducted a study on the impact entrepreneurial development among tertiary student graduates in South Africa. Due to differences in political, economic and legal frameworks, the findings of these studies cannot be generalized to fit the Kenyan case.

Locally Wanjumbi (2012) carried out research to find out the influence of entrepreneurship development on employment creation among youths in Kenya. This study did not however look at other aspects of development that results out of entrepreneurship such as poverty eradication reduced social vices and development of new skills and knowledge. Kamendi (2016) looked at the role of entrepreneurship development on youth owned enterprises in Kenya. Despite the fact that these studies looked at entrepreneurship among youth owned enterprises, they were a bit general and covered wide geographical areas.

The researcher therefore did not find any study like the one being carried out. Therefore, to address the knowledge gap, this study will seek to answer the question; how has entrepreneurship development contributed to the development of registered youth led enterprises in Kibera slums?

### **1.3 Research Objectives**

The study is guided by the following objectives;

- i. To establish the extent of entrepreneurship practices among the registered youth led enterprises in Kibera slums.
- ii. To establish the impact of entrepreneurial orientation on the development of the registered youth led enterprises in Kibera slum.

#### **1.4 Value of the Study**

To the academicians and scholars, the study will facilitate and increase the general knowledge on the relationship between entrepreneurship development and the development of youth led enterprises and can as well show other areas of future academic and business research.

To the entrepreneurship theory, the study will add information on the possibilities of youth entrepreneurship development among youth led enterprises. The study will also focus on some of the most significant factors affecting youth entrepreneurship and show their association with entrepreneurship.

The study will also be useful not only to the Nairobi county government but also the National government since it will provide information on how various factors and policies that influence entrepreneurship can be formulated to favor the youths. Policy makers can therefore the use findings of the study to formulate policies that can improve entrepreneurial skills, accessibility of credit, market access among others factors.

Furthermore, the results of this study will also be very useful to upcoming business leaders and owners of the registered enterprises under study as they will be able to understand how to navigate some of the common challenges businesses face. The recommendations will therefore equip these youths with adequate tools to get the solutions to some of the problems.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter summarizes the various variables of entrepreneurship in practice. The chapter also looks at theoretical review and conceptual framework.

## **2.2 Theoretical Framework**

Several theories have been advanced in the field entrepreneurship. This study was guided by below two theories.

### **2.2.1 The Resource Based View(RBV)**

According to Dollinger (1999), this theory explains the various ways in which entrepreneurs manage their business from the resources under their control or the ones they can acquire so as to have a sustained competitive advantage (SCA).

This theory recognizes various types of resources that are available to the entrepreneur as financial, physical, human, technological, reputational and organizational. The theory also argues that the nature of the industry an entrepreneur operates in is not sufficient to guarantee success, but that the nature of the resources at the entrepreneur's disposal can also lead to success in the long run. The theory argues that the individual entrepreneur is an important unique resource to the firm, a resource that money cannot buy. Youthful entrepreneurs have a lot of energy and enthusiasm which is great resource to their enterprises and can contribute to their success if well utilized (Galaty, 2005).

The theory formed the basis of the study because the government of Kenya has come up with various mitigates that try to avail resources for youths to do business. Such initiatives include the youth enterprise Development (YEDF) and Uwezo Funds which have been very helpful to youths in carrying out businesses. The vision 2030's social pillar has a section specifically focusing on youth empowerment. This is a great resource in itself since the government has clear measures put in place to help in the promotion of youth entrepreneurship. This theory in contrast to other neo-classical theoretical approaches focuses one's attention more directly on the nature of the inputs to the firm (financial, human and physical capital) and on the internal features of the firm (practices) and how these resources can be combined to bring about profitability.

Critics have faulted this theory as not only being static in nature but also lacking in empirical scrutiny (Priem and Butler, 2001). These critics argue that an enterprise may achieve its rent as a result of its unique competence that includes better use of its resources and not because of existence of better resources at its disposal. Other scholars also argue

that the theory lacks proper definition as its conceptually vague and lacks explanatory power. Researchers have therefore urged that there is need for a linkage between resource possession and exploitation (Priem and Butler, 2001)

### **2.2.2 Ajzen's Theory of Planned Behaviour**

This theory first emerged in the field of psychology and was used to explain the link between attitudes and behavior. This theory therefore looks into a number of human behaviors across various settings (Ajzen, 1991). The theory assumes that a great amount of behavior is under the influence of the actor; therefore, behavior can be predicted by understanding an individual's intention to perform behaviour (Ajzen, 1991). Intentions are a person's motivation, willingness to exert effort and willingness to try hard to enact the behavior (Ajzen, 1991).

According to Ajzen (1991), intention can be determined by three factors namely attitude, subjective norm and perceived behavioral control. Attitude can be defined as the predisposition that some individual holds towards action. Perceived behavioral control "refers to the perceived ease or difficulty of performing the behaviors" and subjective norm can be seen as the perceived social pressure to perform or not perform a particular behavior. Researchers have begun to apply this theory in the context of entrepreneurship. Simeyo (2011) applied this theory to investigate employment status and choice intentions of youth graduates at a Norwegian Business School. He found out that all the three determinants attitude, subjective norm and perceived behavioral control, contributed significantly to the explanation of intentions.

This theory has however been criticized by emergent studies as being weak since behavior is not exclusively brought about by intentions but is also affected by many other factors.

### **2.3 Entrepreneurial Orientation and Youth Development**

Entrepreneurship brings about job creation, income generation, reduced poverty levels, reduction in social vices such as drug abuse and also acquisition of new skills and knowledge. Therefore, any country that wants to achieve economic development must embrace entrepreneurship at all cost. Lumpkin and Dess (1996) propose the following as

the major indicators of entrepreneurship in practice; autonomy, risk taking, competitive aggressiveness, innovativeness and pro-activeness.

### **2.3.1 Innovativeness and Creativity**

According to Musengi (2010), creativity is the ability of individuals to stretch or break conventional rules so as to do unimaginative and non-routine things while at the same time building on traditions so as to achieve profitable results.

Creativity when undertaken in complex social settings could be considered an element of innovation which in turn is an element of change (Venkataraman, 1997). Innovation is therefore takes place when creative ideas are successfully implemented. The stage in which generated ideas are developed and induces the possibility to change such ideas into income generation activity is therefore innovation. Creativity and innovation when effectively applied in business setting will therefore bring about income generation and job creation for a country's citizens (Venkataraman, 1997).

### **2.3.2 Pro-activeness**

Pro-activeness can be described as taking initiative by anticipating and pursuing new opportunities related to future demand and by participating in emerging markets (Lumpki and Dess, 1996). Enterprises must therefore not only anticipate but also act on future opportunities instead of solely relying on existing products and services.

Pro-activeness therefore is concerned with leadership and taking initiative, pro-active enterprise has the resolve and insight to utilize and capitalize on emerging opportunities before the market is saturated (Lumpkin, 1996). Pro-activeness can therefore result in the development of new skills and knowledge among upcoming young entrepreneurs.

### **2.3.3 Risk-taking**

Risk taking can be described as the extent at which entrepreneurs or organizations are willing and ready to make large and risky resource commitments to pursuits that have a reasonable chance of costly "failures" (Miller, 2008). Entrepreneurially oriented businesses therefore many a times normally commit huge borrowed resources to seize an opportunity in the market that would earn high returns.

Methods or management styles associated with risk taking indicates entrepreneurial orientation' however, in different contexts the effects of this trait on the well-being of a business may differ (Lumpkin, 1996). According to Lumpkin (1996), risk taking prosperity is a behavioral measurement of entrepreneurial orientation alongside which opportunity being pursued. Entrepreneurs who take calculated risks and succeed at it will create more job opportunities hence reduced social vices such as crime, drug usage and hooliganism among the youths.

#### **2.3.4 Autonomy**

The tendency toward independence/autonomy is a key component that can see an enterprises success (Lumpkin and Dess, 1996). This component therefore depicts an entrepreneur's great desire for independence when developing an ideas (s) which they normally try to propel to it fulfillment in spite of strongest organizational limitations (Lumpkin and Dess, 1996).

Autonomy may be organizational or general, organizational autonomy is when an individual or group is given an opportunity to champion new ideas and practice their inventions without hierarchical limitations while pursuing such ideas to completion (Lumpkin and Dess, 1996). Autonomy can therefore bring about development of new skills and knowledge among upcoming young business leaders.

#### **2.3.5 Competitiveness aggressiveness**

According to Lumpkin 1996, enterprises that show a tendency to greatly challenge their rivals so as to obtain market access or get better position in the market can be termed as competitively aggressive. Competitive aggressiveness is therefore the tendency of entrepreneurs to intensely and directly challenge rivals rather than trying to avoid these rivals. Competitive aggressiveness may also be seen as how powerful an entrepreneur's efforts are at beating industry rivals and is portrayed as an intense reaction to competitors (Lumpkin & Dess, 1996). Youth entrepreneurs must therefore be very aggressive to succeed and also positively react to existing demands and trends in the market since this will in acquisition is a good market share hence more job creation and income generation for their businesses.

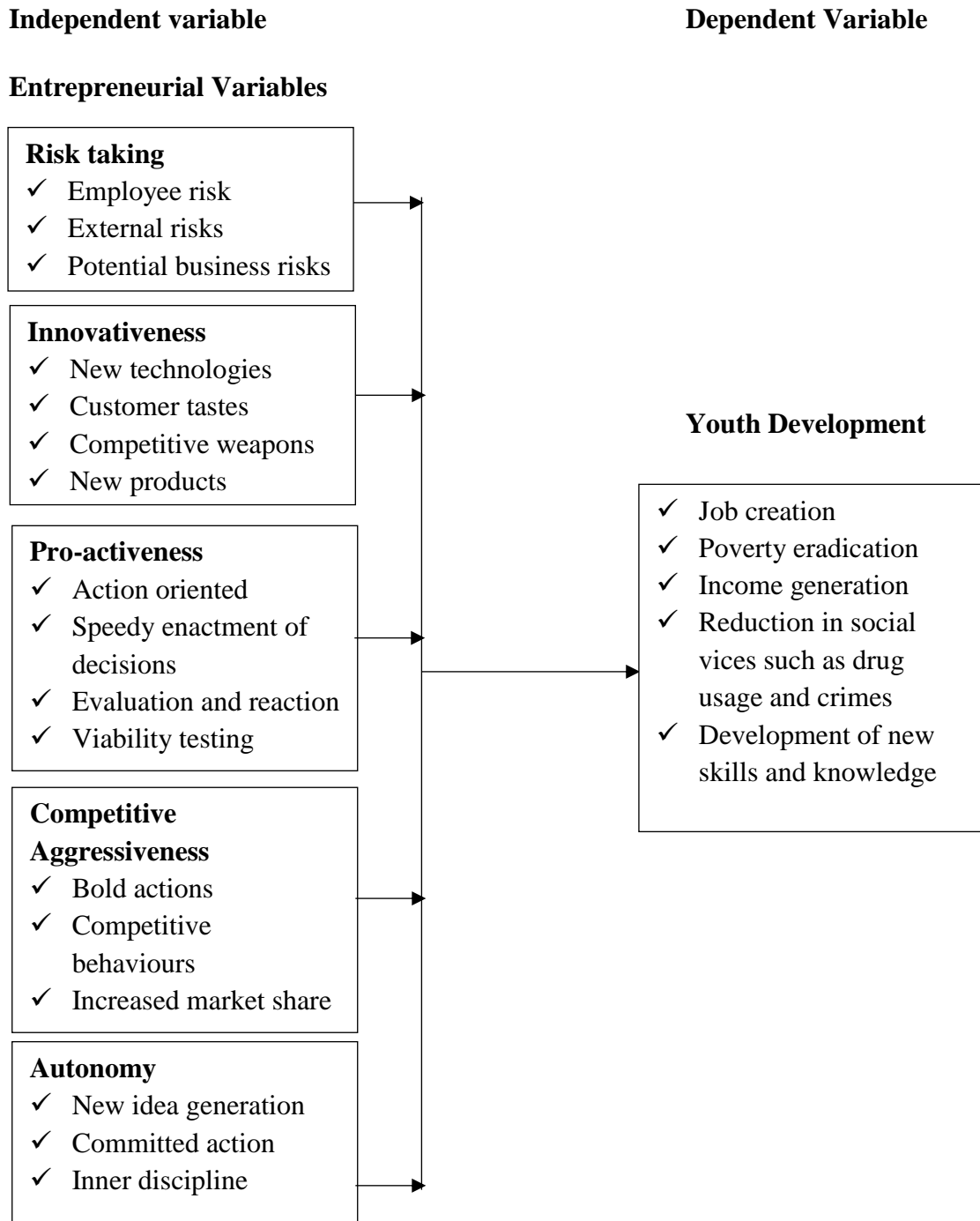
## 2.4 Summary of Literature Review and Knowledge gaps

Previous Research	Objective	Findings	Gaps Identified
1) Wanjumbi (2012) Carried out a research in Nairobi, Kenya	Influence of entrepreneurial orientation among the youth led enterprises	Youths lacked proper skills and knowledge and education that could help propel their businesses to greater heights.	The study mainly focused on risk taking and innovativeness as a variable of entrepreneurial orientation. Current study will look at development holistically.
2) Kamendi (2016) Conducted a study in Nairobi	Role of entrepreneurial orientation on SMEs in Kenya	Risk taking as a variable of entrepreneurship played a greater role in the success of youth led enterprises.	Did not focus on other variables used to measure entrepreneurship such as autonomy and competitive aggressiveness. This study will fill this gap.
3) Sitoula (2015) Conducted a study in Nepal	To investigate the prospects of youth entrepreneurship development.	Youth entrepreneurship contributed mainly to job creation and income generation.	A smaller study sample was taken since the researcher used interviews to collect data. The current study will use questionnaire to help solve this problem.
4) Denayoh (2015) Conducted a study in Ghana	To determine the impact of entrepreneurial orientation among tertiary student graduate	Stated that financial management skills are necessary for initiation and growth of an enterprise.	This study targeted individual youths running businesses therefore did not examine registered enterprises.

## 2.5 Conceptual Framework

Conceptual framework is mainly concerned with how dependable and independent variables relates and is used by researchers to outline possible courses of action

**Figure 2.1: Conceptual Framework**



Source: Kamendi, 2016



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The methodology section of this chapter will include; research design, target population, sampling design, and sample size, data collection method and data analysis method.

### **3.2 Research Design**

Research design is defined as the process by which data is collected and analyzed so as to answer various research questions under investigation by researchers. (Mugenda & Mugenda, 2003). Descriptive research design will be adopted during the research work and it mainly describes the characteristics of a phenomenon being studied by identifying patterns or trends without changing the environment. (Cooper & Schindler, 2011)

This design will therefore be effective in describing the phenomenon being studied which is the influence of relationship in employment creation among youths in Kibera slums. According to Mugenda & Mugenda (2003), quantitative research aims at designs, techniques, and measures that produce discrete quantifiable data which is verifiable and correlated.

### **3.3 Population of the Study**

According to Miller (2008), a population can be best described as a set of people, or group of things that are under investigation. In research, population of interest need to homogenous. This study will target all the 825-registered youth led enterprises in Kibera slums.

Researchers must always carry out sampling during their studies since they cannot test every in the population as this will be expensive and time consuming due to the large sizes of populations. In addition, most objects within a population usually carry common characteristics.

### **3.4 Sample Design**

A stratified random sampling will be used in the study to select 10% of the population since a sample size of 10 to 30% is a good representation of the target population (Mugenda & Mugenda, 2003). This study will therefore use a sample size of 83 registered youth led

enterprises as indicated in table 3.1 below. The various segments of this study will include: Cybercafés, Restaurants, Retail/Wholesale, Medical and Healthcare, Fruit/Vegetables, Farm and food production, Bar and night clubs, Hardware and lastly Cosmetics. The sample will be as follows:

**Table 3.1: Sample Size**

<b>Category</b>	<b>Population</b>	<b>Ratio</b>	<b>Sample Size</b>
Cybercafé	132	0.1	13
Restaurant, café & bakery	101	0.1	10
Retail/wholesale	120	0.1	12
Medical & healthcare	41	0.1	4
Fruit/vegetable	106	0.1	11
Farm & food production	107	0.1	11
Bar & night club	92	0.1	9
Hardware	65	0.1	7
Cosmetics	61	0.1	6
<b>Total</b>	<b>825</b>	<b>0.1</b>	<b>83</b>

### **3.5 Data Collection**

Questionnaires was in the study to collect primary data since they enable researchers to a quickly obtain data as compared to other instruments of research. Additionally, questionnaires enable researchers to access detailed data on a number of issues that are of interest to the researcher. The questionnaire was not only structured questionnaire but also unstructured questions. The researcher used structured questions since they are easier to analyze while the unstructured questions were used since they will encourage respondents to give an in-depth response without holding back response in revealing any information (Gupta, 2012).

Permission of respondents was sought by the researcher before commencing the research. The researcher recruited and trained three research assistants who helped in data collection, data entry and analysis. The research assistants were also trained on various aspects of

research ethics. In case there existed respondents who are illiterate, the researcher explained to them the questions in a language they understand best and help them fill the questionnaires appropriately.

### **3.6 Reliability of Data Collection Instrument**

The degree to which a research instrument is consistent in measuring whatever it is intended to measure or how it produces similar outcomes over a number of selected trials can be described as reliability (Mugenda & Mugenda, 2003).

The reliability of the questionnaires were established through the test-retest procedure. The researcher randomly administered questionnaires to about 10% of the respondents from the sample population. The researcher believes that doing so greatly assisted to refine the questions through rephrasing and replacing of questions that could be ambiguous.

### **3.7 Data Analysis**

According to Rogito (2010), the process by which accumulated data is reduced to manageable sizes, coming up with summaries, looking for patterns and applying various statistical techniques is called data analysis the researcher will clean, code and analyze data from questionnaires.

Descriptive analysis and descriptive statistics was used to summarize data into percentages and frequencies. Data collected will also be presented in tables to enable easy analysis and understanding. The researcher used the data with an intent of presenting the research findings in respect to the influence of entrepreneurship development on the development of registered youth led enterprises in Kibera slums in Nairobi County.

Once the researcher has collected quantitative data, they were analyzed using Statistical Package for Social Sciences (SPSS) version 20, which greatly assisted in performing various statistical analyses. The study used frequency, mean, standard deviation and percentages when analyzing descriptive statistics. The researcher carried out a multivariate regression analysis shown below to determine the relationship between dependent variable and independent variables as shown;

$$Y = \beta_0 + \beta_1X_1+ \beta_2X_2+\beta_3X_3 +\beta_4X_4 +\beta_5X_5 + \varepsilon \dots\dots\dots \text{equation (i)}$$

Where;

$Y$  = the dependent variable (youth development)

$\beta_0$  = constant Term

$\beta_1, \beta_2$  and  $\beta_3$  = constants regression coefficients representing the condition to the independent variables (Beta, coefficient)

$X_1$  = risk taking

$X_2$  = Innovativeness

$X_3$  = pro-activeness

$X_4$  = competitive aggressiveness

$X_5$  = autonomy

$\varepsilon$  = margin error term that expresses the variability of youth development due to other factors not accounted for.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter provides a summary of the data analysis, results of the study and the discussion of the results of the study. The results were presented on the influence of entrepreneurship development on the development of registered youth-led enterprises in Kibera slum in Nairobi County, Kenya.

The study was based on the following specific objectives; to identify the extent of entrepreneurship practices and to analyze and describe the impact of youth entrepreneurship development in Kibera slums.

#### **4.2 Response Rate**

The Sample size of 83 respondents was targeted by the study from which 75 filled in and submitted the questionnaires leading to a response rate of 90.36%. In making conclusions for the study this response rate was satisfactory as per Mugenda & Mugenda (1999). The response rate was representative, a 50% response rate is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The response rate was considered to be excellent, based on the assertion.

#### **4.3 General information**

The study sought to establish the information on the respondents employed in the study with highest level of education attained, gender of the respondents, age of the respondents, marital status, structure of the firm and type of enterprise. These bio data point at the respondents' appropriateness in answering the questions. When asked their gender, 60% of the respondents were male and 40% of the respondent indicated the female. This presupposes that generally, the margin between males and females is minimal. This implied that there was equal representation of the male and female in the respondent.

The study requested the respondent to indicate their age category, from the findings it was established that, 6.7% of the respondents were aged 20 years and below, 13.3% of the respondent indicated they were aged between 21 to 25 years, 20% of the respondents indicated they were aged between 26 to 30 years, 33.3% of the respondents indicated they were aged between 31 to 35 years, whereas 26.7% of the respondents indicated that they

were aged 36 years and above. This is an indication that respondents were well distributed in terms of their age. This also is an implication that the majority were able with adequate experience in matters of entrepreneurship development.

The respondents were asked to indicate their marital status, 53.3% of the respondents were married, and 26.7% of the respondents were separated while the rest 6.7% and 13.3% were widowed and single respectively.

As pertaining to their highest level of education attained, 40% of the respondents had undergraduate degree education, 12% had master's degree level, 26.7% had reached up to diploma level while the rest 8% and 13.3% had reached up to primary level and secondary level respectively in education in various fields indicating clearly their level of articulation of the subject matter and their ability to contribute to the entrepreneurship development as was evidence in the research findings. This is also the reflection of the registered youth-led enterprises culture change philosophy of continuous training for best results.

The respondents were also asked to indicate the structure of their firm they work with, 53.3% of the respondents indicated their type of youth led enterprise is sole trader, 26.7% indicated jointly owned, 20% indicated limited company. This shows that most of the youth led enterprise are sole trader.

The respondents were also asked to indicate the type of the youth-led enterprises they work with, 13.3% of the respondents indicated their type of youth-led enterprises is cyber café, 4% indicated restaurant, café and bakers, 6.7% indicated retail/wholesale, 10.7% of the respondents indicated medical, 16% indicated fruit/vegetable, 12% indicated farm and food production, 9.3% of the respondents indicated bar and night club, 8% indicated hardware and the remaining 20% of the respondents indicated their youth-led enterprise is cosmetics.

#### **4.4 Risk taking**

The study sought to ascertain the extent to which different indicators of risk taking were being practiced in youth-led enterprises in Kibera slum in Nairobi County, Kenya. The respondents were asked to respond to selected indicators based on the extent to which they felt the indicators practiced. The levels of measurements were No extent (1), little extent

(2), Moderate extent (3), great extent (4) and Very great extent (5). The findings obtained are presented in table 4.1 below

**Table 4.1: Mean and standard deviation of risk taking**

	Mean	Std Dev
Our business commits a large portion of resources to ventures with uncertain outcomes	3.87	.89
Our business takes in heavy borrowing from banks	3.79	1.01
Our business invests in high risk products which promise high returns	3.92	.90
In our business, we mitigate the consequences of risk-taking by forward planning and anticipating each outcome.	3.68	1.11
We manage ourselves during stressful times of business	3.71	.78
Before we make a risky business decision we determine whether it is the right decision to make	3.91	1.00
<b>Overall mean and standard deviation</b>	<b>3.81</b>	<b>.95</b>

*Source: Research data, (2017)*

Results in table 4.1 shows that commitment of a large portion of resources to ventures with uncertain outcomes with a mean of 3.87, business takes in heavy borrowing from banks with a mean of 3.79, investing in high risk products which promise high returns with a mean of 3.92, mitigating the consequences of risk-taking by forward planning and anticipating each outcome with a mean of 3.68, managing ourselves during stressful times of business with a mean of 3.71 and making a risky business decision we determine whether it is the right decision to make with a mean of 3.91 were being applied to a large extent. This clearly indicates that to large extent risk taking was being practiced in youth-led enterprises in Kibera slum in Nairobi County with an overall mean of 3.81. The findings are in line with study of Lumpkin (1996), who opined that risk-taking prosperity is a behavioral measurement of entrepreneurial orientation alongside which opportunity is pursued.

#### 4.5 Innovativeness

The study sought to ascertain the extent to which different indicators of innovativeness were being practiced in youth-led enterprises in Kibera slum in Nairobi County, Kenya. The respondents were asked to respond to selected indicators based on the extent to which they felt the indicators practiced. The levels of measurements were No extent (1), little extent (2), Moderate extent (3), great extent (4) and Very great extent (5). The findings obtained are presented in table 4.2 below

**Table 4.2: Mean and standard deviation of innovativeness**

	Mean	Std Dev
Innovativeness has enabled market penetration of youth led enterprises	4.01	.83
Our business support creativity and experimentation in introducing new products in the market	3.93	1.02
Technological ides in youth led enterprises has brought new products/services	3.79	1.01
Our business encourages the developing new innovation technological processes	3.87	.97
Our business encourages incremental improvements in products and services	3.92	.89
Innovation generate significant new value for customers	3.87	1.11
The business initiates innovations in every situation before the competitors responds	3.71	.99
Our business is creative in creating and controlling resources	3.75	.81
<b>Overall mean and standard deviation</b>	<b>3.86</b>	<b>.95</b>

*Source: Research data, (2017)*

Results in table 4.2 shows that innovativeness has enabled market penetration of youth led enterprises with a mean of 4.01, the business support creativity and experimentation in introducing new products in the market with a mean of 3.93, technological ides in youth led enterprises has brought new products/services with a mean of 3.79, the business encourages the developing new innovation technological processes with a mean of 3.87, the business encourages incremental improvements in products and services with a mean of 3.92, innovation generate significant new value for customers with a mean of 3.87, the business initiates innovations in every situation before the competitors responds with a mean of 3.71 and the business is creative in creating and controlling resources with a mean



of 3.75 were being applied to a large extent. This clearly indicates that to large extent (mean  $\geq 3.5$ ) innovativeness was being practiced in youth-led enterprises in Kibera slum in Nairobi County with an overall mean of 3.86. The findings are in line with the literature review in that innovativeness creates an idea which in turn improves the outcome and performance of the organization.

#### 4.6 Proactiveness

The study sought to ascertain the extent to which different indicators of proactiveness were being practiced in youth-led enterprises in Kibera slum in Nairobi County, Kenya. The respondents were asked to respond to selected indicators based on the extent to which they felt the indicators practiced. The levels of measurements were No extent (1), little extent (2), Moderate extent (3), great extent (4) and Very great extent (5). The findings obtained are presented in table 4.3 below

**Table 4.3: Mean and standard deviation of proactiveness**

	Mean	Std Dev
We identify needs of current and potential customers	3.87	.92
Our business reallocates its resources to deal with an emerging opportunity and threats	3.91	.84
Our business identifies and monitors market trends to predict future trends	3.65	1.10
Our business is able to anticipate and respond to the emerging needs of customers	3.70	.88
Our business harnesses the strong research and development capabilities in making future decisions	3.83	.98
The business continually seeks opportunities (new market and new customers) related to the present needs	4.12	.95
Our business anticipates change and generate first-mover advantages	3.78	1.03
<b>Overall mean and standard deviation</b>	<b>3.86</b>	<b>.96</b>

*Source: Research data, (2017)*

Results in table 4.3 shows that identification of needs of current and potential customers with a mean of 3.87, the business reallocates its resources to deal with an emerging opportunity and threats with a mean of 3.91, the business identifies and monitors market trends to predict future trends with a mean of 3.65, the business is able to anticipate and respond to the emerging needs of customers with a mean of 3.70, the business encourages

incremental improvements in products and services with a mean of 3.92 business harnesses the strong research and development capabilities in making future decisions with a mean of 3.83, the business continually seeks opportunities (new market and new customers) related to the present needs with a mean of 4.12 and the business anticipates change and generate first-mover advantages with a mean of 3.78 were being applied to a large extent. This clearly indicates that to large extent (mean  $\geq 3.5$ ) proactiveness was being practiced in youth-led enterprises in Kibera slum in Nairobi County with an overall mean of 3.86. The findings are in line with the literature review in that enterprises must anticipate and at on future opportunities rather than rely solely on existing products and series.

#### **4.7 Competitive Aggressiveness**

The study sought to ascertain the extent to which different indicators of proactiveness were being practiced in youth-led enterprises in Kibera slum in Nairobi County, Kenya. The respondents were asked to respond to selected indicators based on the extent to which they felt the indicators practiced. The levels of measurements were No extent (1), little extent (2), Moderate extent (3), great extent (4) and Very great extent (5). The findings obtained are presented in table 4.4 below

**Table 4.4: Mean and standard deviation of competitive aggressiveness**

	Mean	Std dev
Our business makes bold varying actions to achieve good performance	3.77	.86
Our firm adopts very great competitive behavior	3.89	1.03
Our firm has a strong desire to increase market share	3.93	.87
Our firm is reactive to competitor's actions	3.75	.93
We adopt new strategies in the market before competition	3.82	1.12
<b>Overall mean and standard deviation</b>	<b>3.83</b>	<b>.96</b>

*Source: Research data, (2017)*

Results in table 4.4 shows that the business make bold varying actions to achieve good performance with a mean of 3.77, the firm adopts very great competitive behavior with a mean of 3.89, the firm has a strong desire to increase market share with a mean of 3.93, the

firm is reactive to competitor's actions with a mean of 3.75, the business adopt new strategies in the market before competition with a mean of 3.82 were being applied to a large extent. This clearly indicates that to large extent (mean  $\geq 3.5$ ) competitive aggressiveness was being practiced in youth-led enterprises in Kibera slum in Nairobi County with an overall mean of 3.83. The findings are in line with the literature review in that youth entrepreneurs must therefore be very aggressive to succeed and also positively react to existing demands and trends in the market. The findings agree with the study of Lumpkin and Dess, (1996) who opined that competitive aggressiveness may also be seen as how powerful an entrepreneur's efforts are at beating industry rivals and is portrayed as an intense reaction to competitors.

#### 4.8 Autonomy

The study sought to ascertain the extent to which different indicators of autonomy were being practiced in youth-led enterprises in Kibera slum in Nairobi County, Kenya. The respondents were asked to respond to selected indicators based on the extent to which they felt the indicators practiced. The levels of measurements were No extent (1), little extent (2), Moderate extent (3), great extent (4) and Very great extent (5). The findings obtained are presented in table 4.5 below

**Table 4.5: Mean and standard deviation of autonomy**

	Mean	Std dev
Our business allows the employees to freely champion new ideas	3.95	.79
Our business encourages is employees to act independently so as to bring forth great ideas	3.80	.87
Our organization supports the employees to see all their ideas to completion	3.79	.89
We allocate all the necessary resources to our teams to enable them achieve the organizational goals	3.72	.94
Our business allows the employees to be creative and try out different methods to do their jobs	3.83	.98
<b>Overall mean and standard deviation</b>	<b>3.82</b>	<b>.89</b>

*Source: Research data, (2017)*

The findings in table 4.5 shows that the business allows the employees to freely champion new ideas with a mean of 3.95, the business encourages is employees to act independently so as to bring forth great ideas with a mean of 3.80, the organization supports the employees to see all their ideas to completion with a mean of 3.79, allocation of necessary resources to our teams enables them achieve the organizational goals with a mean of 3.72 and the business allows the employees to be creative and try out different methods to do their jobs with a mean of 3.83 were being applied to a large extent. This clearly indicates that to large extent (mean  $\geq 3.5$ ) autonomy was being practiced in youth-led enterprises in Kibera slum in Nairobi County with an overall mean of 3.82. The findings are in line with the study of Lumpkin and Dess, (1996) who said entrepreneurs who are autonomous must create an idea or vision and pursue it to the end.

#### 4.9 Youth development

Youth development on the other hand was the dependent variable of this study and was characterized job creation, poverty eradication, income generation, development of new skills and knowledge, reduction in social vices such as crime.

The respondents were asked to indicate the extent to which they disagree or agree with various aspects of youth development in their respective youth-led enterprises in Kibera slum in Nairobi County. The five-point Likert scale with no extent (1), little extent (2), moderate extent (3), great extent (4) and very great extent (5) was used and their responses recorded in Table 4.11

**Table 4.11: Findings on youth development**

	Mean	Std dev
Job Creation	4.01	.96
Poverty Eradication	3.92	1.11
Income Generation	3.75	.87
Development of New Skills and Knowledge	3.86	1.01
Reduction in Social vices such as crime	3.54	.99
<b>Overall mean and standard deviation</b>	3.82	.99

*Source: Research data, (2017)*

From the information revealed by table 4.11, respondents believe that the entrepreneurship leads to job creation. This is revealed by a mean value of 4.01. However, a significant standard deviation value of 0.96 under the same test revealed varied responses from the respondents interviewed. Finding is in line with the literature review in that a new business formation on subsequent regional employment, has the positive effect in the short and long run, but negative in the medium run.

From table 4.11, it can be revealed that entrepreneurship development leads to poverty eradication. This is shown by a mean value of 3.92 although the standard deviation of 1.11 under the same test revealed varied responses from the respondents. Also from the table 4.11, the respondents indicated that entrepreneurship development leads to income generation with a mean of 3.75, development of new skills and knowledge with a mean of 3.86 and reduction in social vices such as crime with a mean of 3.54.

This clearly indicates that to large extent (mean  $\geq 3.5$ ) entrepreneurship development affects youth-led enterprises in Kibera slum in Nairobi County with an overall mean of 3.82. the findings are in line with the study of Simon White, (2005) who opined that entrepreneurship development contributes to poverty reduction when it creates employment through the startup of new entrepreneurship or the expansion of existing ones and they increase social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs and net increases in real productivity, increases income which culminates in higher standards of living for the population.

#### **4.10 Regression Analysis**

A study was conducted on the on the influence of entrepreneurship development on the development of registered youth-led enterprises in Kibera slum in Nairobi County, Kenya.

The analysis applied the statistical package for social sciences (SPSS) to compute the measurements of the multiple regression for the study. The study evaluated the independent variables and the dependent using questionnaires.

In order to the influence of entrepreneurship development on the development of registered youth-led enterprises, the study had set the following null hypothesis; H01: Entrepreneurship development does not have significant effect on the development of

registered youth-led enterprises in Kibera slum in Nairobi County, Kenya. In order to test the above hypothesis, the researcher used regression coefficient (beta  $\beta$ ) with the test criteria set that the study should reject the null hypothesis H01 if  $\beta \neq 0$  and  $p\text{-value} < \alpha$ , otherwise fail to reject H0 and F tests were conducted to determine the indication and overall significance of the relationships respectively.

#### 4.10.1 Model Summary

The model summary shows the summary of the regression analysis as shown in the regression model. Below are the findings in the table 4.12

In order to explain the percentage of variation in the dependent variable youth development as explained by the independent variables. The researcher used coefficient of determination that was obtained from the model summary in the table 4.1. Coefficient of determination was used to explain whether the model is a good predictor.

**Table 4.12: Goodness of fit analysis of entrepreneurship development on youth development**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743	.552	.542	.114

*Source: Research data, (2017)*

From the results of the analysis, the findings show that the independent variables (risk taking, innovativeness, pro-activeness, competitive aggressiveness, autonomy) contributed to 54.2% of the variation in youth development as explained by adjusted R<sup>2</sup> of 54.2% which shows that the model is a good prediction. R is the correlation coefficient which displays the relationship between variables of the study, from the result shown in the table above there was a positive strong connection between the variables of the study as shown by 74.3%. The regression results also show that 55.2% of youth development in Kibera slum in Nairobi County, Kenya can be explained by entrepreneurship development (R

squared =.552). This means that entrepreneurship development helps increase youth development in Kibera slum in Nairobi County, Kenya by 55.2 percent.

#### 4.10.2 Analysis of Variance

The study conducted an Analysis of Variance, in order to test the impact of the of entrepreneurship development on the development of registered youth-led enterprises in Kibera slum in Nairobi County, Kenya. The findings were as shown below:

**Table 4.13: Overall significance: ANOVA (F-test) of entrepreneurship development on youth development**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.018	3	.673	51.769	.003 <sup>a</sup>
	Residual	1.640	128	.013		
	Total	3.658	131			

a. Predictors: (Constant), risk taking, innovativeness, pro-activeness, competitive aggressiveness, autonomy

b. Dependent Variable: Youth development

From the study results, the regression results reveal that entrepreneurship development had overall positive significance impact on youth development (p-value = 0.03) Table 4.13. The regression results also show that at individual level, there was a statistically significant positive linear relationship between entrepreneurship development and youth development ( $\beta = 0.743$ ) Table 4.12 in that the p-value is less than 0.05 ( $0.003 < 0.05$ ) Table 4.12. The hypothesis criteria were that the null hypothesis  $H_0$  should be rejected if  $\beta \neq 0$  and p-value  $< \alpha$  otherwise fail to reject  $H_0$ . From the above regression results  $\beta = 0.743 \neq 0$  and  $0.003 < 0.05$ , the study therefore rejects the null hypothesis and conclude that entrepreneurship development had significant effect on youth development in Kibera slum in Nairobi County, Kenya.

### 4.10.3 Test for Coefficients

This table shows the level of significance on the variables, it also provides the standardized and unstandardized coefficients are shown below:

**Table 4.14 Individual significance (T-test) of entrepreneurship development on performance**

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	.880	.416		.192	.847
Risk taking	.308	.100	.383	4.29	.002
Innovativeness	.140	.214	.171	2.857	.045
Pro-activeness	.202	.086	.112	2.779	.037
Comp. aggressiveness	.401	.312	.211	3.121	.041
Autonomy	.392	.289	.293	3.001	.037

*a. Dependent Variable: Youth development*

**Source: Research data, (2017)**

From the above table 4.14, the researcher sought to establish the extent to which entrepreneurship development impact youth development of registered youth-led enterprises in Kibera slum in Nairobi County, Kenya. The following regression equation was obtained:

$$\text{youth development} = 0.880 + .308X_1 + .140X_2 + .202X_3 + .401X_4 + .392 X_4$$

From the above regression model holding all the other factors constant, youth development is measured by the efficiency and effective implementation of entrepreneurship development. The results of the multiple regression model show that there is a positive relationship between entrepreneurship development and youth development of registered youth-led enterprises in Kibera slum. This implies that a single unit increase in any of the independent variables results into a corresponding increase in youth development of registered youth-led enterprises in Kibera slum.



The regression analysis was undertaken at 5% significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the corresponding probability value obtained and  $\alpha=0.05$ . If the probability value was less than  $\alpha$ , then the predictor variable was significant but from the above analysis. The results above show that the variables were significant since their corresponding predictor values were below 5%. These findings are also supported by a study Lumpkin and Dess (1996) established that any country that wants to achieve economic development must embrace entrepreneurship at all cost.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of the major findings of the study, summary, conclusion and finally recommendations from the findings.

#### **5.2 Summary of the Study Findings**

The objective of the study was to establish the extent of entrepreneurship practices among the registered youth lead enterprises in Kibera slums and to establish the impact of entrepreneurial on the development of registered youth lead enterprises in Kibera slums. The two objectives were met by the researcher. The study established that entrepreneurial orientation contributed to the development of youth led enterprises and that these enterprises also greatly contributed to development of the environments in which they operated.

The findings of the study revealed that risk taking influenced the development of registered youth lead enterprises to a large extent. The respondents agreed to the fact that they commit a large portion of their business resources to investment with uncertain income, that they borrow heavily through their businesses from financial institutions, that their enterprises also invest in risky products that promise greater returns; that they use various risk management techniques to manage risks in their businesses. They also agreed that they reduce the effects of risk taking by proper and forward planning and that they also manage themselves during the challenging times of business. They also agreed that to a large extent, before they make a risky business decision, they investigate whether the decision will have positive impacts.

The study also found out that innovativeness to a large extend influenced the development of youth led enterprises in Kibera slums since it brought about gaining of market share hence market penetration of these enterprises; they also agreed that their enterprises encourage usage of creative ideas among employees; that their enterprises encourages the development of new products and services and also new technologies in the market; that their enterprises also encourages constant improvements on existing products in the market; that their enterprises also try to come up with new innovative products ahead of

competitors and their enterprises creatively create and properly control the various resources at their disposal.

The study further indicted that pro-activeness influenced the development of youth led enterprises to a large extent due to the fact that the young business leaders of these enterprises identify needs for both potential and current customers; that their enterprises not only monitor but also identify market trends so as to predict future trends; that sufficient resources are allocated by these enterprises to deal with emerging opportunities and threats; that emerging need of customers are anticipated and responded to; that in making future decisions these enterprises engages in research and development; that these enterprises come up with creative ideas that put them ahead of competition and lastly these youth led enterprise adopt change so as to have first more advantages over competitors.

The study also established that competitive aggressiveness also to a great extent influenced the development of youth lead enterprises due to the fact that these youth led enterprises make bold varying actions so as to achieve excellent business performance, that these enterprises adopt the usage of great competitive behaviours; that these enterprises have great desire to increase their market share and that they react to competitors actions; lastly these youth led enterprises adopt new strategies in the market before competitors.

Lastly the study established that autonomy also influenced the development of youth led enterprises to a large extent since these young business entrepreneur's allow their employees to champion new ideas freely; that the employees are encouraged by their bosses to act independently so as to generate great and novel ideas; that these enterprises support their employees to see their ideas to completion; that these enterprises allocate all the necessary resources to the employees to bring about achievement of objectives; and lastly these enterprises allows their employees to try out different methods to do their jobs.

The research further established that entrepreneurship contributes greatly to development among the youths since it brings about job creation, poverty reduction, income generation, development of new skills and knowledge and that it leads to reduced social vices such as drug usage and crimes.

### **5.3 Conclusion**

The study concludes that the various variables of entrepreneur orientation namely competitive aggressiveness, innovativeness, risk-taking autonomy and proactiveness greatly influence the development of youth lead enterprises and hence contribute to a very large extent to the growth of such enterprises. Engaging and practicing these concepts therefore makes these youth lead enterprises to stand out in the highly competitive business environments in which they operate.

Further to the study, indicated that entrepreneurship among youth led enterprises lead to great development to the environments in which they operate. These enterprises were found to be positive contributors to job creation, poverty eradication reduction of social vices such as crime and also income generation not only to the entrepreneur themselves but also to those they employ.

### **5.4 Recommendations for Policy and Practice**

To improve innovativeness among registered youth led enterprises so as to bring about more developments, the study recommends that the owners of these enterprises must engage in aggressive market research and development so as to bring about generation of new products that will give a high competitive edge to these enterprises. To encourage innovativeness, these youths led enterprises must not only attract innovative employees, but also, they to retain and reward professional staff who are engaged in innovation. There is also need for these youth lead enterprises to practice effective talent management practices that helps in identification of individual staff who have the abilities to come up with new ideas to propel business to greater heights.

The study recommends that there is need for entrepreneur to see risks in business positively. Ability of entrepreneurs to take calculated risks enables their business to gain great returns on investment, therefore those entrepreneurs who engage in risky businesses stand a higher chance of achieving greater success. There is therefore need for upcoming young business leaders to engage in effective risk management so as to avoid engaging in risks that can lead to loss making or collapse of enterprises. These young business leaders must also attend periodic workshops and conferences so as to get expertise one effective

risk management practices, after which they must constantly train their employees on the same and equally support them in their risk management decisions.

Governments and business consultants must encourage upcoming enterprises to engage proactive methods in their business attempt. Upcoming young business leaders must try to come up with ideas which if introduced into the market will make them to enjoy the status of being a pioneer in a market can gain extraordinary advantage in the market hence higher chances of success. Youth led enterprises must therefore introduce new and innovative products in the market before their competitors if they are to stand out in the crowded and highly competitive business environment.

On autonomy, the study recommends that upcoming young entrepreneur's need to bring forth new business ideas and push them through to completion without giving up whenever they are faced with the various forms of business challenges. These leaders of youth led enterprises must also encourage their employees to be committed and persistently pursue the enterprises goals and objectives for the future good of such businesses.

Finally, on competitive aggressiveness, there is need for the government to protect youth led enterprises from liberalization which is the flooding of cheap foreign goods in the Kenyan markets. These youths led enterprises must also come up with bold strategies that will enable them achieve excellent performance. Lastly, they must come up with competitive behaviours that will enable them gain and increase their market share in the highly dynamic and competitive business environment.

### **5.5 Limitation of the Study**

The study mainly relied on questionnaire as a way of data collection yet presented a challenge since true positions could not be proven with certainty. There is therefore need to do further testing on the study's collected data from a very small percentage of registered youth led enterprises in Kibera slums meaning a significant position of other enterprises were left behind. Therefore, the inclusion of these enterprises that were not included in the research could have greatly varied some of the findings of the study.

The study mainly focused on the role of entrepreneurial orientation on the development of registered youth led a unique business environment compared to other environments

within Nairobi county and even in other counties within the country. Its therefore true that different result would have been achieved if a wider area was put under investigation. Some of the respondents investigated filled the questionnaires in a hurry due to tight schedules and other commitments, therefore some of the information they gave could have been unsatisfactory. The study focused mainly on five variables of entrepreneurial orientation namely; risk-taking, innovativeness, creativity, pro-activeness and competitive aggressiveness leaving out other intervening variables such as social-cultural factors, political factors, technological factors, environmental factors among others which were not within the scope of the study of the researcher.

### **5.6 Suggestion for Further Studies**

The research study was carried out in Kibera slums within Nairobi county, other businesses environments within other counties could be different hence different results would be achieved in other counties. Similar studies could therefore be carried out in other counties so as to understand better the influence of entrepreneurial orientation on the development of youth led enterprises in those counties. A similar study can also be carried out in other parts of Nairobi County to see if the findings could be similar.

Additionally, the study mainly focused on the influence of entrepreneurial orientation on the development of registered youth led enterprises, therefore different findings would be achieved if a similar study was done on established SMEs that may not be led by youths. Its therefore recommended that other studies carried out on the established SMEs so as to establish the influence of entrepreneurial orientation on the development of such enterprises.

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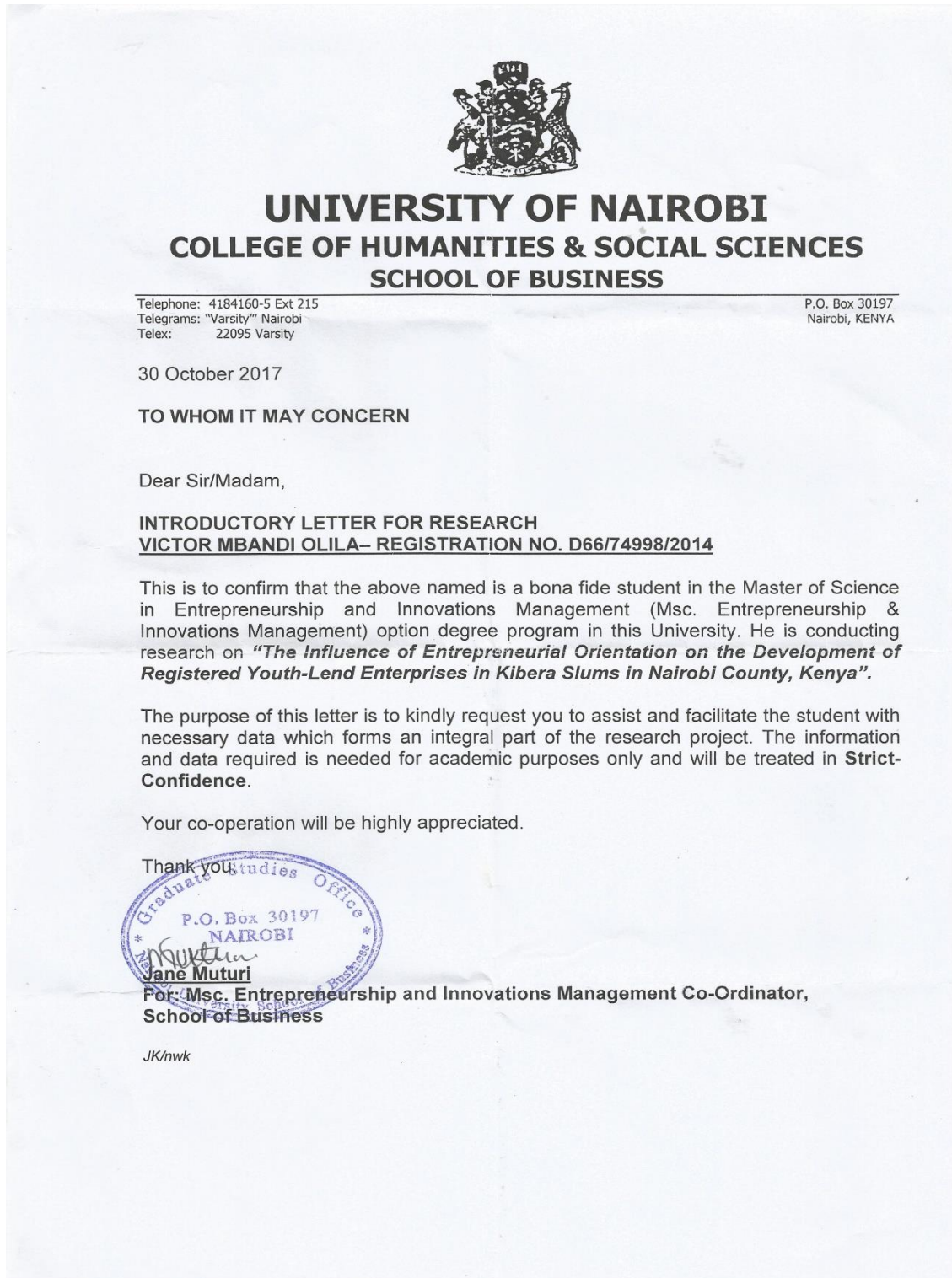


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## APPENDICES

### Appendix I: Introduction Letter



### Appendix II: Questionnaire

**SECTION 1: RESPONDENTS BACKGROUND INFORMATION**

Kindly read each question carefully and follow the instructions then answer all the questions by ticking the number in the box that best describes your answer. All the information will be kept confidential and used for academic purposes only.

1) Gender

Male [ ]                      Female [ ]

2) What is your age category?

a) Below 20 years                      [ ]

b) Between 20 – 25 years                      [ ]

c) Between 25-30 years                      [ ]

d) Between 30 – 35 years                      [ ]

e) Above 35 years                      [ ]

3) Marital status

a) Married                      [ ]

b) Separated                      [ ]

c) Widowed                      [ ]

d) Single                      [ ]

4) What is your level of education?

a) Primary level                      [ ]

b) Secondary level                      [ ]

c) Certificate /Diploma                      [ ]

d) University Level                      [ ]

e) Post-Graduate level                      [ ]

5) Kindly indicate how many years your business has been in operation .....

.....

6) Kindly indicate the number of employees in your business .....

.....

7) What is the structure of your firm?

- a) Sole trader [ ]
  - b) Jointly owned [ ]
  - c) Limited Company [ ]
  - d) Others [ ]
- 8) Type of enterprises activity/sector of the enterprise.

<b>Enterprise activity</b>	<b>Tick appropriately</b>
Cyber café	[ ]
Restaurant, café and bakers	[ ]
Retail/wholesale	[ ]
Medial and healthcare	[ ]
Fruit/vegetable	[ ]
Farm and food production	[ ]
Bar and night club	[ ]
Hardware	[ ]
Cosmetics	[ ]

**SECTION II L: ENTREPRENEURIAL ORIENTATION**

**RISK TAKING**

- 1) Rate the extent to which the following statements about risk-taking apply in your organization with regard to entrepreneurial orientation. Use a scale of 1 to 5 where 1 is to no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to a very great extent.

	1	2	3	4	5
Our business commits a large portion of resources to ventures with uncertain outcomes					
Our business takes in heavy borrowing from banks					
Our business invests in high risk products which promise high returns					
In our business, we mitigate the consequences of risk-taking by forward planning and anticipating each outcome.					
We manage ourselves during stressful times of business					
Before we make a risky business decision we determine whether it is the right decision to make					

## INNOVATIVENESS

- 2) To what extent do the following aspects of innovativeness apply in your organization with regard to entrepreneurial orientation? Use a scale of 1 to 5 where 1 is to no extent, 2 is to a little extent, 3 is to moderate extent, 4 is to a great extent and 5 is to a very great extent.

Innovativeness has enabled market penetration of youth led enterprises	1	2	3	4	5
Our business support creativity and experimentation in introducing new products in the market					
Technological ideas in youth led enterprises has brought new products/services					
Our business encourages the developing new innovation technological processes					
Our business encourages incremental improvements in products and services					
Innovation generate significant new value for customers					
The business initiates innovations in every situation before the competitors responds					
Our business is creative in creating and controlling resources					

## PROACTIVENESS

3. To what extent do the following aspects of pro-activeness apply in your organization with regard to entrepreneurial orientation? Use a scale of 1 to 5 where 1 is to no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to a very great extent.

We identify needs of current and potential customers	1	2	3	4	5
Our business reallocates its resources to deal with an emerging opportunity and threats					
Our business identifies and monitors market trends to predict future trends					
Our business is able to anticipate and respond to the emerging needs of customers					
Our business harnesses the strong research and development capabilities in making future decisions					
The business continually seeks opportunities (new market and new customers) related to the present needs					

Our business anticipates change and generate first-mover advantages					
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#### 4. COMPETITIVE AGGRESSIVENESS

. To what extent do the following aspects of competitive aggressiveness apply in your organization with regard to entrepreneurial orientation? Use a scale of 1 to 5 where 1 is to no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to a very great extent.

Our business makes bold varying actions to achieve good performance	1	2	3	4	5
Our firm adopts very great competitive behavior	1	2	3	4	5
Our firm has a strong desire to increase market share	1	2	3	4	5
Our firm is reactive to competitor's actions	1	2	3	4	5
We adopt new strategies in the market before competition	1	2	3	4	5

#### 5. AUTONOMY

To what extent do the following aspects of autonomy apply in your organization with regard to entrepreneurial orientation? Use a scale of 1 to 5 where 1 is to no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to a very great extent.

Our business allows the employees to freely champion new ideas	1	2	3	4	5
Our business encourages is employees to act independently so as to bring forth great ideas	1	2	3	4	5
Our organization supports the employees to see all their ideas to completion	1	2	3	4	5
We allocate all the necessary resources to our teams to enable them achieve the organizational goals	1	2	3	4	5
Our business allows the employees to be creative and try out different methods to do their jobs	1	2	3	4	5

**SECTION THREE: IMPACT OF ENTERPRISE – YOUTH DEVELOPMENT**

- a) To what extent has your enterprise contributed to below benefits to your society. Use a scale of 1 to 5 where 1 is to no extent, 2 is to a little extent, 3 is to a moderate extent, 4 is to a great extent and 5 is to a very great extent.

	1	2	3	4	5
Job Creation					
Poverty Eradication					
Income Generation					
Development of New Skills and Knowledge					
Reduction in Social vices such as crime					