

**ENTREPRENEURIAL EDUCATION AND PERFORMANCE OF YOUTH-
OWNED MICRO AND SMALL ENTERPRISES IN BUNGOMA COUNTY,
KENYA**

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DECLARATION

This research Project is my original work and has not been presented for a degree in any other University

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This research Project has been submitted for examination with my approval as the university supervisor

.....Signature Date.....

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DEDICATION

This research project is devoted to my guardians Mr Robson Bero Ogora and the late Mama Joanina Njeri Bero for financing my education from primary to university and making sure I lacked nothing for my entire life in school. I also dedicate this project to my lovely Children Natalie, Wendy, Mitchell and Joy-Lulu for their encouragement throughout all these years of my academic life they my source of inspiration to excel whatever I do.

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TABLE OF CONTENTS

DECLARATION.....	II
DEDICATION.....	III
ACKNOWLEDGEMENTS	IV
LIST OF TABLES	VIII
LIST OF FIGURES	IX
ABBREVIATIONS AND ACRONYMS.....	X
ABSTRACT.....	XI
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the study	1
1.1.1 Entrepreneurial Education	3
1.1.2 Performance of Micro and Small Enterprises.....	5
1.1.3 Micro and Small Enterprises in Kenya	6
1.1.4 Youths in Bungoma County.....	8
1.2 Research Problem	9
1.3 Research objective	11
1.4 Value of the study.....	11
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.3 Theoretical Foundation	12
2.3.1 Human Capital Theory.....	12
2.3.2 Theory of the Firm.....	13
2.4.1 Entrepreneurship Education and Performance of Micro and Small Enterprises	16
2.5 Conceptual Framework.....	19
2.6 Summary of Literature Review and Knowledge Gaps.....	20

CHAPTER THREE: RESEARCH METHODOLOGY	21
3.1 Introduction.....	21
3.2 Research Design	21
3.3 Population of the Study.....	22
3.4 Sample Design	23
3.5 Data Collection	24
3.6 Data Processing, Analysis and Presentation	24
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION	27
4.1 Introduction.....	27
4.2 Response Return Rate.....	27
Source: Field Data (2018).....	27
4.3 Respondents Demographics.....	27
4.3.1 Respondents’ Gender	28
Source: Field Data (2018).....	28
4.3.2 Respondents’ Education level.....	28
Source: Field Data (2018).....	29
4.3.3 Type of Business Respondents’ Operate	29
4.3.4 Period in the Current Business.....	30
Source: Field Data (2018).....	31
4.4 Entrepreneurial Education Among Youth-owned MSE in Bungoma County.....	31
4.4.1 Participation in Training	31
Source: Field Data (2018).....	32
4.4.2 Training Entity	32
Source: Field Data (2018).....	33
4.4.3 Training on Financial Planning.....	34
Source: Field Data (2018).....	34
4.4.4 Training on Innovations.....	35
Source: Field Data (2018).....	36

Source: Field Data (2018).....	37
Source: Field Data (2018).....	38
4.4.5 Training on Strategic Management.....	38
Source: Field Data (2018).....	39
4.4.6 Influence of Entrepreneurial Training on Youth-owned MSE performance	40
Source: Field Data (2018).....	42
4.5 Discussion Findings	46
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	49
5.1 Introduction.....	49
5.2 Summary of the Findings.....	49
5.3 Conclusion	50
5.4 Recommendations for Policy and Practice	50
5.5 Limitations of the Study	52
5.6 Suggestions for Further Studies	52
REFERENCES.....	54
APPENDICES	60
Appendix 1: Letter of Introduction.....	60
APPENDIX III: QUESTIONNAIRE	62

LIST OF TABLES

Table 3. 1: Population Sample Size	23
Table 4. 1: Response Rate.....	27
Table 4. 2: Gender of the Respondent	28
Table 4. 3: Highest level of Education.....	28
Table 4. 4: Respondents Period in the Current Business	31
Table 4. 5: Type of Business Respondent Operate	30
Table 4. 6: Financial Planning	30
Table 4. 7: Whether Respondent Received Entrepreneurship Training	31
Table 4. 8: Organization that Offered the Training	32
Table 4. 9: Product Improvement	33
Table 4. 10: Novelties in Production	34
Table 4. 11: New Marketing Strategies	35
Table 4. 12:Strategic Management	36
Table 4. 13: Pearson Moment Correlation Coefficients	38
Table 4. 14: Model Summary	39
Table 4. 15: ANOVA Test	40
Table 4. 16: Coefficients of Determination	40

LIST OF FIGURES

Figure 2. 1: Conceptual Models.....	19
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ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
BDS	Business Development Services
C.E.E	Consortium of Entrepreneurial Education
EU	European Union
GEI	Global Education Initiative
GOK	Government of Kenya
IFC	International Finance Corporation
OECD	Organization for Economic Cooperation and Development
MSEs	Micro and Small Enterprises
MOYA	Ministry of Youth Affairs
ROI	Return On Investments
UK	United Kingdom
WEF	World Economic Forum
YEDF	Youth Enterprise Development Fund

ABSTRACT

Micro and small enterprises form (MSEs) a major driver of trade, industrial development and employment creation in Kenya with an approximately of 80% employment expected from the sector. The Kenyan government underscored the importance of MSEs sector among the youth by creating the department of youth development which champions Youth enterprises development, encourage savings, promotes entrepreneurial experience and promotes products promotion to the untapped regional market. The objective of the study was to establish the influence entrepreneurial education on the performance of youth-owned Micro and Small businesses in Bungoma County. The research used descriptive survey. The study focused on all the 475 MSEs youth groups that benefitted from the government YEDF loan and a sample of 95 groups was used. The primary data was collected using well thought-out questionnaires with the closed-ended questions. Filling of the questionnaires were done by the manager of the youth-owned MSEs which were dropped and picked later. The quantitative information items of the questionnaire were given ordinal values and analyzed using, frequency tables mean and percentages. Inferential data analysis was done using Pearson correlation coefficient and regression analysis (multiple regression analysis). The findings were presented in tables. The study found that majority of youths trained on financial budgeting, book keeping, costing and pricing of goods this enhanced the performance of youth-owned micro and small enterprises Bungoma County. The study further found that product improvement, novelties in production and new marketing strategic innovations influenced the performance of Youths-owned Micro and Small Enterprises Bungoma County. The study also established that strategic planning; implementation of strategic plans and evaluation of business strategic options influenced the performance of micro and small enterprises in Bungoma County. The study recommended that innovations and mentorship programs that are adopted by mentors in social support groups should consider embracing frequent entrepreneurial training, implemented in a periodic phases to help in monitoring the entrepreneurs who are participating and that formal education needs to be tailored towards learners acquiring skills that are related to entrepreneurial activities. Finally the study recommends that the policy makers who are interested in enhancing the performance of youth related businesses should focus on offering achievement motivation training to potential and existing youth entrepreneurs.

CHAPTER ONE: INTRODUCTION

1.1 Background to the study

Worldwide entrepreneurial education is a booster to young people's necessary skills needed in the 21st century for the performance and survival of enterprises and improvement of the general societal welfare. Micro and Small Enterprises (MSEs) are seen as a major player in mitigating unemployment problem which has left more than 88 millions young people without work or so little work to do worldwide (World Youth Report, 2005). This view is supported by both governments and economists who see entrepreneurial education as an instrument that can spur financially viable performance and expansion if there is appropriate integration of entrepreneurial education into education systems, legislation and national awareness (Kurotimi, Aladei and Opigo, 2017).

Previous studies carried out acknowledge that when one is taken through entrepreneurial education it is capable of shaping skills, attitudes and behaviors (Global Entrepreneurship Monitor (GEI), 2009). Ngugi (2013) observes that the acquired entrepreneurial knowledge and attitudes leads to the realization of good returns of the business over time. Dana (2001) also asserts that countries found in the South America continent like Brazil, the Middle East like Malaysia and India have realized so much after introducing entrepreneurial education in their education system leading to a accelerated sustainable business growth and development. For Micro and Small Enterprises to perform well entrepreneurial education programs must be incorporated in their activities in order to enhance skills, knowledge and develop an entrepreneurial mindset to boost the Micro and

Small Enterprises (MSEs) performance through the gained entrepreneurial education skills.

The entrepreneurial education was anchored on the theory of human capital and at the same time the theory of firm will be put into consideration. The former is grounded in macroeconomic development (Randall, Susan, Jackson and Schuler, 2005), which states that knowledge, skills, and attributes are embodied in a person leading to a person developing social and economic wellbeing (OECD, 2001). Entrepreneurial education knowledge helps MSEs management with cognitive ability and transforms them to be more productive and efficient (Ngugi, 2014). If the management in the youth MSE sector embraces the entrepreneurial activities there will be a tremendous improvement in the management leading to better firm performances.

The presumption of the firm focuses “insides” of the business entity which points out creativity, innovation and growth and the outside environment where the organization operates (Penrose, 1959). Managers are the main determinant for the good performance of any business organization. GEM (2009) identifies entrepreneurial training programs as promoters of entrepreneurial activity in business organization boosting their performance in a given economy which if well-coordinated, they will contribute significantly in achieving the projected socioeconomic goals, such as the greater creation of employment, economic output, promotion of exports and fostering entrepreneurship acumen among the citizenry.

Youth-lead micro and small enterprises in Bungoma County like any other part of the country operate in an environment where they are faced by various problems like technological changes, entrepreneurial management inadequacies, lack of resources and harassment from the authorities. According to the census of 2009 Bungoma County dependence ratio stood at 105.8 which very high and the unemployment among the youths stood at 48 % (Bungoma CIDP 2013-2017), this poses a greater risk on social evils among the young people. By exploring the entrepreneurial education management activities in the Micro and Small Enterprise sector it will identify areas to boost and strengthen hence promote best management practices leading to good performance and provision of more employment to the youths.

1.1.1 Entrepreneurial Education

Entrepreneurial education can be termed as any instructive program or progression of education for entrepreneurial attitudes and skills (Fayolle et al, 2006). Educators are the sole actors in delivery of knowledge on entrepreneurship. It comprises five distinct clear stages of development (Consortium of Entrepreneurial Education, 2004). These stages comprise basic skill, responsiveness, and inventive applications to start and expand an enterprise entity (Jones and English 2004). Mauchi et al, (2011) also asserts that entrepreneurial education gives an individual the ability to harness a viable commercial idea after acquiring the necessary facts, attitudes, and capabilities.

Entrepreneurship education can equip the youth people with practical information and ability to build up their disposition, mind-set and vision. It creates fundamental

responsibility to develop an environment that promotes product improvement (European Union, 2006). It also states that it provides the base for originality and creates value system; and develops entrepreneurial culture, which can lead to affluence development and gives further push to modernization of new product development. Traditionally, entrepreneurial education was seen as imparting necessary expertise required to set up a new venture, but the best method to instill this expertise in the management has been ambiguous. Depending on the objective, various methods can be used to pass on the expertise. To expand the understanding of entrepreneurship knowledge in general to large audiences, better results are realized when public channels like lectures and seminars are used but if the target is individuals' skills and generation of future entrepreneurs, the best methods to use are industrial training and the use of a controlled environment of experiments of role play and business models (Hytti and O'Gorman, 2004). According to Aasland, Brustad, Meltveit, Kleppa, and Solhjell (2011) cited in Kritskaya (2015), learning institutions still remain the main providers of the knowledge about entrepreneurship skills through normal school activities.

Studies carried out on the importance of entrepreneurship education attested its significance by stating that it refines the character of entrepreneurs for those who undergo the training (Solomon et al, 2002). In addition, (Kolvereid and Moen 1997) established that entrepreneurship as a course gave a lot of enthusiasm towards students who undertook it in starting their own business but for it to be effective, the style used should be coupled with pragmatic learning in order to achieve the best (Gibb, 2004) and develop occupational culture (Dwerryhouse, 2001). The analysis of the cited literature

underscores the importance of the effectiveness of entrepreneurial education which can act as a catalyst for improving the performance of youth lead MSEs.

1.1.2 Performance of Micro and Small Enterprises

Performance of a firm can be equated to what value and competence it achieves during its operations (King and McGrath, 2002). A business organization that performs well must produce goods and services at the least cost while maximizing profits which will lead to a reduction in the cost of production, wastage hence making savings. This will lead to an increase in quantitative and qualitative resources owned by a business and the increase in the ability of the business to attain its goals (Simmons , 2000).

Micro and Small Enterprises are social entities that are goal oriented toward making a profit but influenced by both internal and external environment, (Daft, 2007). For MSEs to perform well and remain competitive, internally it must develop its management by subjecting it to appropriate training so that it can assess opportunities and threats that come from the external environment, internal strengths and weaknesses, enabling it to identify appropriate competence to effectively maintain growth and profitability of a firms (Pearce, 2011). Performance, in this case, can be measured using components like good financial returns from the money invested in the business in form of profits, occupy some space in the market by creating and retaining customers and they should create some value for the entrepreneurs or owners of the business and the employees (Maylor, 2010). The performance of the youth MSEs in the study area can be measured by the ability of the businesses to continue existing while making profits and expanding. This

study will focus on the measurement of the performance of youth MSEs assessing whether they are meeting their goals of generating profits at the least cost of operation at the same time meeting all its obligations.

1.1.3 Micro and Small Enterprises in Kenya

Micro and small enterprises form a major contributor to economic growth and employment creation in Kenya with approximately 80% comprising of the enterprises (GOK, 2009). The Kenyan government underscored the importance of MSEs sector among the youth by creating the department of youth development to champion Youth enterprises entities, encourage savings and autonomy among the youth, promoting an entrepreneurial experiences among the youth, and advertising their products to the untapped regional markets (The National Youth Policy, 2007).

Entrepreneurial education is being acknowledged as an imperative generator of economic expansion at the same time modernization of businesses (Bakotic and Kruzic 2010). MSEs play a major role in creating direct jobs, improving the gross domestic product and enhance the exchange of goods and services within the Kenyan economy (GOK, 1997). They also lay a good ground for enhancing innovations, entrepreneurial skills and utilize local technological capabilities; they act as a linkage to all other sectors of the economy (Ministry of Trade and Industry, 2003). A study done in Nairobi found that (45 percent) of MSEs are run by young people who are in the category of 25years and 34years and 5 percent in the age bracket of 18 years and 24 years of age (Bowen *et al*, 2009). Many of the studies done on MSEs in Kenya shows that the Kenyan economy employment comes

from the sector which amounts to 50 percent of the total job created in a given time (Kenya National Bureau of Statistics, 2007). Mead (1998) agrees with this by stating that the wellbeing of an economy depends on the health and operations of MSEs. Therefore it is imperative that the growth and strength of the performance of MSEs can propel the growth of a country's economy.

Although MSEs have gained a lot of importance on the growth and development of many economies they have been dogged by many problems both managerial and financial. This problems include inadequacies' in accessing markets; inappropriate entrepreneurial practices; production of low quality products; lack of institutional support; this problems have puts the sector in uncomfortable position when it comes to competition on the ever-changing market environment thus most of them do not go beyond the third year of their formation (Rogito, 2010). Furthermore, the International Finance Corporation (IFC,2011) has also agreed to this by highlighting various challenges the MSEs face which end up limiting their capacity of development and productivity hence limit their contribution toward the health of a growing economy . This is manifested in the lack of originality, lack of administrative skills and experience, inadequate education and innovations capacities, limited government support and scanty market dynamism. Considering the value placed on the MSEs in the improvement of the state of the Kenyan economy, this study is of great relevance in order to understand entrepreneurship education and performance of youth MSEs in Bungoma County.

1.1.4 Youths in Bungoma County

The term “youth” globally is given various meanings. The UN sees it as person who is in the age bracket of 15 and 24 years (UN, 1998). In African context, the definition of a youth varies from one country to another; in Uganda for example a youth age falls in the bracket of 18 years and 24 years (ROU 2001). While The Kenyan constitution 2010, article 260 identifies a youth as a person who has attained 18 years but must be below 35 years (Kenya constitution, 2010).

Bungoma County is among the forty-seven county units in Kenya; it is divided into nine Sub-Counties/Constituencies, 21 divisions 81 locations and 179 sub-locations, of the total population of 1,759,499, the youths population stands at 571,835 who are in the age bracket of 18 years to 35 years they accounts for 32% of the total population and contributes to about 67% of the active workforce, the dependency ratio stands at 105.8 percent, transitional rate from secondary to university or tertiary institution is low which means most of the most the youths are unemployed (NCPD 2017).

The County's main activities mainly focus on agriculture. The characteristics of MSEs found in the county majorly deals in farm produce, retails and roadside vendors. The business entities, like many other parts of the world, are owned by one person who uses family labor to supplement their workforce. In Bungoma, a variety of opportunities exist ranging from farming activities due to reliable rainfalls, manufacturing industry, processing, retailing, hotels, and ICT, (Bungoma Integrated Development Plan2013-2017).

This study aims at establishing the role of entrepreneurial education on the performance of Micro and Small Enterprises managed by young people in Bungoma County, Kenya. Bungoma County Integrated Development Plan (2013-2017) underscores the importance of Entrepreneurial education particularly for the youths with some resources being allocated to support the initiative. Despite this initiative by the county government, the available information on the influence of entrepreneurship education in the operation in the MSEs sector is lacking, compelling the need for the current study.

1.2 Research Problem

The role of entrepreneurial education provides entrepreneurs with the necessary business skills to enhance their management skills. As in the human capital theory, ventures in facts, skills and abilities boosting the industrious capacities and necessary skills which help the management to engage in more enterprising activities (Becker, 1964). The absorption of entrepreneurial education faces a number of challenges ranging from lack of human capital to the normal financing and worse of it all most communities associate entrepreneurial education to academics of establishing a business and managing the enterprise (European Union (EU), 2012).

Although youth entrepreneurs found in Bungoma County have support from the government and the County government in terms of financial and non-financial, they do not meet their financial obligation like repaying the loan in time and poor service delivery as reported in the (Auditor general report, 2016) which found that out of 475 youth groups funded through youth loans by (YEDF) only 26 groups had cleared their loan by

the end of 2016 which represented a partly a 5% of the total loan given. This scenario paints a grim picture of the performance of youth MSEs in the county raising the concern of whether the training offered to the groups before being granted the loan helps them to manage their businesses properly.

A study done by (Olomi 2006) in Tanzania, on the MSEs' performance found out that the management of the MSEs had limited awareness and capacities in business management skills which lead to many entrepreneurs merely copy what their neighbors do and they don't put into consideration the importance of innovation, improvement in quality management and sound financial planning. He attributes this to lack of proper entrepreneurial education training which consciously develop values, attitudes and skills for business management.

Another study by (Akindele et al. 2006) found out that most of the new entrant into the MSEs sector in Nigeria had little or no business experience especially on management which contributed to most of the start-ups collapsing due to lack of adequate experience and training. But a study done in East Africa by (Kaijage 2013) found out that the education system that was being offered did not put more emphasis on entrepreneurship education but offers business education that is deemed not to be adequate in preparing future entrepreneurs. It is in this context that this research wants to answer the following question: How does entrepreneurial education influence the performance of youth-owned MSEs in Bungoma County?

1.3 Research objective

To establish the influence of entrepreneurial education on the performance of youth-owned Micro and Small enterprises in Bungoma.

1.4 Value of the study

This study provided information to National and County governments in the formulation of policies on entrepreneurial education so as to assist MSEs sector to build holistic management strategies for enhanced performance.

Theories covered helped to identify necessary expertise and capabilities that needed to be enhanced in the management of the youth lead MSEs, at the same time the dynamism in the operations of the organizations both internal and external helped to understand the management constraints experienced by the micro and small enterprise sector.

The leadership in Bungoma County would obtain information that would enable it to act appropriately and expeditiously to rise prioritize on their budgets to support the MSEs sector, especially on entrepreneurial education in order to improve MSE management styles. The findings from this study would be of use to entrepreneurs by enabling them to identify their shortcomings and come up with proper methods of solving them.

For researchers, the study would form a basis on which future research on entrepreneurship education can be grounded and provide information for referencing purposes.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter reviews theoretical foundations on human capital as well as growth of the firm. It also looks at entrepreneurial education practices and entrepreneurial education and how they influence the performance of the MSEs. At the same time the chapter provides a conceptual framework to guide the study.

2.3 Theoretical Foundation

The study will evaluate performances of Micro and Small businesses. To arrive on an appropriate theory to support the study, several theories will be reviewed with the view of isolating and understanding key development aspects of MSEs, therefore, selecting the theory of the firm (Penrose, 1959) and the human capital theory (Schulz 1964). The theories will look at how Micro and Small businesses are started and how the entrepreneurial education influences their performance.

2.3.1 Human Capital Theory

This theory was brought forward by the macroeconomic development assumption Becker 1964 who acknowledges necessary expertise, capabilities, and characteristics (human capital) which are personified and help the formation of individual beliefs, common and economic well-being, (Fritsimons, 2015). Becker gives prominence to human capital to be necessary in enhancement of the firm's worthiness and management which lead to sustainability and competitive advantage to competitors in any given market. Researchers, (Schultz, 1959; Becker, 1964) saw human capital has a method that can be

used to support the view that knowledge offers individuals with cognitive abilities make them more productive and efficient in their operations. Ngugi (2014) in his thesis also quotes Schultz, (1964) by saying that both knowledge and skill form human capital, which is the main product for enterprise growth, in terms of profitability, business expansion and development. Colombo and Delmastro (2016) also see entrepreneurs as having superior levels of human capital which gives them an upper hand to identify opportunities and later exploit it for the main purpose of good business performance.

The concept of human capital puts more emphasis on the venture management through instruction and entrepreneurial education. Schultz puts comparison attainment of business facts as well as expertise as a means of boosting production and the growth of business entities which leads to continuing good performance in businesses. There is also common belief that embracing sound entrepreneurial education among the Micro and Small enterprises management will improve income growth, ability to repay loans, making savings, and reduce wastage, which would ultimately improve the performance of these firms.

2.3.2 Theory of the Firm

This theory attaches great significance to human resources, specifically management problems which hinder the growth of firms, even if the size of the firm does not matter (Penrose, 1959). This theory focuses more on “internal operations” of a firm, it explains endogenous information on – originality and novelty on the expansion of firm and at the same time it explains the outside business environment where the firm operate this should be the ‘image’ in the minds of the firm’s management. The two when they

interact, they define the firms 'productive opportunity'. This theory is central since its contribution moves away from conventional profitable theories which have distinct individual firms rather other than seeing them as a function of their external background (Pitelis, 2002).

The theory gives prominence to managers who must perform sound management styles, however, this is determined by internal dynamism of the firms, their understanding of the outside and inside 'reality', and their personal inspiration, which includes earnings, but also socio-psychological fundamentals must be put into consideration. (Jensen, and Meckling, 1976). Christos (1959), supports this theory by stating that the theory goes beyond (organizational) economics methods, of the transaction costs but provides a natural link to management and organization study.

The theory was applied to the study because the MSEs run by youth rely on administrative capabilities with a human resource attributes to run the daily business activities of the organization. The theory emphasizes on expertise and business routine working together with external networks support to enhance the firms' activities. For any firm to develop and grow, good business practices must be obtained from accessing entrepreneurial education training.

These two theories are relevant to the study because they are able to explain the intricacies that affect the development and performance of the MSEs. From human capital theory which focuses on the insides of the organization essentially the

management resource part of it. MSEs in Bungoma main human resource are the youth-owned managers of the MSEs, after the entrepreneurial training they are supposed to reflect this impact on the performance on their businesses. The researcher hopes to show that entrepreneurial education training is important to the development and performance of the MSEs in Bungoma County. While the theory of the firm focuses on managerial quality which after the entrepreneurial training plays part in the development and performance of their firm but also the firm's strategy therein and they all work together. From the study, the researcher will show that all of these characteristics play a bigger role on either advancement or failure of a Micro and Small firm in Bungoma County.

2.4 Entrepreneurial Education

Entrepreneurial Education is defined as a process of providing a person with capability of being able to recognize a viable business opportunities and the imminent confidence to acquire necessary , facts and skills to enable one perform duties appropriately (Jones and English, 2004). It's able to equip the youth with useful information and skill to enhance their character, attitude and mental capacities. It can develop a network that promotes innovation (European Union, 2006). For the last 30 years, entrepreneurship education (EE) has gained as a lot of interest and this has attracted a lot of field research and among policy makers. This interest can be attributed to significance that has been placed on role of EE in equipping necessary impetus to prospective entrepreneurs and as a 21st century strategy to foster economic growth and development (Kurotimi, Agada, Aladei and Opigo, 2017). It on this premise the present study

attempted to establish the influence of EE on the performance of youth-owned MSEs in Bungoma County.

2.4.1 Entrepreneurship Education and Performance of Micro and Small Enterprises

As a practice, entrepreneurship education can transform the thinking of a business person especially young people to think positively towards the creation of business venture which will provide jobs and at the end of the day contribute a lot to the community and improve the economic standing of the countries welfare (EU, 2012). According to Becker and Gary (1964), the human capital model identifies education as having a productive impact on learners but the theory does not give an explanation on the impact of entrepreneurial education on performance youth-owned enterprises.

Financial planning is another component of entrepreneurial education that need to be focused on, which is the actual management of capital needed to finance the enterprise's assets and all other activities undertaken by the enterprise, since it is a scarce resource competing among the many uses it must be budgeted for effectively and efficiently in order to achieve the enterprise's goals (McMabehon, Holmes, Hutchinson and Forsaith, 1993). The aspect of financial planning represents a blueprint of what a firm proposes to do in the future. The dynamism of financial planning to all business entities, it's imperative to focus more on, investment turnovers, return on capital and changes in capital markets (Chandra, 2007).

These elements have been ranked by many studies as a root cause to business failure or success if not handled well. Many of the entrepreneurs may have challenges when managing their finances when they get the money. They do not have financial management skills to apportion their money in terms of priorities. Various Studies done have found out that securing inadequate capital, the misuse of capital and poor cost control and pricing of goods are serious issues for many entrepreneurs (Cornwall, 2005). This practice can lead to, poor cash flow management as well as poor bookkeeping procedures which affect common internal controls which in turn affect business performance, (European Federation of accountants, 2004).

An organization needs a strategic management plan which entails an action put in place by an organization that involves human resource planning, formulate the decision, implement and evaluates (Johnson et al, 2010). They are purposely designed to accomplish the objectives of firms (Robinson et al 2007) explains that strategic planning is essential since most of the MSEs failure can be attributed to a lack of strategic planning. To implement this practice there should be a capable staff which will be in position to interpret the business strategy and implement it in order to realize the business vision.

Finally, innovations is also an important component which is the process of improving goods or service in order to create value which makes it become better than the way it was before (Frame and White, 2004). It can be measured by assessing the improvement made to existing products brought into the market, new research breakthrough, quality

goods developed and patent rights developed (Frankelius, 2009). The adoption of innovations by the MSEs sector will witness goods, services, processes and new innovations, or thoughts that are easy to absorb in the ever-changing market's tastes and preferences. If the MSEs sector embraces innovations capabilities it will build social capacities to absorb new technologies (Agola and Wakabayashi, 2000). According to Martin and Namusonge (2014), every application of innovation should begin with an investment of youth-led MSEs as they are the majority in the sector. With innovation being in vogue, (Aremu, 2004) attests that changes in the world in the new knowledge, Micro and Small Enterprises and other organizations must change constantly to remain competitive and control their niche in the ever-changing market.

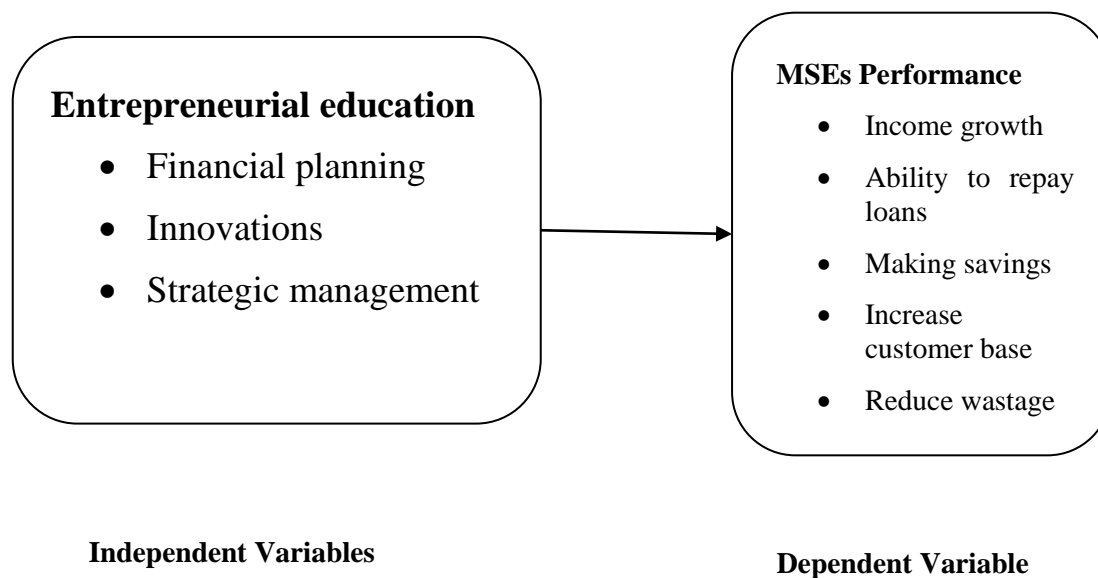
Previous studies concentrated on the problems encountered by MSE traders but this study will focus on entrepreneurial education skills, knowledge and relevant expertise and how it contributes towards the performance of youth MSEs in Bungoma County, Kenya. The study done by (Mwania, 2011) found out that access to finance and lack of information affected the performance of MSEs while, (Karanja 2015) and (Kinyua 2014) found out that leadership and finance influenced the performance of SMEs. Conspicuously finance, leadership and planning may not necessarily make entrepreneurs successful. The above studies did not look at the aspect of entrepreneurial education as moderator of the business ecosystems and the fact that business entities do not produce to their full capacities when they operate in skills ignorance and illiteracy especially in business.

2.5 Conceptual Framework

This study will adopt a conceptual framework to carry out the study. The framework will be based on the reviewed theory of the firm's growth on small firms as detailed in Penrose (1959) and the human capital theory. The framework will condense the study into the study's objectives as it was conceptualized based on factors brought forward by the literature assessment.

The variables in the study will be; Entrepreneurial education practices (financial planning, innovations and strategic management) which will represent independent variables and how they affect the performance of MSEs in Bungoma County. Performance of enterprises will represent dependent variable (Income growth, Ability to repay loans, making savings, increased sales and increase of customer's base).

Figure 2. 1: Conceptual Model



Source; Research Literature Review

2. 6 Summary of Literature Review and Knowledge Gaps.

The literature review of the study covered entrepreneurial education. It also looked at theory of the firm and the human capital theory. The literature also covered entrepreneurial education and performance of micro and small enterprises

This research attempted to address some aspects of entrepreneurial education and performance of MSE not fully covered in the studies discussed hitherto. Some studies have been carried on the performance of MSEs both locally and internationally (Olomi 2006; Akindele et al. 2006; and Irwin, 2011) and locally (Wanjohi, 2009; (Mwania, 2011, Karanja 2015 and Kinyua 2014). An analysis of systematic empirical studies and literature on the performance of youth led-enterprises is lacking. To address these gaps and shed new and important light on these issues, the researcher evaluated entrepreneurial education and the performance of youth-led MSEs in Bungoma County with the aim of providing intervention measures to mitigate the challenges thereof. Thus, there is little apparent evidence on the influence of entrepreneurial education and the performance of youth-owned MSEs in Bungoma County .

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section presents the research methodology used when conducting the research. It describes the research design, source of the data, target populace, data and instruments used to collect the data and analysis procedures.

3.2 Research Design

This study adopted a descriptive survey design and can be defined as the blueprint, plan or structure that aids in obtaining the answers to the research questions (Kothari and Garg 2014). The descriptive survey is a logical, experimental inquiry which has no direct control of independent variables by the researcher because they have already happened. By Use of this technique the researcher was seeking to identify the functions of entrepreneurial education on the performance of youth MSEs in Bungoma County. It identified various Entrepreneurial Education activities and how they affect the performance of MSEs which formed a basis for informing best entrepreneurial education practices that influences performance in Micro and Small Enterprises in Bungoma County.

The study used expressive cross-sectional research design which is a research that is used to find the happening in a group at a given time (Nabi and Holden, 2008).The study looked at whether Entrepreneurial education affect the operations of young people's Micro and Small business in Bungoma County Kenya. The design was ideal for the study because it reported the way things are according to the objectives of the study. It scanned

the population under study but did not explain the causal relationship (Aasland et al. 2008). It gathered the data without affecting the research context.

3.3 Population of the Study

A population can be defined as a group of persons who are picked from a given population that is subject to a research owing to their possession of common characteristics such as sex, age, or even health conditions (Woods, Pollack and Binson, 2015).

The population study for this research encompassed all the MSE's operating in Bungoma County but focus was on youth lead enterprises in the County. Bungoma integrated development plan 2013-2017 listed 475 youth MSEs that benefitted from the Youth Enterprise Development Fund given by the ministry of youth affairs. These groups are found in various economic set up giving the study a good representation. The study focus was on 475 MSEs youth groups who had got the loan. These MSEs are spread in nine Sub-counties, where they deal with various products, such as I.C.T. services and hospitality, cereals, manufacturing, retail and financial services. They are found in both urban and rural centers (appendix iv).

The managers and owners of the MSEs were the main focus because they have a clear understanding of the MSEs Management and operations.

3.4 Sample Design

This is a plan for selecting a sample from a given population. According to (Kothari and Garg 2014) a sample is a subset of the total population. It was used because it is not possible to study all the members of a population for a research project. It can be costly and could have consumed a lot of time to finish the study. In order to obtain statistical significance, an optimal sample size needs to be obtained in a research (Atieno, 2009)).

Mugenda and Mugenda (2003) indicate that 10-30% sample is adequate if all the factors remain constant. Since the data came from different sector, stratified random sampling technique was used to give each element an equal chance of participating.

Table 3.1 Population Sample Size

MSE sector	Frequency	percentage	Sample size
ICT sector	52	20%	10
Hospitality & Hotel service	74	20%	15
Manufacturing	65	20%	13
Farming (crops and animal husbandry)	80	20%	16
Retailing	93	20%	19
Financial (Table Banking)	63	20%	13
Cereals	48	20%	10
Total	475		95

Source: YEDF (Bungoma), 2016

3.5 Data Collection

This are steps used to obtain information from the field and assigning it values on the targeted variables in a manner that is systematic and organized (Sullivan-Bolyai et al., 2012). The data that was targeted comprised of both raw (primary) and secondary data. Raw data was obtained through well thought-out questionnaire comprising of closed-ended questionnaires. The questionnaires were filled by the respondent after being dropped and picked later. The respondents were youth MSEs managers/owners. For this study, the questionnaire was designed to have respondents ascertain which items are important to them in assessing entrepreneurial education and how it influenced their business performance (Kinyua, 2014).

The prearranged questionnaires were collected from the respondents and they extensively collected information regarding the purpose of the study. All ethical considerations were observed by the researcher and intent to observe confidentiality was evidenced by assuring the respondents that the information provided was meant for the study only. Permission was sought from the relevant governing bodies and permits issued to conduct the research in Bungoma County. Only youths managers with established enterprises, who were identified by the ministry responsible for youth were interviewed and considered for this research.

3.6 Data Processing, Analysis and Presentation

Based on Zina (2010), data analysis is the assessment of the information obtained in a survey and deducing it and making conclusion from this information through

arranging the information , synthesize it into controllable units, at the same time looking for well as searching for patterns. Saunders et al (2007) asserts that quantitative information got from the field based on answers derived from the numbers, this numerical results should be consistent and examination should be carried shown through the use of diagrams. On the other hand, qualitative data is expressed more through expressions, collected works of results in non- identical data requiring categorization into classes and analysis conducted through the use of concepts

After returning the questionnaires, the raw data was cleaned, edited, coded and tabulated in line with the study objectives (Zikmund, Babin, Carr and Griffin, 2013). The quantitative information got from the field by closed ended items of the survey, were assigned ordinal numbers and analyzed using statistics frequency tables and appropriate proportion. Descriptive statistics was used for the simple reason of giving the researcher sufficient time to describe the distribution measurements using only some indices (Rumsey, 2012). The qualitative information got from the open-ended questionnaires was analyzed using intangible content examination.

The use of inferential analysis was based on Pearson correlation and regression method (multiple regression analysis) and it was examined the data by the use of the Statistical Package for Social Sciences (SPSS Version 20.0). Pearson correlation examined the strength and relation among the dependent and independent variables. Multiple regression on the other hand was used to ascertain the relationships involving the independent and dependent variables in the study. Anton (2015) indicates that in

statistical analysis, in particular elements measures, one at least estimates normal distribution curve on the data collected .In conclusion the reason of using this statistics like Pearson correlation and regression analysis, was supposed to show normal distribution of variables needed to ascertain standardization of variables. The regression formula which was used is presented below;

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + \varepsilon$$

Where;

Y_s = Performance of Micro and Small Enterprises

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficients

X_1 = Financial management

X_2 = Strategic Management

X_3 = Innovation and Technology

ε is the error term.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings obtained from the quantitative data. The findings are in relation to the responses from the 97 questionnaires which were administered to collect data from youth MSEs area. The results of the study were analyzed and presented as per the objectives of the study. The results are presented using tables.

4.2 Response Return Rate

The study targeted 95 managers / owners of the youth-owned MSEs in Bungoma County as respondents. Nevertheless, information was collected from only 67 respondents who filled the questionnaires and returned, giving a response of 70.5%. and (Creswell 2005) states that, a response rate of fifty percent or above is acceptable for the information got for analysis and Table 4.1 below shows the response rate.

Table 4.1 Response Rate

Response	Frequency	Percentage
Response	67	70.6
No response	28	29.4
Total	95	100

Source: Field Data (2018)

4.3 Respondents Demographics

The data in this study was got from youth groups of respondents based on their gender, education level, period in the current business and type of business they operate.

4.3.1 Respondents' Gender

The researcher gathered information basis of the respondents' gender. The information got was summarized and Table 4.2 presents their responses.

Table 4.2 Gender of the Respondents

	Frequency	Percent
Male	37	55.2
Female	30	44.8
Total	67	100.0

Source: Field Data (2018)

From Table 4.2, majority of the respondents were male by 55.2% women were shown by 44.8%. It indicated that most of the managers and owners of youth-owned MSEs in Bungoma County are male. However the researcher was not gender biased in data collection and collected the data from all the respondents regardless of their gender.

4.3.2 Respondents' Education level

The respondents in response indicate their attainment in education. This was presented in Table 4.3 below.

Table 4.3 Respondents' Education level

Education Level	Frequency	Percent
No formal education	3	4.5
Primary level	14	20.9
Second`ary levels	20	29.9
Tertiary level	21	31.3
University level	9	13.4
Total	67	100.0

Source: Field Data (2018)

On analysis of the highest education categories the respondents, tertiary or college education were 31.3%, those who had attained secondary level of education were 29.9%, primary level of education were 20.9%, while those who had attained university level of education were 13.4%, and others had no formal education as shown by 4.5%. This is indicated that most of the managers had attainment of some formal education and hence the information they gave could be relied upon.

4.3.3 Type of Business Respondents' Operate

The managers were asked to point out the type of business they operate. Their responses were shown in Table 4.4.

Table 4.4 Categories of Business Respondent Operate

Category of Business	Frequency	Percent
Financial(table banking)	15	22.4
Cereal	15	22.4
Retailing	8	11.9
Cosmetology	7	10.4
ICT	5	7.5
Energy	6	9.0
Manufacturing	6	9.0
Hospitality and hotel services	5	7.5
Total	67	100

Source: Field data (2018)

From the response, it indicated that the categories of business they operate was financial (table banking) as shown by 22.4%, Cereal as shown by 22.4%, retailing as shown by 11.9%, cosmetology shown by 10.4%, I.C.T shown by 7.5%, energy as shown by 9.0%, manufacturing as shown by 9.0% and hospitality and hotel services as shown by 7.5%.The majority in the sectors of table banking, cereals and retailing at 60.7% which is a characteristics of micro and small enterprises.

4.3.4 Period in the Current Business

The researcher further explored the years respondents have operated in the current business. The results are in Table 4.5.

Table 4.5 Respondents Period in the Current Business

Period	Frequency	Percent
Less than one year	11	25.4
Two years to five years	39	58.1
Over six years	17	16.5
Total	67	100 .00

Source: Field Data (2018)

Majority of the managers indicated that they had operated the current business for atleast two to five years presented by 58.2%. The respondent indicated they had been in the current business les than one years as shown by 25.4% and over six years as shown by 16.4%. This shows that many of the respondents had been in the current business for long enough to give more reliable information from, farther it shows that the number declines as years go by.

4.4 Entrepreneurial Education Among Youth-owned MSE in Bungoma County

The study wanted to examine whether entrepreneurial education had any impact on the performance of youth-owned Micro and Small Enterprises in Bungoma County. In particular the respondents were asked indicate if they had participated in any training on entrepreneurship and which entity facilitated the training.

4.4.1 Participation in Training

The study further sought to determine whether respondents had ever received entrepreneurship training. Their responses were shown in Table 4.6.

Table 4.6 Whether Respondent Received Entrepreneurship Training

	Frequency	Percent
Yes	42	62.7
No	25	37.3
Total	67	100.0

Source: Field Data (2018)

The respondents indicated that they have ever received entrepreneurship training as shown by 62.7% and others indicated that they have never received any training as shown by 37.3%. This shows that managers and owners of youth-owned MSEs in Bungoma County received training on entrepreneurship. As a practice, entrepreneurship education and training can transform the thinking of a business person especially young people to think positively towards the creation of business venture which will provide jobs and at the end of the day contribute a lot to the community and improve the economic standing of the countries welfare (EU, 2012). According to Becker and Gary (1994), the human capital model identifies education as having a productive impact on learners. On the other hand, the assumption does not give a definite answer on the importance of entrepreneurial training on performance of various work-related entities.

4.4.2 Training Entity

Further, those who indicated that they had received training on entrepreneurship training were required to name the association that offered the training. Their findings were as shown in Table 4.7.

Table 4.7 Organization that Offered Training

Trainers	Frequency	Percent
Microfinance	13	31.0
Bank	15	35.7
Government	11	26.1
Friends and family	3	7.2
Total	67	100.0

Source: Field Data (2018)

From the reactions, the respondents indicated that they were offered training by microfinance (31.0%), bank (35.7%), government (26.2%), friends and families (7.1%). This is an indication that training had been offered by various organizations but least from family and friends while the micro finance was the highest provider of the training. The findings inferred that a number of organizations offered training opportunities to youth owned MSEs in Bungoma County. Therefore the concept of human capital puts more emphasis on the investing in people through entrepreneurial education. Schultz (1964) equates attainment of necessary skills and expertise as a means of boosting production and the growth of business entities which leads to continuing good performance in businesses. There is also common belief that embracing sound entrepreneurial education practices among the Micro and Small enterprises management will improve income growth, ability to repay loans, making savings, and reduce wastage, which would ultimately improve the performance of these firms.

4.4.3 Training on Financial Planning

The respondents were conversant with financial budgeting which had a clear indication on their ability on financial planning. The responses are given in table 4.8 below.

Table 4.8 Training on Financial Planning

Descriptive Statement	Mean	Std. Dev.
Youth Entrepreneurs in Bungoma are conversant with financial budgeting	3.8806	.6160
Youths entrepreneurs in Bungoma County are conversant with strategic management	2.4030	1.1814
Majority of youth entrepreneurs understood Book keeping practices	3.9851	.8256
Majority of youth entrepreneurs are conversant with business costing and pricing strategies	4.3582	.6675

Source: Field Data (2018)

The findings in Table 4.8 showed that the managers response agreed that majority of youth entrepreneurs are conversant with business costing and pricing strategies as shown by a mean of 4.3582, majority of youth entrepreneurs understand book keeping process in their businesses as indicated by a mean of 3.9851 .It also showed that Youth Entrepreneurs in Bungoma are conversant with financial budgeting as shown by a mean of 3.8806. The findings also showed that Youths entrepreneurs with strategic management when managing their businesses as shown by a mean of 2.4030. The findings inferred that knowledge in financial planning enhanced the performance of youth owned MSEs in Bungoma County. Therefore MSEs owned by youth with

competencies in financial management were more likely to perform better as compared with those owned with youths with little financial skills and competencies. Financial planning is a key component of entrepreneurial education that need to be focused on, which is the actual management of capital needed to finance the enterprise's assets and all other activities undertaken by the enterprise, since it is a scarce resource competing among the many uses it must be budgeted for effectively and efficiently in order to achieve the enterprise's goals (McMabehon, Holmes, Hutchinson and Forsaith, 1993). The aspect of financial planning represents a blueprint of what a firm proposes to do in the future. The dynamism of financial planning to all business entities, it's imperative to focus more on, investment turnovers, return on capital and changes in capital markets (Chandra, 2007).

4.4.4 Training on Innovations

The respondents were required to indicate extent to which the firms adoption of innovations influenced performance of their enterprise under the following variables;

The study also wanted to determine the level at which product improvement influenced performance of youth owned MSEs in Bungoma County and the reactions were presented in Table 4.9

Table 4.9 Product Improvement

Category	Frequency	Percent
Small extent	18	42.9
Moderate extent	4	9.5
High extent	20	47.6
Total	67	100.0

Source: Field Data (2018)

As per the reaction indicated, the managers indicated that product improvement influenced the growth of their enterprise to a high level of extent as indicated by 47.6%, in a small level of extent was shown by 42.9%. In the moderate extent as indicated by 9.5%. This showed that product improvement had an influence in the growth of MSEs. Innovations are also an important component which is a process aimed at improving goods or service in order to create value which makes it become better than the way it was before (Frame and White, 2004). It can be measured by assessing the improvement made to existing products brought into the market, new research breakthrough, quality goods developed and patent rights developed (Frankelius, 2009).

The study also wanted to determine the level to which novelties influenced production in the performance of MSEs in the study area the Table 4.10 indicated the findings.

Table 4.10 Novelty in Production

	Frequency	Percent
High Extent	21	50.1
Moderate Extent	11	26.2
Small Extent	6	12.8
Not at All	5	11.9
Total	67	100.0

Source: Field Data (2018)

As per the findings, the respondents indicated that novelties in production influenced the performance of youth owned MSEs to a high extent as shown by 50.0%, moderate extent as shown by 26.2%, small extent as shown by 11.9% and not at all as shown by 11.9%.

This shows that the managers and owners of MSEs opined that novelties in production influenced to a very high extent the performance of MSEs in Bungoma County. The adoption of innovations by the MSEs sector will witness goods, services, processes and technologies, or new thoughts that are readily absorbed by the ever-changing market's tastes and preferences. If the MSEs sector embraces innovations capabilities it will build social capacities to absorb new technologies (Agola and Wakabayashi, 2000).

The respondents were also asked to how new marketing strategy influenced the performance of MSEs in Bungoma County and the findings showed the reactions presented in Table 4.11.

Table 4.11 New Marketing Strategies

	Frequency	Percent
High Extent	18	42.9
Moderate Extent	14	33.2
Small Extent	10	23.9
Total	67	100.0

Source: Field Data (2018)

From the findings, the managers indicated that new marketing strategy influenced the performance of youth owned MSEs to a high extent as shown by (42.9%), moderate extent by (33.3%) and to a small extent by (23.8%). This is an indication that new marketing strategies adopted by youth owned MSEs influenced their performance in Bungoma County. According to Namusonge (2004), every application of innovation should begin with an investment of youth-led MSEs as they are the majority in the sector. With innovation being in vogue, (Aremu, 2004) attests that changes in the world in the new knowledge, Micro and Small Enterprises and other organizations must change constantly to remain competitive and control their niche in the ever-changing market.

4.4.5 Training on Strategic Management

The research wanted to find out how planned management influenced performance of youth owned MSEs in Bungoma County and the result were presented in Table 4.12.

Table 4.12 Training on Management

	Mean	Std. Dev.
The youth MSE has experienced growth in profitability after adoption of strategic planning practices.	4.2090	.7889
The youth MSE has experienced an increased customer base for the firms' goods after implementation of strategic plans	3.2537	.9430
The youth MSE has experienced an improvement in Debt repayment or loan repayment after evaluation of strategic options	3.8806	1.1873
The youth MSE reduced the wastage and an increase in efficiency in goods production	2.9403	.6937

Source: Field Data (2018)

From the respondents the youth MSE has experienced growth in profitability after adoption of strategic planning as shown by a mean of 4.2090 and that the youth MSE has experienced an improvement in Debt repayment or loan repayment after implementation of strategic plans as shown by a mean of 3.8806. The respondents were also neutral that the youth MSE has experienced an increased customer base for the firms' goods after evaluation of strategic options as shown by a mean of 3.2537, and that the youth MSE has experienced an improvement in total savings after entrepreneurship training as shown by a mean of 2.8955. The findings showed that proper implementation of strategic management practices influenced the performance of MSEs owned by youths in Bungoma County. Previous studies carried out acknowledge that when one is taken through entrepreneurial education it is capable of shaping skills, attitudes and behaviors (Global Entrepreneurship Monitor (GEI), 2009). Ngugi (2013) observes that the acquired

entrepreneurial knowledge and attitudes leads to the realization of good returns of the business over time. Dana (2001) also asserts that countries found in the South America continent like Brazil, the Middle East like Malaysia and India have realized so much after introducing entrepreneurial education in their education system leading to a accelerated sustainable business growth and development. For Micro and Small Enterprises to perform well entrepreneurial education programs must be incorporated in their activities in order to enhance skills, knowledge and develop an entrepreneurial mindset to boost the Micro and Small Enterprises (MSEs) performance through the gained entrepreneurial education skills.

4.4.6 Influence of Entrepreneurial Training on Youth-owned MSE performance

The study conducted a composite indices by combining the core areas of training for each micro and small enterprises which included training on financial management, training on strategic management and training of innovation and technology into a single variable to determine how it influence the performance of MSEs since the each indicator alone could not provide sufficient information, but altogether they can represent the more complex concept. The findings were presented in Table 4.13

Table 4.13 Composite Indices for Training Areas and Performances of MSEs

	Financial Management	Strategic Management	Innovation and Technology	Performance of MSEs
Composite index	11.600 ^a	9.680 ^a	11.920 ^a	.000 ^b
d.f	3	3	3	1
Asymp. Sig	.009	.021	.008	1.00

Source: Researcher, (2018)

The statistics in Table 4.13 showed that there was no significant difference between the training areas and performance of MSEs as all the obtained chi-square values of 11.6 for financial training, 9.68 strategic management and 11.92 innovation and technology were lower than the minimum expected cell frequency of 12.5. Therefore a lower discrepancy led to a lower chi-square value, thus data did fit there was no statistical significant difference between training area and performance of MSEs.

In order to establish the relationship between training components and performance of MSEs, Pearson product moment correlation analysis was used since there exists a correlation between training and performance of MSEs. A correlation is a number between -1 and +1 that measures the degree of association between two variables. The correlation coefficient value (r) ranging from 0.10 to 0.29 is considered to be weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. A positive value for the correlation implies a positive association. A negative value for the correlation implies a negative or inverse association. The findings were as shown in Table 4.14.

Table 4.14 Pearson Moment Correlation Coefficients

		Performance of Micro and	Financial management	Strategic	Innovation and Technology
Performance of Micro and	Pearson Correlation	1			
Small Enterprises	Sig. (2-tailed)	.			
Financial management	Pearson Correlation	.784	1		
	Sig. (2-tailed)	.020	.		
Strategic Management	Pearson Correlation	.739	.223	1	
	Sig. (2-tailed)	.027	.006	.	
Innovation and Technology	Pearson Correlation	.815	.243	.497	1
	Sig. (2-tailed)	.025	.002	.000	.

Source: Field Data (2018)

According to the correlation matrix in Table 4.14, there exists a strong correlation between the training on financial management, strategic management and innovation and technology. The highest correlation was between all the training areas with r values between 0.739 to 0.815 and p-value <0.001. Therefore training in the three areas would enhance the performance of MSEs in Bungoma County.

The outcome shows that there some positive association among the innovation and technology on performance of micro and MSEs where the correlation coefficient is 0.815, with a p-value of 0.025. Nevertheless, the positive relationship indicates that when the practice of the afore-mentioned factors is in place the levels of performance of MSEs improves.

Multiple regression investigation was used to test the association among variables where it shows how the dependent variable is affected by the independent variables and the findings were presented in Table 4.15.

Table 4.15 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.893	0.797	0.788	1.125

The statistics in Table 4.15 showed that 89.3% indicated a strong positive correlation between entrepreneurial training and performance of MSEs. Therefore it deduced that there was a strong positive correlation between entrepreneurship training and performance of MSEs in the study area. The study further found that 79.7% which is R^2 is the change in performance that is accounted for by the entrepreneurial training on performance of MSEs.

The study lastly conducted a one way analysis of variance to test whether the regression equation used could in predict the outcomes of the study and Table 4.16 shows the study findings.

Table 4.16 ANOVA Test

Model		Total of Squares	df	Mean Square	F	Sig.
1	Regression	323.133	3	107.711	82.536	.05***
	Residual	82.216	63	1.305		
	Total	405.349	66			

From Table 4.16 the p-value was 0.000 and the calculated F-value was 82.536. From this it can be deduced that in general the regression equation was significant in predicting the outcome of performance of MSEs based on the values of financial management, strategic management and innovation and technology since p-value was less than 0.05 and F-calculation was greater than F-critical (2.4765).

Lastly the study conducted the coefficients of determination to the independent effect of entrepreneurship training on performance of MSEs as shown in Table 4.17.

Table 4.17 Coefficients of Determination

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.136	0.182		6.242	.000
Financial management	0.736	0.296	0.784	2.486	.015
Strategic Management	0.612	0.208	0.739	2.942	.004
Innovation and Technology	0.774	0.317	0.815	2.442	.017

The relationship between entrepreneurship training and MSEs performance was tested with specific focus on financial management, strategic management and innovation and

technology which was significant at 0.005. From the analysis in table 4.16 most respondents felt that the training helped them identify when their businesses need more finances as well as securing appropriate sources of finance and uncertainty avoidance. They were equally enthusiastic that the training was of much help in business risk minimization.

The model:

$$Y = 1.136 + 0.736X_1 + 0.612X_2 + 0.774X_3$$

Where: -

Y= Performance of Micro and Small Enterprises

β_0 =constant

X₁= Financial management

X₂= Strategic Management

X₃= Innovation and Technology

The regression model above established that when putting (Financial management, planned Management and Innovation and Technology), Performance of Micro and Small Enterprises is at 1.136. This result showed that taking all other independent variables at zero, any unit increase for Financial management will significantly leads to an increase in increase the score of Performance of Micro and Small Enterprises as shown by B=0.736 and p-value of 0.015.

Further the research revealed that a change in any unit of strategic management will see significantly increase in units to 0.612 increasing the score of performance of micro and small enterprises since p-value (0.004) was less than 0.05. Moreover, if all other factors are held constant at zero, a unit increase innovation significantly leads to increase in performance of micro and small enterprises as shown by a regression coefficient of 0.774 and p-value of 0.07.

Overall, innovation and technology had a much more impact on performance on MSEs Bungoma County, followed by financial management while strategic management had the least effect on the performance of micro and small enterprises in Bungoma County.

4.5 Discussion Findings

The purpose of the study was to find out entrepreneurial education and performance of youth-owned MSEs in Bungoma. The focus therefore was on enterprises owned by the youth, with the age of youth defined as between 18 to 35 year (Constitution of Kenya, 2010). The research found that many of youth entrepreneurs are open-minded and flexible in the face of market changes, majority of youth entrepreneurs understand the financial management systems in their organization and that Youth Entrepreneurs in Bungoma are conversant with strategic management a characteristic that a number of researchers have identified that distinguish the common personal characteristics entrepreneurs from non-entrepreneurs (Bolton and Thompson, 2004; Shane, 2003).

. The study found that Youths entrepreneurs don't adopt innovations and technology when managing their businesses. The study further found that managers and owners of

MSEs in Bungoma County receive training on entrepreneurship and that training has been offered by various organizations but the training comes at intervals with the first three months shows there are more enterprises trained but declines as the month's progresses. These findings are in line with Richardson (2007) who explains that strategic planning is essential since most of the MSEs failure can be attributed to a lack of strategic planning. To implement this practice there should be a capable staff which will be in position to interpret the business strategy and implement it in order to realize the business vision. An organization needs a strategic management plan which entails an action put in place by an organization that involves human resource planning, formulate the decision, implement and evaluates.

The study further sought to investigate the role of entrepreneurial education on the performance of MSEs in Bungoma County government. The study found that entrepreneurial education highly influence the performance of MSEs, and managers/owners of MSEs have knowledge on challenges of entrepreneurship, savings, sources of finance and characteristic of entrepreneurship, that the training should be conducted frequently in most of the MSEs in Bungoma County and that the adoption of entrepreneurship education have developed entrepreneurial techniques and skills amongst the youths in Bungoma county apart from least in the of adoption of innovations. These findings agree with Frankelius (2009) who noted that the adoption of innovations by the MSEs sector will witness improvement in goods produced, processes and services which can be absorbed into the ever-changing market's tastes and

preferences. If the MSEs sector embraces innovations capabilities it will build social capacities to absorb new technologies for better performance of MSEs of the youths.

The study further found that most of MSEs owners and managers have high aptitude in execution of new ideas, embracing business development services, opportunity identification and originality, low aptitude in improvement of new products and services and problem-solving and a very low aptitude in leadership and communication skills. These findings correlate with Namusonge (2004) who argues that every application of innovation should begin with an investment of youth-led MSEs as they are the majority in the sector. With innovation being in vogue, (Aremu, 2004) attests that changes in the world in the new knowledge, Micro and Small Enterprises and other organizations must change constantly to remain competitive and control their niche in the ever-changing market.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The section of this study covers the summarizes the findings, conclusion and recommendations. This summary of findings explores on main finding that was got from field survey. The section also presents conclusion on the study findings and highlights the influence of entrepreneurial social support on the entrepreneur behavior. This section will also present the recommendation of the study.

5.2 Summary of the Findings

The study sought to establish financial planning practices towards youth Micro and Small businesses in Bungoma County. The study found that many of youth entrepreneurs new how budgeting, majority of youth entrepreneurs understand the book keeping practices in their organization and that Youth Entrepreneurs in Bungoma are conversant with costing and pricing practices. The study also found that Youths entrepreneurs don't adopt innovations and technology when managing their businesses. The study further found that managers and owners of MSEs in Bungoma County receive training on entrepreneurship and that training has been offered by various organizations.

The study further sought find the influence of innovation on the performance of MSEs in Bungoma County government. The study found that product improvement highly influence the performance of MSEs, that novelties in production influenced the performance of MSEs, That new marketing strategies influenced the performance of MSEs in Bungoma County.

The study further found that most of MSEs owners and managers have high aptitude in strategic planning in terms of execution of new ideas, embracing business development services, implemented strategic plans and evaluated strategic options and communication skills.

5.3 Conclusion

The study concluded that financial planning, innovation and strategic management influenced the performance of youth-owned MSEs. The study deduced that the youth managers and owners of MSEs have knowledge on challenges of entrepreneurship, savings, sources of finance and characteristic of entrepreneurship, that the training is conducted in the first three months but declines as the year progresses which might casts doubts on proper influence on the acquisition of necessary entrepreneurial skills by the managers of youth-owned enterprises. Most of the youth owned MSEs have acquired entrepreneurial techniques and skills but they have not adopted innovations and technology. Adoption of innovation by the youth-owned management will enable the management to adopt new trends in the ever changing market dynamics.

5.4 Recommendations for Policy and Practice

The research done recommends enhancement depth in knowledge of the groups' social support programs by adopting innovations and technology, they should have formal patrons who are experienced professionals with massive knowledge in the innovation field of entrepreneurial education who should do periodic training and do monitoring and evaluation.

The study recommends that, social support youth groups should be formalized in their models of operations and interactions to encourage various aspects of group to group entrepreneurial education which should be frequent. The content of the training should be evaluated to see whether it fit the current entrepreneurial education with new addition of topics of innovations.

Formal education needs to be tailored in a manner that learners acquire skills relevant to entrepreneurial activities at an early stage. This will help ensure that entrepreneurs acquire skills related to their future ventures.

Government agencies and NGO's need to intensify their enterprise training especially entrepreneurial education activities frequently in order to ensure that each venturing young entrepreneur has relevant skills to help them grow their businesses hence create employment for others.

Youth entrepreneurs need to come together and form youth-owned SACCO'S to enable them initiate frequent entrepreneurial education training to equip their members with necessary entrepreneurial capacities which will enable them in develop their entrepreneurial management skills in order to enhance the performance of their businesses.

Banks and financial institutions also need to work closely with the youth entrepreneurs to understand their needs and help them to identify their training needs that focus on the improvement in performance of their businesses.

5.5 Limitations of the Study

The study covered all MSEs Bungoma County, in Kenya. Secondly the study was only carried out in youth owned MSEs whose findings would be generalized to other MSEs owned by women, men and persons with disability.

The study was only based on three training areas of financial, strategic and innovation and technology despite the fact that there may have been other factors that influence MSEs performance in Bungoma County.

Since the study aimed at finding out the influence of entrepreneurship training on performance of MSEs in Bungoma County and focused on youth owned MSEs, respondents had reservations to share information with regard to training on financial, strategic and innovation and technology in relation to performance MSEs since they mistook the researcher to be on a fault finding mission. But the researcher however physically visited the MSEs and explained that the study's aim was only for academic purposes.

5.6 Suggestions for Further Studies

The research looked at the influence of entrepreneurial education and performance of youth-owned micro and small enterprises. The researcher recommends that, future studies

should seek to incorporate other MSEs owned by women, male and persons with disabilities.

The study also recommends that future researchers should consider evaluating other factors influencing the performance of MSEs such as National and County government policies on the management of MSEs in the study area apart from the three training components.

The study also recommends that further studies should be delimited to demographic characteristics of entrepreneurs so as to improve on the perception of respondents in regard to their informed participation in research studies.

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APPENDICES

Appendix 1: Letter of Introduction

Dear Sir/ Madam,

RE: REQUEST FOR PARTICIPATION IN RESEARCH

I am a student at the University of Nairobi pursuing a Master's Degree at the School of Business. I am carrying out a research on the influence of entrepreneurial education practices and how they affect the operations of micro and small business in Bungoma County

I kindly ask for permission to collect information through questionnaires in your firm which is meant to help me in my research. The information collected will be used strictly for this research and the information will be treated with a lot of confidentiality.

Yours faithfully,

Emmanuel Oigo Nyachoti

Appendix II: List of MSEs in Bungoma County

REPUBLIC OF KENYA



MINISTRY PUBLIC SERVICE YOUTH AND GENDER AFFAIRS

DIRECTORATE OF YOUTH AFFAIRS

Email:
Telephone: **020-2054354**
When replying please quote:

**COUNTY DIRECTOR YOUTH
DEVELOPMENT,
BUNGOMA,
P. O. BOX 925-10300,
Bungoma, Kenya**

THE DIRECTOR,

Youth Affairs,

NAIROBI

Dear Sir,

RE: LIST OF REGISTERED YOUTH GROUPS IN BUNGOMA COUNTY

Bungoma County has 474 registered youth groups operating agriculture, service, commercial and small-scale manufacturing sectors. Attached is the list of these groups for your perusal.

Yours faithfully,

Mrs. Murambi,

APPENDIX III: QUESTIONNAIRE

The information given on this questionnaire will not be shared to anybody other than for the use of this study. No name should be written on this paper. Give an honest answer.

PART 1: DEMOGRAPHIC INFORMATION

Section A: Bio-data Data

1. Gender

a) Male

b) Female

2. What is your highest level of education

a) No formal education

b) Primary level

c) Ordinary levels

d) High school

e) College/ university level

3. How long have you been in this business?

a) Less than one year

b) two years to four years

c) Over six years

4. Which type of business do you operate?

ICT.....()

Cosmetology..... ()

Retailing.....()

Cereals()

- Financial (table banking)()
- Energy ()
- Manufacturing ()
- Hospitality and hotel services ()

Section B: Entrepreneurial education practices

This section seeks to examine the **Entrepreneurial education practices** affecting the performance of youth MSEs in Bungoma County Government. Use a tick (√) to reflect your view on the following statements.

	Statements	Strongly Disagree	Disagree	Moderately Agree	agree	Strongly agree
		1	2	3	4	5
1	Youth Entrepreneurs in Bungoma are conversant with strategic management					
2	Youths entrepreneurs adopt innovations and technology when managing their businesses					
3	Majority of youth entrepreneurs understand the financial management systems in their organization					

	Statements	Strongly Disagree	Disagree	Moderately Agree	Strongly agree	
		1	2	3	4	5
4	Majority of youth entrepreneurs are open-minded and flexible in the face of market changes					

7. Have you ever received entrepreneurship training?

- a) Yes
- b) No

8. If yes, which organization offered the training?

- a) Microfinance
- b) Bank
- c) Friends and family
- d) Government (**Tick all the sources of training**)

9. To what extent did the training influence the growth of your enterprise?

- a) Small extent
- b) Moderate extent
- c) High extent
- d) None

10. What topics were covered in the training?

- a) Challenges of entrepreneurship
- b) Savings

- c) Sources of finance
- d) Characteristic of entrepreneurship
- e) Others (specify)

11. How frequently does your organization receive or conduct entrepreneurship training?

- 1. After 1st three month []
- 2. After 6th months []
- 3. After 12 months []

12. To what extent has entrepreneurship training been developing entrepreneurial techniques and skills amongst the youths in Bungoma?

- a. Very high degree ()
- b. High degree ()
- c. Degree ()
- d. Low degree ()
- e. Very low degree ()

13. Do have the following aptitudes to be a successful entrepreneur?

<p>point out from 5 (very high aptitude)4 (High aptitude)3(Low aptitude) 2(lower aptitude)1(very low aptitude)</p>	<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>5</p>
<p>a. Opportunity identification</p>					
<p>b. Originality</p>					
<p>c. Problem-solving</p>					
<p>d. Leadership and communication skills</p>					
<p>e. Improvement of new products and services</p>					
<p>f. Embracing business development services</p>					
<p>g. Execution of new ideas</p>					

Section D: Operations of Small and Medium Enterprises

In the following indicators on how MSE's perform use a tick (√) to show your opinion on the performance indicator.

	INDICATORS	Strongly disagree	Disagree	Moderately Agree	Agree	Strongly agree
		1	2	3	4	5
1	The youth MSE has experienced growth in profitability after entrepreneurship training					
2	The youth MSE has experienced an increased customer base for the firms' goods					
3	The youth MSE has experienced an improvement in total savings after entrepreneurship training					
4	The youth MSE has experienced an improvement in Debt repayment or loan					

	INDICATORS	Strongly disagree	Disagree	Moderately Agree	Agree	Strongly agree
		1	2	3	4	5
	repayment					
5	The youth MSE reduced the wastage and an increase in efficiency in goods production					

Kindly give your estimates based on your business performance on the table below (in KSH.)

Performance measure(000)	2011	2012	2013	2014	2015
Turnover/sales					
Expenditure					
Surplus/deficit/profit					

APPENDIX IV – A SAMPLE LIST OF FUNDED GROUPS

	Group Name	Nature of group (youth women or pwd)	Amount in ksh.
1	Khainga A village youth group	Youth	100000
2	Siyilila women group	Women	50000
3	Integrity power of Christ	Women	100000
4	Wanagokho women group	Women	50000
5	Khaoya makutano women group	Women	100000
6	Focused women group	Women	100000
7	Moka orphahs women group	Pwds	100000
8	Inuka self help group	Youth	100000
9	Mulika Ranje women group	Women	100000
10	Lwamusia women group	Women	100000
11	Jubilee women group	Women	100000
12	Tabasamu women group	Women	100000
13	Bidii youth development group	Youth	100000
14	Go getters women group	Women	50000
15	Starehe Area for youth group	Youth	75000
16	Couples of Faith self help group	Youth	50000
17	Kasana Nasianda self help group	Women	100000
18	Mupeli A women Group	Women	50000
19	Mutelani ovc self help group	Pwds	50000

20	Cydian self help group	Women	70000
21	Sango Bidii women group	Women	100000
22	Strugglers youth group	Youth	50000
23	Bidii Kibabii women group	Women	100000
24	Kibali self help group	Women	50000
25	Khesiana women group	Women	100000
26	Nasinga yetana women group	Women	100000
27	Twelve sisters women group	Women	50000
28	Kunduwa women group	Women	100000
29	Upendo Rising star youth group	Youth	75000
30	Jipe moyo youth group	Youth	100000
31	Namwalie women group	Women	100000
32	Chebukube wesakulila self help group	Women	100000
33	Arising comrade youth group	Youth	50000
34	The Bungoma sisters women group	Women	50000
35	St Elizabeth women group	Women	50000
36	Positive initiative youth group	Youth	50000
37	Siloba motorbike youth group	Youth	50000
38	Victorious western youth group	Youth	50000
39	Bukengelele visionary self help group	Youth	75000
40	The Group five women group	Women	50000
41	Sawena youth empowerment group	Youth	50000
42	Hope for tomorrow women group	Women	50000

43	Poultry keepers women group	Women	50000
44	Wamaswo women group	Women	50000
45	Misanga youth group	Youth	50000
46	Ebweni karie youth group	Youth	50000
47	Digital sio seif help group	Youth	50000
48	Mayanja light house women group	Women	100000
49	Sikhawa women group	Women	50000
50	Nasamo junior self help group	Women	50000
51	Namutambo women group	Women	50000
52	Millenum age set youth group	Youth	50000
53	Buchena women group	Women	50000
54	Kholandie widows self help group	Pwd	100000
55	Bungoma motor vehicle youth group	Youth	100000
56	Inuka jirani mwema youth group	Youth	50000
57	Namono women group	Women	50000
58	Precious shiners women group	Women	50000
59	Vision Natundwe youth group	Youth	50000
60	Bidii youth development	Youth	50000
61	Huruma women group	Women	100000
62	Nako youth group	Youth	50000
63	Visionary youth group	Youth	50000
65	Ranje siaka women group	Women	50000
66	Great sisters women group	Women	100000

67	Mulika digital women group	Women	50000
68	Sudi Nzoia s.g	Women	100000
69	Kiboko s.g	Women	100000
70	Nzoia Molasses	Women	250000
71	Sudi Martital	Women	100000
72	Ack nzoia parish s,h g	Women	200000
73	Nabukembe Disabled	Pwd	100000
74	Khaluwa Taa	Women	100000
75	Molar feed	Women	100000
76	Nzoco Afya	Women	150000
77	Jebber w g	Women	100000
78	Nakutena y.g	Youth	50000
79	Bukembe motor bike	Youth	200000
80	Kings Messenger	Women	150000
81	Maisha Bora	Women	150000
82	Buyanzi Tosha	Women	150000
83	Maabusi Angaza OVC	Women	100000
84	Mayi Muro	Women	50000
85	Wamua s.g	Women	100000
86	Weyeta w.g	Women	150000
87	St Augustine y	Youth	100000
88	Mbumbere w	Women	200000

89	Mission w g	Women	50000
90	Queen park rangers	Women	150000
91	Ayuno	Women	100000
92	wasuupu junior	Women	100000
93	Mama ni lishe	Women	150000
94	Beautiful Gate	Women	150000
95	Malview self	Youth	200000
96	Balala women	Women	200000
97	Biddi women	Women	150000
98	Deeva w	Women	200000
99	Inua Jirani mwema	Women	200000
100	weeka women	Women	150000
101	Metakho s,h g	Youth	100000
102	Bunzowe s, h g	Women	200000
103	samoya youth touch	Youth	200000
104	Namwacha pefa vumilia	Women	100000
105	MT Carmel	Women	200000
106	Jiinue Assemblies	Youth	100000
107	God is Love	Pwd	100000
108	Dada kumi	Women	100000
109	Dove self help	Women	100000

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