

UNIVERSITY OF NAIROBI

**DEPARTMENT OF SOCIOLOGY, SOCIAL WORK AND AFRICAN WOMEN
STUDIES**

**FACTORS INFLUENCING THE PERFORMANCE OF YOUTH OWNED
SMALL BUSINESSES INITIATIVES: CASE OF MATHARE INFORMAL
SETTLEMENT, NAIROBI COUNTY, KENYA**

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2022

DECLARATION

This project is my own work and it has never been produced or presented in any other university for a degree or any other academic award.

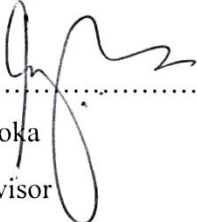
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ACRONYMS AND ABBREVIATIONS

BIS	Business Innovation and Skills
CBD	Central Business Division
MCO	Mathare Community Organization
MDG	Millennium Development goals
MIS	Mathare informal settlement
MOYA	Ministry of Youth Affairs
NFPWD	National Funds for Persons with disabilities
OECD	Organization for Economic Co-operation
PBI	Public Benefit Institutions
SHOFCO	Shinning Hope for Communities
SMEs	Small and Micro Enterprises
USAID	United States of America Aid for International Development
YEDF	Youth Enterprise Development Fund

ABSTRACT

The purpose of this study was to determine the factors influencing performance of youth owned businesses initiatives. More specifically, the study focused on how individual factors and business socio-ecological factors impinge on the performance of youth-owned business enterprises. The unit of study was the youth who own small businesses and reside in the informal settlement of Mathare, Nairobi County, Kenya. This study was guided by three theories: the namely the: social learning theory, Maslow hierarchy of needs and rational choice theory. A descriptive research design was used to draw a sample of 201 from a universe of 409 youth owned small businesses. A mixed method approach was adopted to assemble quantitative and qualitative data. Quantitative data were collected using questionnaires and analyzed using SPSS package. Supplementary qualitative data were obtained from key informants and analyzed thematically. The study found that individual factors that motivating youth into own small businesses include: unemployment, desire for financial independence, achievement and social recognition. Other factors included: a strong family background and networks, business knowledge and experience, gender, higher educational attainment and entrepreneurial skills. Other important business social ecological factors included: positive societal attitudes, strong social networks, a conducive socio-political environment, easy access to markets and credit. Factors such as age, however, did not appear significant in influencing performance of youth owned small business initiatives. The study concluded that youth owned businesses is a positive phenomenon that should be supported as an alternative to formal employment which is increasing becoming scares in Kenya. However, for youth owned businesses to succeed, youth need to be equipped with entrepreneurial skills. Financial institutions should provide youth with credit at low interest rates and be less stringent on collateral as is currently the case. The government should reduce the cost of electricity and also relax the stringent legal requirements that limit business registration. The government should improve the road transport network in the informal settlement to ensure smooth transportation of business products. Finally, there is need for small business owners to be encouraged to adopt use of technology such as the social media in marketing their products.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Entrepreneurship over the years have become the main tool for economic growth and development (Karvi 2011; Nelson et. al., 2010). Youth entrepreneurship has a credible input in job creation, poverty reduction, advancement in societal interests and development in the society (International labour organization, 2013). Youth unemployment is a global social phenomenon since quite large number of youths are unemployed or under employed or unpaid. Approximately 88 million youth are unemployed (Bell et. al, 2015). There has been a high unemployment rates evidenced in the world with majority of the affected being youth living in developing countries. Almost 1.7 billion of young people of ages 10 to 24 years forming 85 percent of the world population (Bacci, 2017). Kenya has a large youth population who are facing the challenge of unemployment. According to National Population and Housing Census (2019), Kenya's youth population was 35.7 million aged between fifteen and thirty-five years. 24.5% of the population are facing the challenge of unemployment (Njenga et. al, 2014).

One of the main causes of unemployment was due to the global financial crisis of 2008/9 which had long lasting effects ranging from retrenchment and loss of jobs among the working population. High numbers of youth graduating from higher learning institutions every year has resulted to high rates of unemployed youth in the world. United Nations categorizes youth as persons of ages 15 to 24 years (UNOWA, 2010; African Union, 2011). The Kenyan constitution 2010 categorizes youths as persons in the republic of Kenya aged 18 but have not reached the age of 35 years (Government of Kenya, 2013). A study by ILO (2015), indicated that global youth unemployment was about 13 percent in 2014 and the statistics are expected to rise in future, approximately 1.2 billion forming 17 percent of the world population comprise of youth aging between 15 to 24 years old. The study further predicted that approximately 660 million youth in the world will either be working or hunting jobs in 2016 (ILO, 2015). According to Thurlow (2015), there was high unemployment rate in the year 2013 in North Africa (23.7) percent, the Middle East (28.3)

percent and Kenya (23) percent. Youth employment was projected to decrease in all regions in 2012 to 2018 except in developed countries.

The youth unemployment in Africa is rampant since majority of the countries are among the developing countries with the causes being lack of entrepreneurial skills to start small business and unfavorable government regulations. Shimer (2012) established that the youth in Africa forms a bulk of 75% unemployed youth, with increasing proportion of youth to adult unemployment rates in Morocco, South Africa and Tunisia. More than two thirds of youth populations in Sub-Saharan Africa were unemployed in 2014 forming about 48.1% with few youths able to secure formal jobs (OECD, 2015). Youth unemployment in Kenya is wanting since the situation is all the same in the forty-seven counties. From a survey study in 2018 by Kenya National Bureau of Statistics (KNBS), about 7 million citizens were jobless with 1.4 million out of this figure desperately job hunting.

Therefore, in order for the nations across the world to take care of the problem they ensure that the youth seek employment by venturing into small businesses for them to be able to get out of circles of poverty and realize their dream in self-development (Gries and Naude, 2011). Over the years' small businesses have become the main contributors of socio-economic growth, creation of employment in less developed countries (Mano et al, 2011) and reduce poverty among the youth worldwide (Koshy& Prasad 2007). Youth participation in SMEs has a credible input in job creation, poverty reduction, advancement in societal interests and development in the society (International labor organization, 2013).

Njuguna, (2015) established that small businesses represent approximately 78% of all firms operating worldwide and generate over 35 of employment. Small and Micro enterprises in developed countries such as India, Indonesia, Thailand, Europe generate more than 40% of GDP (Fink, 2012). For example, approximately 21 million SMEs in the European Union Countries create almost 59 million job opportunities representing 73% of all enterprises (Rowe, 2010). In South Africa SMEs provide more than 55 percent employment opportunities and 22 percent GDP in 2003, (Lekhanya, 2015). Youth owned small businesses are viewed as the suitable approach towards sustainable development for it fits

the available resources in Africa since it forms over 70% of businesses that operate in Africa creating over 50% employment (Njuguna, 2015).

In Kenya small businesses constitute 98% of all businesses in Kenya, 74% jobs every year as well as contribute about 18.4% GDP (Central Bank of Kenya, 2017). Youth have been empowered to engage themselves in income generating activities in form of small businesses to be financially independent and as a way of curbing unemployment among the youth (Emeh, 2012). In other words, youth have been empowered to get into informal sector employment to be in a position to address the issue of unemployment or underemployment to face the obstacles and lead a fulfilling life. Youth empowerment is a structural, an attitudinal and structural process through which young people are prepared to gain skills, confidence, and ability to come up with sound and good decisions and execute change to both their own lives and those of others in the society (Hunter, 2017). Youth empowerment is all about instilling a sense of ownership in efforts to increase their motive reach their goal and improve their wellbeing. It is the process through which an individual gain influence over others, events and associated positive outcomes (MOYAS; 2008-2012). Nations have empowered youth to participate in small businesses as source of income thus reducing joblessness hence upgrade their socio economic and wellbeing (Musera, 2015).

Governments have adopted youth entrepreneurship and to be specific small businesses as a strategy to empower, develop and promote youth economic participation (Musengi-Ajulu, 2010). Youth participation in SMEs has a credible input in job creation, poverty reduction, advancement in societal interests and development in the society (ILO, 2013). Youth have been empowered to engage themselves in income generating activities in form of small businesses in order to be financially independent and as a way of curbing unemployment among the youth (Emeh, 2012). Countries have invented different strategies that are fit for their economic zone to ensure that youth are empowered and not marginalized, in order for them to be well represented socially and economically unlike as it has been the case in the past (Zipin et. al, 2015). Developed nations like Sweden, United Kingdom, France, USA and Germany have heavily invested in development and sustainability of youth entrepreneurship by putting in place policies that are favorable for

easy access of funds by youth entrepreneurs and developing business training centers mainly for youth (OECD, 2012). On the same note countries in Europe have gone an extra mile to ensure budgetary allocation specifically meant for youth entrepreneurship as stated by Ghani and O'Connell, (2014). Youth empowerment in the developing and less developed countries takes place in different government initiatives, for example in South Africa, they use business incubation programs which has led to success of youth owned small businesses (Lose and Tengeh, 2016). In Nigeria youth empowerment is done through government initiative well-known as “seed money”, providing on-the-job training, horticulture or peasant farming for those in as well as petty trade (Rosemary, 2010). In the East Africa region youth empowerment programs are aimed at leading to sustainable development that is favorable to their economic zone hence led to improved livelihoods (Civera, De Cole & Casalegno, 2019).

In Kenya youth empowerment is done through specific policies by Governmental initiatives, donor funding and Non-governmental programs designed to empower the youth (Hope, 2012). The government has put in place strategies like Youth Enterprise Development Fund by MOYA in 2007 to enable youth as individual or group access fund for business startups and boosting their businesses (MOYA, 2008), Ministry of Youth Affairs and Sports strategic plan 2008-2012 which is linked to vision 2030, Youth Employment Marshal plan working in link with Youth Africa Chatter to empower the youth (GoK, 2008).

1.2 Statement of the Problem

Kenya has a large youth population who are facing the challenge of unemployment. According to National Population and Housing Census (2019), Kenya's youth population was 35.7 million aged between fifteen and thirty-five years. 24.5% of the population are facing the challenge of unemployment (Njenga et. al, 2014).

The youth are one of social groups in the society with a vital role to play in the national social economy. Youth face obstacles in all aspects of their lives ranging from social, economic, health, demographic and psychological problems that calls for empowerment since they represent families with dire need for means of livelihoods. This has drawn

attention for intervention from the government, donor agencies, Public Benefit Institutions (PBI) and private renting institutions to redeem the situation by empowering the youth (Kiama, 2012).

The government of Kenya has adopted small businesses as a tool to reduce cases of unemployment among the youth and redeem them from falling into trap of engaging themselves in anti-social behaviors like theft, drugs, gambling and risky sexual behavior (Wanjohi, 2012).The government has formulated policies which are favorable in developing Small businesses such as like Youth Enterprise Development Fund by MOYA in 2007 to enable youth as individual or group access fund for business start-ups and boosting their businesses (MOYA, 2008), Ministry of Youth Affairs and Sports strategic plan 2008-2012 which is linked to vision 2030, Youth Employment Marshal plan working in link with Youth Africa Charter to empower the youth (GoK, 2008).

However, in spite the efforts putt in place to empower youth entrepreneurs to access funds for business start-ups and boosting their small business, there is evidence that big number of youth owned small business initiatives fail within the first year and just a few make it to the fifth year. Nyamu (2015) posits that it has not been well-known why despite the fact that the government has heavily invested in empowering youth to access credit to business start-ups and boosting their existing businesses with provisions like youth enterprise fund and also support from financial institutions and PBIs there is low youth owned small business performance since only three out of five youth owned small businesses survive up to three years after they were initiated and only a few make to five years.

In Kenya as it is indicated in a report from the ministry of economic Planning that three out of five youth owned small enterprises fail within the first five years of operation (RoK, 2012). Youth owned small enterprises in Kenya forms 48 percent of the enterprises and they informally employ the business owner or less than five employers most likely from the same informal settlement or a relative, Wohoro (2016) indicated that 67% of youth owned small businesses are owned by youth from the informal settlements of Nairobi. Nyamu (2015) on Kenya sessional paper posited that, the major constraints hindering youth owned small enterprises performance to be cultural issues, discrimination, gender

inequality, lack information and information. Allila & Mitullah, 2000) posit that street vendors lack funds and they are unable to raise enough money to sustain their businesses because they are unlicensed and therefore they work on temporary locations thus lacking proper security and unable to secure loans.

Studies that were done elsewhere focus on specific objectives have identified the factors influencing performance of small businesses in those areas however there is no specific study focus on youth owned small businesses in Mathare informal settlement (MIS). Literature shows that there is little information on factors on factors influencing the performance of youth owned small business initiatives MIS in Nairobi county. This study therefore sought to fill the knowledge gap by exploring how individual attributes and that of the business socio ecological environment influence the performance of youth owned small businesses in Mathare informal settlement, Nairobi County, Kenya.

1.3 Objectives of the Study

1.3.1. General Objective of the Study.

The major objective of this study was to determine factors influencing the performance of youth owned small businesses initiatives: case of Mathare informal settlement, Nairobi county, Kenya

1.3.2. Specific Objectives

- i. To assess the influence of individual/personal attributes on the performance of youth owned businesses initiatives.
- ii. To establish the influence of business socio ecological environments on the performance and of youth owned business.
- iii. To explore main obstacles/bottleneck to success for youth owned in small businesses.

1.4. Research Questions

- i. To what extent do individual/personal attributes influence performance of youth own small business initiatives?

- ii. How does the business environment influence the performance of youth owned small businesses?
- iii. What are the major obstacles faced by of youth owned businesses?

1.5. Scope of the Study

This study was limited to the youth owned small businesses enterprises that operated for the two years (2020-2021) preceding this study in the Mathare informal settlement in Nairobi County, Kenya.

Second, the opinions expressed only reflected the views of the respondents.

1.6. Limitation of the Study

Time constraints were a limitation for this study, particularly, during data collection. Targeted small business owners who were sampled for data collection by the study were always busy serving customers. The challenge was overcoming by giving the respondents more time to fill the questionnaires. Confidentiality issues also arose as some business owners were not comfortable about sharing detailed personal or business information. Researcher tried to circumvent this by assuring respondents that the information they provided was solely for research and not for tax or other ulterior purposes.

1.7. Study Significance

Governments have embraced and promoted self-employment to minimize the problem of unemployment. The government of Kenya through the ministry of youth initiated policies ranging from Uwezo fund, Kazi kwa vijana and Youth Development Fund to support youth initiatives and empower youth in accessing funds for self-development, yet there is an increase of youth who are struggling to meet their financial needs. Despite the intervention from the government and donor agencies for youth to start small businesses, majority of small businesses do not make to the third year of operation. The review of literature shows that there is a gap of information on factors influencing performance of youth owned small business initiatives in MIS in Nairobi County, Kenya. Therefore, the information gathered from this study would be of importance since it will provide information which can be used

to formulate policies in future and also educate small scale business owners on new ways of improving business productivity.

1.8 Operational Definitions of Terms

Business socio ecological factor: Refers to the business social environment which consists of society's customs both formal and informal, beliefs, and customer's behavior where the small businesses are located and operate from (Chhavi, 2018).

Development: Refers to the transformation of both the economic and social base to more complex ecological interaction.

Entrepreneurship skills: Refers to the process of imparting business management knowledge and business skills to an entrepreneur

Legal regulations: Refer to the domestic laws that governs how small businesses should operate in a given country (Geringer, 2012).

Small business enterprise: Refers to both formal and informal business sector under the category of firms and non-firms employing 1-50 workers (Nteere, 2012)

Technology adaption: Refers to the acceptance of an innovation of invention of new ideas or techniques by at least a single user (Jolly, 2011)

Youth Refers to any person whether male or female has reached 18 years old and has not exceeded 35 years (Republic of Kenya, 2010). Youth according to this study was between the age 18-35 years.

Youth empowerment: Refers to the is process through which young people are prepared to gain skills, confidence, and ability to come up with sound and good decisions and execute change to both their own lives and those of others in the society (Hunter, 2017).

Youth entrepreneurship: Refers to a means to produce new goods or services in the market as well as earning income. Alvaredo and Gasparini, (2013).

Business performance: Refers to the outcome of entrepreneurial activities and it is a multidimensional activity (Kilonzo, 2012).

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter provides the literature review on the factors influencing the performance of youth owned small businesses initiatives. The study reviewed related literature based on the study objectives; the influence individual/personal attributes, the influence of business socio-ecological factors on performance of youth owned small business initiatives, the obstacles faced by youth who own small businesses. The study presented the theoretical framework and the conceptual framework of the study.

2.1.1 Definition of the Concept Youth

United Nations define youth as persons of ages 15 to 24 years (UNOWA, 2010; African Union, 2011). The Kenyan constitution categorizes youths as persons in the republic of Kenya aged 18 but have not reached 35 years (Government of Kenya, 2013). Kenya has a big youth bulk which led to it termed as young country in 2017 because 61% of its population was either children aged 0 to 14 or youth aged 15 to 24 (UN, 2017). An estimate by UN in 2015 shows that the population of Kenya is made of approximately over 9.5 million persons which constitutes over 20 % of all Kenyans (UN, 2015). In fact, Kenya is said to have likely experiencing its peak youth bulge.

Chatterjee and Ronneberg (2017) noted that the Republic of Kenya experienced at some point its “youth bulge peak”, which was either a disaster or a demographic dividend. The youth bulge is coupled with youth unemployment, thus Kenya adopted small businesses as a strategy out of the problem by empowering youth to engage entrepreneurship. The essence of the nation’s empowering youth to engage in small businesses is not only to create employment for youth, but to improve their social economic status, possess adequate income to improve their living standards and that of others, steers sustainable development and by extension to national economic development of their nations (Otto et. al, 2017).

2.1.2 Youth Owned Small Business Enterprises in MIS

The term small business is relative, and it differs because their economic contributions vary from one nation to another on basis of measures like number of employees, Gross domestic product (GDP), asset value and also the business outcome depending on the regional economy (Ciampi & Gordini, 2013). Due to global diversity and characteristics of small and micro enterprises definition of small businesses differ since different countries have different criteria of defining them (Ngek, 2016). The Australian Fair work Act (2009) defines, small business as those that ranges from 15 workers (McCrystal, 2018). According to definition of European Union, small business has fifty employees (Linan and Fernandez, 2014). According to definition of European Union, a small business has fifty employees (Linan and Fernandez, 2014).

According to Tundui et al. (2012) small enterprises are owned, run and managed by the individual owners and that they have few workers, although this differs from one nation to another due to diversity. Bruce et al., (1999) the small businesses ranges from shops, food vendors, grocery, second hand clothes, chemistries among others. According to US Small Business Administration (SBA) the ranges of small ventures were legal offices, beauty salons, alcohol and beverages bases, baby day care services, beer, wine and liquor stores, snack and non-alcoholic beverages places and veterinary services among others (SBA, 2016). KBNS (2012) small businesses are unregulated, semi organized and use low and simple technology with few workers. Small businesses are the creators of goods and services which are sold in all areas most likely in urban areas, they can operate with little capital, not registered where most of them operate with owner's name, minimal or no skills since most of owners do not acquire business skills and most of them operate them without business management skills as well as technological skills, this may also lead to low outcome (Neumark et. al, 2011). Youth entrepreneurship is a means to produce new goods or services in the market as well as earning income. Alvaredo and Gasparini, (2013) defines youth entrepreneurship as a process of planning, initiating and operating a new business through production of new goods and services in the market by youth aged 15 to 35 years of age. Small business refers to enterprises that sale goods and services to consumers and are operated by one person.

2.1.3 Performance of Youth Owned Small Business

Dyllick & muff (2016) defines business performance as the procedure in which businesses manage their financial, opportunities and obligations, social and environmental risks for business progress to sustain its operations in future. Kilonzo, (2012) defines business performance as the outcome of the business activities. The concept performance can be traced back in the environmental literature in 1970s (Kamara, et al. 2006). It is diverse and applicable in many areas from the likes of sustainable development, sustainable communities. It is multidimensional and it extends environment risks to social equity and economic development (Kilonzo, 2012, Gladwin et, al., 1995). Small business performance in developing countries is influenced by Economic, social and political hindrances (Inter-American Development Bank, 2010). Well performing businesses owned by youth from developing countries is hindered by economic, social and political hindrances. Guerrero (2015) posit that the reasons for small businesses performance in Africa is because of low or poor levels of education, lack business management skills and lack of land, result to only three out of five youth owned small businesses survive up to three years after they were initiated.

Peter (2014) youth owned Small Enterprises in Sub Saharan Africa specifically from informal settlement are underprivileged to access loans from financial institutions for they lack collaterals. Statistical data by Wohoro (2016), indicated that small enterprise stat ups or initiatives registration and commercial activities in the world especially youth owned show low sustainability rates for the past 21 years. Report by world bank (2016) indicate that there is an alarming rate at which youth owned small enterprises in developing and developed countries fail. In Sub Saharan Africa about 50 percent of youth owned small enterprises show signs of weakening at the first five months of initiation (Gachui, 2016).

Wanjiku (2015) indicated that business performance can be determined in terms of success if the business is making profit or failure if the business is performing poorly making loss. Mburu, (2018) indicated that small business performance could be measured objectively by profitability, market share, growth in sales and return on investment. Mutiria (2017) indicated that most of small businesses are undercapitalized leaving the business owners with no other choice other than using funds from their family, relatives, friends and their

own individual savings as the source of capital to start businesses. This indicates that access to capital for small businesses has been a major challenge thus hindering their performance.

2.2 Factors that influence the performance of youth owned small business Enterprises

2.2.1 Individual /personal attributes that influence the performance of youth owned small business initiatives

Individual attributes that are associated with business performance and success include motivational factors like, unemployment Aspirations, Peer Pressure, unemployment, and individual background factors like family background, individuals' age, gender, past experience, education, financial literacy, innovation and adoptions skills and their influence on performance of youth owned small business initiatives.

2.2.1.1 Individual Motivational Factors

Motives are drives that propel people to act persistently in a certain manner in order to fulfill a specific need at a time or expectations (Dweck, 2017). Youth may be inspired to initiate their own small businesses by either pull or push factors. The push factors are the factors that push youth to initiate small businesses such as employment, desire for independence, redundancy while the pull factors can be the factors that pull youth to initiate small businesses such as wealth creation, desire for independence and autonomy (Charles & Gherman, 2013). Patrick, Stephens and Weinstein (2016) added that, the push factors are those drives related to necessity and have internal or external attributes like; the need for supplementary income for family support, economic downturn, job scarcity, family breakups, divorce and job loss. The pull factors are superior needs and opportunity related such as self-fulfillment, social status, independence, personal growth, power and autonomy, financial motivations. The desire for youth to initiate small businesses may not be inspired by single motive but rather based on number of factors. For instance;

The desire to have financial independence and security can draw youth to initiate small businesses and push them to performance (Deli, 2011). Youth can also be motivated to initiate small businesses by desire to become financially independent, prestige, need for achievement, recognition and to acquire social status (Levi and Hart, 2013). Levie (2013),

pointed out that circumstances such as unemployment may drive youth to initiate small businesses even without basic skills as a source of income and push them to perform. The desire for the youth to be socially recognized in the community which is induced by working hard to be successful financially and be able to give back to the society through supporting community projects may drive them to small businesses initiatives (Akehurst et al, 2012). The need for achievement in their lives may drive youth to work hard with the aim of achieving certain goals and possess the drive to excel in their businesses (Thakur, 2017). McClelland's needs theory indicates that people with higher need for achievement perform better than those with lower need for achievement (Harwood et. al, 2015). Therefore, young people are full of many ambitions to achieve in their lives and need for self-satisfaction may pull youth to initiate small businesses (Patrick, Stephens and Weinstein, 2016). Friedman et al., (2012) established that major drive for success of youth entrepreneurship is the quenching desire to achieve their set goals, this resulting to the small business likely to perform well. Availability of funding may also influence youth to get into business which may lead to successful business. External influence from peers and friends who are in the same businesses may influence youth to initiate small businesses (Mohammed & Rugami, 2019). Structural factors may also drive youth to initiate small businesses and work hard to be successful.

Availability of open space, affordable cheap premises or small kiosks made of iron sheets or mud may motivate youth to initiate small business (Kibui, 2019). Staniewski et al., (2016) studied the motivational factors and barriers during the startup of one's own small businesses. The study surveyed 255 youths. The study identified three main factors that motivate youth to initiate their own small businesses such as possibility of higher earnings, realization and self-satisfaction, finally independence in decision making. The study also indicated that there was no notable difference in motivation for women and men. This study intended to determine the major individual motivational factors influencing the youth in small businesses and their performance in MIS.

2.2.1.2 Individual/ Personal Background Attributes

According to a study by Owino (2017) on challenges of small business success established that the characteristic of an entrepreneur such as; age, gender and educational background

had no substantial influence on the success of small tailoring ventures in Uhuru Market Nairobi. There is a possibility of personal attributes like age, family background, individual past experience and exposure influences the youth to initiate small businesses.

2.2.1.2.1 Age

Reynolds (2007) posit that youth entrepreneurs below 30 years seemed to be performing in terms of earning higher profits than those owned by youth over 30 years. He further explained that the youth below 30 years succeeded in business because they were still young, full of energy, full of enthusiasm and had no responsibilities. On the other hand age may have negative influence since aging comes with uncertainties that also increases with age (Navabakhsh, 2010). Saxena (2012) pointed out that obstacles like age discrimination by money lending institutions/government, age discrimination by suppliers, age discrimination by customers disempowered youth entrepreneurs.

2.2.1.2.2 Gender

The performance of youth owned small businesses may be influenced by gender roles assigned to both men and women in the society. In regard to this, Muraina et al., (2012) posits that gender has positive influence on entrepreneurship. This is because women tend to differ from men in terms of having different decisions and goals for their own small business initiatives than men (Seva & Oun, 2015). Women may seek to initiate small businesses which they are able to balance between their gender related chores precisely house hold chores and self-employment in form of small business initiative of their choice. Belea (2015) posited that women are changing the norm that the field of entrepreneurship is dominated by men, by women taking up entrepreneurship as a career although they are still few in the field. Moreover, Muhammed et. al (2017) indicated that gender equality may perhaps increase the number of youth female entrepreneurs. The study will be able to answer the question of who performs better in small business initiatives, is it male or female?

2.2.1.2.3. Family Background

Family can play key role in modeling behavior of youth towards entrepreneurship in promoting youth entrepreneurship culture (Seaman & Unis, 2016). Youths from

entrepreneur headed families are likely to inherit some values from their parents and become entrepreneurs (Akaporrobaro, 2012). Example the Mulley's sons inherited their father's business after his death in 2010 and became successful business entrepreneurs in the country (Daily Business Journal, 2019). The presence of role models from the society empower youth in developing and cultivating youth entrepreneurship behavior, nevertheless this depends on whether they chose to be associated with such models (Morton & Montgomery, 2013). Patrick, Stephens and Weinstein (2016) added that, drives related to necessity and have internal or external attributes like; death of the family bread winner, family breakups, divorce and job loss can drive an individual into business and also push them to business expansion and performance.

2.2.1.2.4. Experience

Experience is the gained proficiency or competence an individual accumulates over the years from the past workstations and how they apply the experience in their new business initiatives (Taguchi, 2012). Experience can influence small businesses performance since it empowers individual youth who own small business with useful know how, knowledge, skills on handling business matters as well as develop social networks. It also helps with utilizing the available social networks or connections effectively for the business performance. Man *et. al*, (2012) posit that experience entails building trust, corporations as well as the ability to use social networks effectively for business success. Ramsdens and Bennett (2015) pointed out that SMEs initiatives success is deeply rooted and highly depended on network association and experience. Previous entrepreneurial experience may empower individual youths to improve performance of their own small businesses.

2.2.1.2.5. Educational level

Chhavi (2018) opined that educational level of the youth entrepreneur has an impact on the business performance since factors such as innovation, technology and marketing will depend on the education level of the business owner. Education helps youth business owners to gain problem solving skills and critical thinking among vital personal skills, enables individual to acquire competencies and abilities to poses cognitive skills, learning skills, decision making skills, analytical thinking, problem solving, innovative and coping with risks skills (McClelland, 2014). Mwaura (2018) noted that education content should

be designed in a certain way to incorporate theories, history, ideas to do with team work, brainstorming, creativity and skills to empower youth to succeed in entrepreneurship.

2.2.1.2.6. Entrepreneurial skills training

Financial literacy is one of entrepreneurial skills. Osoteimehin et al., (2012) explains that financial literacy as one's capacity to run business activities that has to do with financial resource mobilization, resource allocation, and managing utilization to efficiency and effective use of those resources. Financial literacy helps youth to make sound financial decisions concerning their business since it encompasses training on savings, or banking of sales, identifying funding opportunities, income planning and record keeping (Plan International, 2012). Innovation and technology adoption is another entrepreneurial skill which is essential. It can influence performance of youth owned small businesses because it comprises the ability to use social media flat forms through digital devices such as computers especially the basic computer applications for record keeping, marketing via face book, email, twitter, use of mobile money payment process and display your products for marketing (Friedman et al., 2012). Youth business owners have high probability need to be empowered with suitable innovation and adoption skills and also put them into practice (Levies and Hart, 2013). The study will seek to establish whether Entrepreneurial skills influence performance of youth owned small businesses in MIS.

2.3. Business Socio-Ecological factors

Socio ecological factors are basically the business social environment which consists of society's customs both formal and informal, beliefs, and customer's behavior where the small businesses are located and operate from (Chhavi, 2018).

2.3.1. Social Attitudes

Social attitudes from the society may influence level of acceptance of youth owned small business activities in the society by members of the society. Youth who are serious in business may suffer because youth are seen as irresponsible fellows and trouble makers, this may impact their business performance since the society may not take them serious (Kaburi et al., 2012). There are some legitimate social beliefs that holds that youth are not wise enough to make sound business ideas and plans since wisdom is related and believed

to come with old age (Kaburi et al, 2012). Beliefs and assumptions undermines youth's capabilities to make decisions and may influence the performance of youth owned small businesses. Youth business owners' positive attitude towards gaining profit and accumulation of wealth may influence performance of youth owned small business from the community (Behrooz, 2016). He further explained that social norms that encourage individual's decision making, exploiting opportunities and resources might enlarge or add the number of small businesses owned by youth in the society. This may also influence performance of their small business initiatives.

2.3.2 Social Support

Social support is the relationships between individuals in social networks (Sri Ramalu et. al., 2014). He further explains that social support is the youth entrepreneur's expectations and beliefs on the assistance and advice they get from their social groups. Muhammed (2016) indicates that youth entrepreneurs primary and secondary social group such as family, friends, models provide youth entrepreneurs with support like capital, ideas, materials supply access to technology, market among others

Social networking with social contacts can help in mobilizing resources, gathering new business information and ideas; new business opportunities, creating new ventures and also influence decision making, this may influence performance of youth owned small businesses (Linanet al., 2008). Business knowledge is learned from social contacts in the primary and secondary social groups and passed to the young generation through social networks. Social support network and entrepreneur are inseparable, therefore, as the social contacts increase in number, the social networks also expand, this translates to entrepreneurs' strong social capital. Eventually the social ties and support may help in reinforcing the small business initiatives development and performance (Lee et al., 2001; Lenchner et al., 2006). Social support can influence performance of youth owned small business in MIS. This paper determined that social support influence the performance of youth owned small businesses in MIS.

2.3.3. Insecurity

Beland (2015), defines insecurity as the state of safety, peace, security or order from the social environment. Insecurity is the state of experiencing fear or anxiety from lack of protection and it can affect business sustainability. Andoh (2007) indicated that social political occurrences such as pre-elections tensions, post-election tensions and politically instigated violence terrorism attacks may reduce youth owned small business profit generation. Mathare is a potential volatile area where Political instability can affect business survival in case of triggered political disorder within the business environment leading to disruption and disable youth owned small business operations in the area. This paper purposed to find out if insecurity factors influence the sustainability of youth owned small businesses in MIS.

2.3.1. Access to Market

Business success is determined by the youth entrepreneur's ability to identify, anticipate, and meet customers' needs in a manner that they make profit or loss (Access to markets has had a significance influence on small business in Kenya. Sufficient access to good public infrastructure such as good roads for easy access to market, electricity, market information, telecommunication, water, influence performance and growth of youth owned small businesses (Bwisa and Ngugi 2013; Rogerson, 2008; Darror and clover, 2005).

On the other hand, insufficient market access halt the outcome of youth owned small business initiatives since poor infrastructure such as poor roads limit market operations as in production of supplies and products as well as market accessibility. Such factors lead to decline in small business performance or failure since market accessibility may have been interfered with thus low production (Africa Infrastructure Country Diagnostic, AICD, 2012). In Kenya access to market and marketing information is one of major challenge suppressing youth owned small business initiative progress and competitiveness due to low market demand caused by overproduction whereby in many instances market function abnormally or do not function the way it should as a result of high transport cost and also insufficient or lack of marketing information (Nteere, 2012). This may consequently lead to many youth owned small businesses in MSI be restricted to local market which may be having high competition since they sell the same goods and services (Muthee 2014). The

study was seeking if accessibility to market exerts any influence on performance of youth owned small business initiative in MIS. This is because, market is a key factor when establishing business since a business cannot operate without customers or consumers of products and services.

2.4 Obstacles faced by youths in small businesses

2.4.1 Obstacle to Access Finance

Study by Macharia (2012) in Kenya on access to credit on SMEs success in Ongata Rogai Township. This study used descriptive design and it indicated that major source of income in the SMEs was from family, friends, and financial institutions. Tengeh (2013) stated that it is the role of entrepreneur to access credit and build the idea and manage it by analyzing the required resources useful for the start of the business.

2.4.1.1 Access to Credit

World Bank (2011) defines access to credit as the state of absence of barriers both in price and non-price barriers. These barriers can be of various types like market related barriers such as lack of collateral as security, skills barriers like lack of business management related skills and finally cultural barriers like in the cases where women and youth or children may not be in a position to own or acquire properties such as land which can be used as security in financial institutions to secure a loan (OECD, 2014: Viswanadham, 2017).

2.4.1.2 Lack of Collaterals

Collateral is the security for the lenders and can be used by the lenders who are the financial institutions to repay the loan in circumstances where the borrower fails to service the loan (Gorton & Ordonez, 2014). Mughan (2013) posits that approximately 45% of lending institutions tend to be rigid to youth who knock on their doors in quest to access loans for business startups and SMEs in general since they view them as risky for they do not meet the criteria of possession of collaterals. Ostry et al, (2014) posits that financial institutions tend to treat youth the same way as the adults thus locking them out since they lack collaterals, guarantors, and credit history among others thus not legible to acquire loans. Street vendors lack funds and they are unable to raise enough money to sustain their

businesses because they are unlicensed and therefore they work on temporary locations thus lacking proper security and unable to secure NGOs loans (Alila & Mitullah, 2000). Therefore, due to the inability of SMEs to access loan facility from financial institutions majority of them rely on informal credit sources such as family members, friends, personal savings for survival (Llelat, 2015). Lack of collaterals lead youth to borrow funds from informal unorganized money lending regimes with high interest rates making their debts swell, (Musyoka, 2016). This study sought find out if collateral is an obstacle faced by youth who own small business initiatives in MIS and how they youth owning small businesses are overcoming this challenge.

2.4.1.3 High Interest Loans

Banks loans tends to increase interest rates which is expensive thus making the youth entrepreneurs to be left with no other option other than opting to look for other alternatives like borrowing from friends, family and relatives. According to Nganga (2015) bank loans gets expensive for youth entrepreneurs who are less established in business due to high credit cost caused by additional charges like transaction cost, loan repayment fee, loan processing fee, among others. Due to high interest rates and lack of collaterals charged by banks which are impediment for the youth entrepreneurs to access credit from other institutions like Public Benefit institutions or Micro finance institutions (Mushimiyimana, 2008). This study will establish whether high interest rates is a challenge faced by youth owned small business initiatives in MIS.

2.4.1.4 Punitive Legal Regulations

Government has provided enabling environment in terms of legal and regulations to empower SMEs initiatives to be effective as key tools in poverty reduction, economic growth and employment creation. However, despite the government effort in reforming the legal and regulatory frame work for the SMEs initiatives there still exist certain legal and regulatory procedures that are antagonistic and burdensome for performance of SMEs initiatives (Nteere, 2012). Nteere (2012) pointed out that SMEs initiatives struggle through major regulations obstacles such as business registration, obtaining licenses and taxation requirements. The performance of small business industry is increasingly being affected by poor allocation of resources and stringent government regulation. (Charberlin, 2016)

established youth owned small business initiatives perform bad due to non-compliant to strict and dictating regulation which are time consuming and expensive. The licensing process in Kenya for street traders is a major challenge and has led to the confrontation between urban authorities and street traders. Only a few of street vendors manage to get a license to trade. This trend has been witnessed in other case study cities as being cumbersome and many authorities in urban areas issue limited vending licenses and generally have an adverse attitude towards vending (Mitullah,2003).

2.4.2 Stiff Competition

Competition is the capacity of an entrepreneur to create value through sustainable growth and sustainability (Ford & Håkansson, 2013). Fumo and Jabbuor (2011) pointed out competition as a common obstacle facing success of youth owned small business initiatives. They outlined three types of competition; first, Informal competition is mainly competition from among informal firms i.e. number of youth entrepreneurs operating in the same line. Secondly, Formal competition is competition from other businesses in operation offering the same goods and serves especially those owned by their seniors or adults which according to Fumo and Jabbuor are the major obstacle for youth entrepreneurs in developing countries, and thirdly competition from foreign businesses or enterprises who usually benefits from low cost of production same as goods and services of high quality and standards. The study will seek to find out if competition is an obstacle faced by youth owned small business initiatives in MIS.

2.4.3. Inadequate Management Skills

Lack of managerial skills is an obstacle that hinder success of youth owned small businesses since many youths are ought to use trial and error mechanisms to operate their businesses. This translates to them applying management techniques that focuses only on operational plans other than strategic plans for their small business initiatives. Moreover, they operate on substandard management techniques compared to big firms, therefore not in a position to handle obstacles that their businesses face in line of operation (Kenya Agribusiness and Agro industry Alliance, 2016). Amanda (2012) further explains that poor management skills and competencies like ability to take risk, experience, innovativeness hinders business success. Thus, lacking business management and skills which are very

key in business success (Kitty et. al., 2012). Cook and Nixon (2012) indicated that success of SMEs in developing countries face obstacles such as poor managerial skills, innovation and adoption, access to credit and high cost of input. Kamau and Kombo (2010) indicated that SMEs face the obstacle of financial management deficiencies such as financial management and project management.

2.6. Theoretical Framework

This study was steered by three relevant theories; social learning, Maslow hierarchy of needs and Rational choice.

2.6.1. Social Learning Theory

This was initiated by Bandura in 1962. He developed the theory from the works on association by Russian psychologist Ivan Pavlov in 1920s, John Watson, B. F. Skinner and Clark Hull. It was later revised by Nabavi in 2012. The theory holds that individuals learn behavior from the people they are associated with. Learning occurs through observation and imitation. People learn from one another through observing or imitating models who are experienced in a certain field. They observe other people's behavior and outcomes and learn from them. Besides, the influence that people get from models can lead to learning (Lake et. al, 2017). Individual's behavior is determined by prior learning, the theory asserts that the current human behavior is shaped by experiences learned in the past. It elucidates human behavior as a constant reciprocal interaction between behavioral, cognitive and environmental determinants which results acquisition of new behavior and attitudes (Nabavi, 2012).

The theory indicates that, when youth are caught up in tough diverse social circumstances, they develop diverse behaviors to tackle the circumstances. The youth learns attitudes, new skills, knowledge from the environment as well as how to implement it to their own benefits, their families, community and the society at large. Moreover, the behaviors that people exhibit are learned knowingly or unknowingly through rewards and punishment. Reinforcement motivates them to pursue their dreams. The theory was relevant in this study because it relates how youth entrepreneurs are caught in social phenomena of unemployment, how they develop behaviors to tackle the situation by opting to engage

themselves in small business initiatives. They also face obstacles while operating their own businesses the theory helps them to be innovative in order to circumvent the obstacles. The theory recount how youth who are unemployed socialize and learns how to run small business from their role models through observing and imitating those who have been in business before especially family members, parents, employers and experience from their previous work place. It shows how youth entrepreneurs interact with the social units in the social ecosystem through socialization, networking all the way from social support, societal attitudes, gender, government policies, and how they influence performance of youth owned small businesses.

2.6.2. Maslow's Hierarchy of Needs Theory

It was initiated by Abraham Maslow in 1943. Our motives are arranged in a hierarchy of five cluster of needs where the most basic needs are at the bottom. The theory holds that human beings have different needs and that every need should be addressed one at a time i.e. one need after the other. In this case the most felt need for survival comes first, the theory stresses out that the basic needs; lower level needs such as emotional and physical wellbeing needs should be fulfilled first then higher level needs such as personal and development needs follows (Tay & Diener, 2011). The lower level of needs motivates youth entrepreneurs when are not met since the desire to satisfy such needs of unemployment to embrace self-employment in order for them to be able to generate income, be able to meet their needs and also needs of others as well as acquiring social status. The theory helps to show how the youth are motivated by the obstacles they face in running small business grow tough when they are unmet for long duration. The Maslow's Needs theory guides individual youth to make decisions on business. Theory was suitable to this study since it shows how youth in MIS are motivated by their current social situation initiatives and how they trigger the desire to circumvent over them.

2.6.3 Rational Choice Theory (RCT)

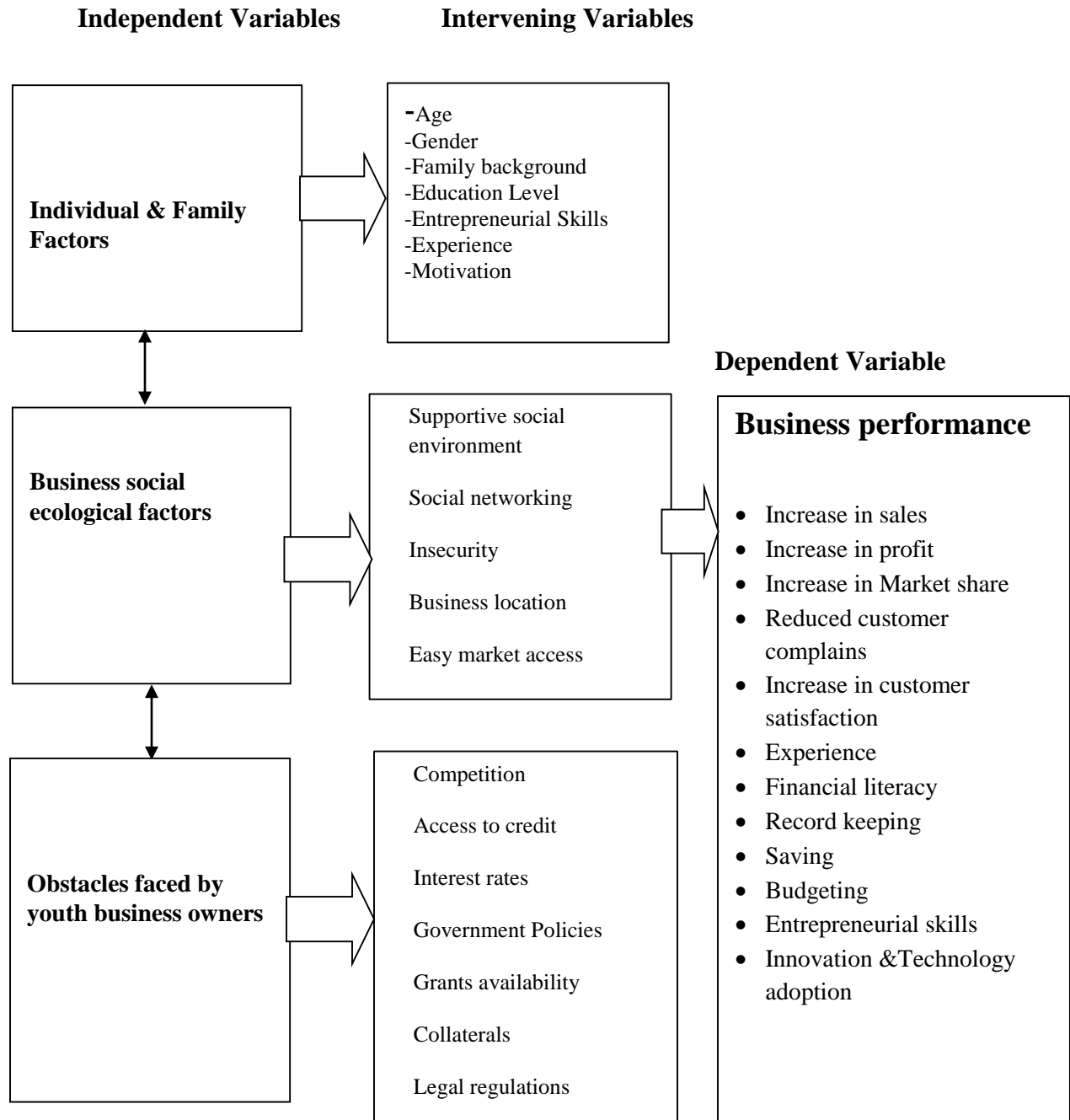
The theory has its roots in the work of max weber in 1968 on rational action. James Coleman in 1992 further developed it to what we have today. The theory is a sociological theory which is also in the field od economy known as economic theory. Choice theory is the process of choosing options that are available then choose one of the most appropriate

or preferred option from among many options (Levin, 2004). The theory holds that human actions are purely rational and calculative, although Weber in his works acknowledges that human behavior can also be influenced by other things. That human behavior is molded, determined and motivated by the desire to gain profit. The theory states that an individual will weigh between the cost versus the benefit of the actions that they are about to undertake to ensure that the actions that the outcome of their actions will be of benefits to them. In other words, they do cost/benefit analysis. If the outcome of their actions is of benefit they proceed with their decisions and implement them. Schumpeter (1934) in his economic theory indicates that business performance depends on the business owner's capability to adopt to the economic environment. The theory was relevant in in this study because it helps the youth entrepreneurs choose the most suitable businesses that are likely to survive in their location. The performance of the business will also depend on the individual's ability to seize business opportunities, information and technology, their ability to cope with obstacles such as access to credit, access to market, competition, business management skills

2.7 Conceptual Framework

It is a blue print of the social problem being studied (Osanloo & Grant, 2016). The conceptual framework of the study focuses on factors influencing performance of youth owned small business initiatives as tool for youth empowerment.

Figure 2.1: Conceptual Framework



The study focusses on three independent variables; individual factors, business socio ecological factors and obstacles faced by youth entrepreneurs. Individual factors including motivational factors, age, gender, educational background and experience. These are individual internal factors which influence how an individual interacts with the others in

the society, how they also interact with structures in the society and this may influence the performance of youth small business initiatives. The social ecological factors are the societal norms such as social attitudes, social support, insecurity factors, business location, access to market, may influence the way an individual interacts with others in the social network and this may influence performance of youth owned small businesses. Obstacles faced by business owners are the Market and legal factors such as lack of management skills, adoption to technology, and obstacles emanating from social cultural institution such as legislation, high interest rates, collaterals may also influence performance of youth owned small businesses.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The section contains methodology. This included the research design, site description, target population, sample size, sampling frame and procedure, sample size, data collection method, data collection tools, reliability and data analysis, data presentation methods and ethical considerations.

3.2 Research Design

Cooper and Schindler (2014) views design as guide or roadmap to lead the investigator in the research process. Mugenda and Mugenda (2003) terms design as the frame work, plan or blue print used by the researcher to achieve the purpose. It is the strategy used by a researcher to explore questions related to how the study would be effectively implemented, the key issues to be examined included what, where, when, who, why questions. A research design clarifies the population, the nature of sampling technique to be employed, the techniques to be used to collect data, methods that was utilized in analyzing data (Cooper & Schindler, 2003). The study used descriptive research design for it determines and reports things exactly as they are (Mugenda and Mugenda, 2003). It enabled the researcher to collect data rapidly and be able to understand the whole universe from its sample and it gives an overview of representativeness of the sample from the population of study (Travers, 1978).

3.3 Site description

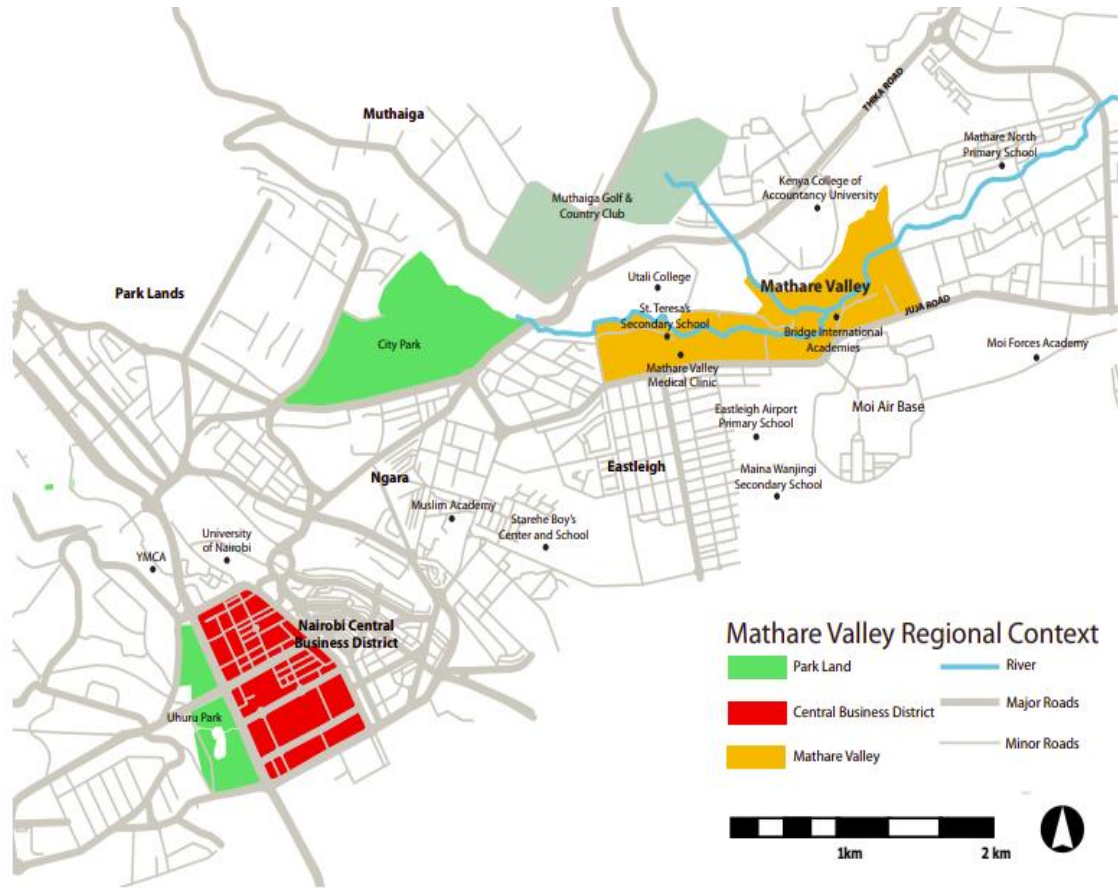
The site of the research was Mathare Informal settlement (MIS) in Nairobi County, Kenya. Mathare is among the oldest informal settlements in Nairobi. MIS mainly covers Mathare valley which is curved out by the Mathare River and it lies in North West of Nairobi, about 5 kms from Nairobi Central Business District. MIS lies between Thika super highway to the north, Juja road to the south. The geographical location of the area of study was comprised of 13 villages with different social economic status namely; Mathare area 1, Mathare area 2, Kosovo, Bondeni, Mathare 3C, Mathare 4A, 4B, Mathare No. 10,

Gitathuro, Mashimoni, and Kwakariuki (UON et al, 2012). Low income earners preferably consider residing in MIS because of its close proximity to the NCBD, affordable houses to the low income earners and also statistics on transport majority of them walk to and from their places of work.

Figure 3.1: Map of Nairobi County. Source: Google map 2017



Figure 3.2: Map of Mathare.



Source: UoN et. al. (2012) Mathare Zonal Plan

Statistics by Kenya Bureau of Statistics and Housing Census (2019) show about 206,564 people live in MIS. Mathare being a cosmopolitan area the residents are from different ethnic groups with different back grounds with 68,941 persons living within a square kilometer. Majority of people living here are low-income earners between 100 to 200 Kenya shillings a day, about 87% are casual workers and 61% have worked and lived in Mathare (Karimi, 2016). Most of them work from the institutions surrounding Mathare along Thika superhighway such as Kenya School of Monetary, Mathari Mental Hospital, Kenya Collage of Accountancy University, Kenya survey headquarters while others work from the neighboring estates like Huruma, Eastleigh business center, Pangani, Ruaraka, Moi air base as casual laborers. Most of the people are self-employed running small business in MIS. A survey by Save the Child in 2013 indicated that 80% of the income of

the poor families is consumed by basic needs. Majority of the residents are among the poor and low-income earners thus most of their income is channeled to basic needs like water, food, rent and fuel.

MIS is characterized by numerous elevated health hazards to the residents, unsafe and crowded houses, high prevalence of communicable diseases, overcrowding lack of safe drinking water (UoN et al., 2012). The roads are not of good quality whereby majority of the road reserves have been covered by houses leaving the interior parts of the slum inaccessible. Housing is mainly made of iron sheets, mud and a few are made of block. Mathare like any other informal settlement is facing all manner of challenges such as untimely fire outbreaks, theft, illegal electricity connections, infights from ethnic groups, illegal local brewing and selling, drug abuse which is rampant among the youths, prostitution among others. MIS is a home to 106,344 youths of ages 15 to 35, to be specific with the study 89,130 youths of ages 18 to 35 years out of the total population of 206,564 people who live in MIS (Kenya Bureau of statistics and housing census, 2019). The study chose this site because it is along major roads and it is likely to have high numbers of entrepreneurship activities going on.

3.4 Study Population

Cooper (2014) a population is a group or total collection of people, elements or things to be or being studied. Unit of study is the unit described by one's data and analyzed in the study (King et al., 1994). Unit of study can be subject or entity from which data needed for the study is obtained. The unit of study was youth owned small businesses initiatives while the unit of analysis was the individual youths who own small businesses initiatives in MIS. Due to the homogeneity shown in the characteristics across the 13 villages, the study concentrated on seven villages namely; Area 1, Kosovo, Mabatini, 4A, 4B, Bondeni, No.10 and Mashimoni. The seven villages were purposely considered because these were the places whereby most youth owned business were concentrated since they were along the main roads in Mathare and there were many entrepreneurial activities going on. The study concentrated on youth who owned small business initiatives. There were 409 youth owned small businesses in MIS (Nairobi City County, 2015). The study targeted the youth owned

small ventures that have been under operation for the past two years and above since they have an understanding and knowledge on the factors that affect them in their daily activities.

3.5 Sampling Frame and Procedure

3.5.1 Sampling Frame

Cooper (2014) assert that sample frame is the list of elements drawn from a sample and should only comprise complete and correct population list. A sampling frame includes all the individuals in the population, excludes all the individuals who are not in the sample frame and includes all the useful correct information to contact the targeted population. The sample frame for this study was drawn from the youth owned small business initiatives in the selected seven villages; Area 1, Kosovo, Mabatini, 4A, 4B, Bondeni and Mashimoni. These were the places whereby most youth businesses are concentrated since are along the roads. There were 409 youth owned small businesses in MIS (Nairobi City County, 2015).

Table 3.1: Sample frame

Village		Population (N)	Proportionate sample size (n)
1	Area 1	70	34
2	Kosovo	59	29
3	Bondeni	69	34
4	Mabatini	60	30
5	Mashimoni	47	23
6	Mathare 4A	63	31
7	Mathare 4B	40	20
	Total	409	201

Source: Researcher (2020)

3.5.2 Sampling Procedure

Sampling procedure is a specific process which units of the sample are selected (Cooper, 2014). The study adopted multi stage sampling. Multi stage sampling allowed the researcher to be flexible on carefully choosing sample and helped in reducing cost for sample preparation since it did not need a complete list of every member of the population study. The procedure took three stages.

Stage 1: Selection of the first group of respondents who were split into two groups. One group consisted of youth owned business owners who have been operating for the last two years.

Stage 2: Selection of respondents was done randomly from the seven villages. Proportionate stratified sampling was employed to select sample 201 youth owned small businesses from the seven stratus.

Stage 3: The second group consist of key informants. Selection of key informants who consisted of government officials from financial institutions, credit officers from NGOs, youth development officers in the region and community leaders. Purposive sampling will be used to select 12 non overlapping group of 7 community leaders from each community, the area chief, 1 youth officer in Mathare, and 3 development officers from NGOs based in the area who are actively involved in youth empowerment programs.

3.6 Sample Size

Cooper & Schindler (2014) posit that sample size as population made up of target population selected keenly to represent the entire universe. Mugenda and Mugenda (2003) posited that sample size should be at least 10% to 30% of the target population is appropriate for a descriptive research. The sample size of the study contained 201 respondents selected from the universe of 409 youth owned small businesses in MIS and 12 key informants. Sample Size was determined by formula by (Yamane, 1967). The formula follows a normal distribution with a 5% precision level and 95% confidence level (Yamane, 1967).

$$n = N/1+N (e)^2;$$

n = Sample Size,

N = Population Size/Universe,

e = Level of Precision

In this case N = 409, e =0.05

Therefore,

$$n = 409/1+409(0.05)^2$$

$$= 409/2.0225 = 201$$

3.7 Data Collection Tools and Methods

This study collected quantitative and qualitative data. Both qualitative and quantitative methods were adopted by the study is to enhance the validity and reliability of the research findings as they complement each other, as well as overcoming bias that may have happened during the survey process (Cohen et al., 2006). Quantitative data was gathered using survey technique. Qualitative data was gathered using key informants with the help of key informant interview guide (KII), and quantitative data using questionnaires.

3.7.1 Survey

Survey method is a technique of gathering information from a population under study by observing behavior attitudes, opinions or self-reporting. It is suitable to collect data for it uses numeric presentation, presenting events the way they are as well as making data analysis easy (Oso & Onen, 2011). The tool for data collection for the survey method was questionnaire containing closed and open ended questions. The questionnaires were administered to 201 representatives of the 409 youths who own small businesses in the 7 villages as distributed in the sample frame. The study adopted survey method because it is appropriate in collecting data from a large population. The questionnaires enabled the researcher collect large quantities of data from respondents which included; the influence of individual and personal back ground factors, business socio ecological factors on performance of youth owned small businesses.

3.7.2 Key Informant Interviews

KII comprises personal information, experience or position in the community which is a source if in depth information of what has been happening in the community (Marshall, 1996). KII gives the researcher an insider understanding of the social group or social phenomenon under study. The data from the key informants was used to compliment the findings form the respondents from the selected sample. KIIs guides were administered to 12 KII who were selected using purposive sampling method because the key informants provided the researcher with in depth information about the area of study and more specifically the factors influencing the performance of youth owned initiatives in the area of study. The KII were; 7 community leaders from every village, the area chief, 1 youth

officer in Mathare, and 3 development officers from NGOs based in the area who are actively involved in youth empowerment programs.

3.8. Validity of the instruments

Validity gauges whether the tools measure exactly what is to be measured or the truthfulness of the research results (Golafshani, 2003). The researcher maintained content validity by ensuring that the sampling procedure covered all main areas of the study and also was free from all sorts of bias.

3.9 Reliability

Reliability is the level to which a given instrument produces the same results every time it is used (Abbott et al., 2013). A pretest was done to assert reliability of questionnaire using 10 participants who were not part of the 201 selected sample. The pre-test was done to identify any mistakes in the questionnaire, make sure that the questions are appropriate, friendly to the people and clear.

3.10 Data processing and analysis

Data processing involves cleaning and summarizing data to produce information which can easily be interpreted and draw conclusions to support decisions (Mugenda & Mugenda, 2008). Data analysis is done to answer study questions and determine relationships between the quantitative data obtained by questionnaires then processed, analyzed and presented by use of measures of central tendencies (mode, mean and median), pie charts, tables and graphs. Qualitative from KII was utilized to complement the quantitative data. Data collected was manually.

3.11 Ethical Consideration

The research ensured that ethical issues when conducting the study were observed. The researcher presented introduction letter from University of Nairobi to Mathare sub county administration to be specific, the area chiefs and sub chiefs in MIS to where the study area cover is where data was obtained.

The researcher notified the participants the purpose of the research and no respondent was forced to participate in the research activities out against their will. The respondents were requested to sign a consent form prepared by the researcher as proof that they were not coerced to take part in this study. The study made sure that their welfare and dignity was taken care of and there was no manipulation of the respondents to the advantage of the researcher.

The study treated the information obtained from the respondents with confidentiality to ensure that the participants are not in fear to give out vital information needed. Personal information from the respondents was not disclosed, only vital information linked to the study was used in presentation of findings from the data collection process.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The chapter contains data analysis procedures and presentation of information on social demographic factors of youth involved in small business initiatives, Individual attributes factors, socio-ecological factors, and obstacles faced by youth in running small business initiatives.

4.2 Response rate

Out of 201 questionnaires distributed, 150 were fully filled and returned representing a 75% response rate. The sample was selected from the seven villages Area 1, Kosovo, Mabatini, 4A, 4B, Bondeni and Mashimoni in Mathare Informal settlement (MIS).

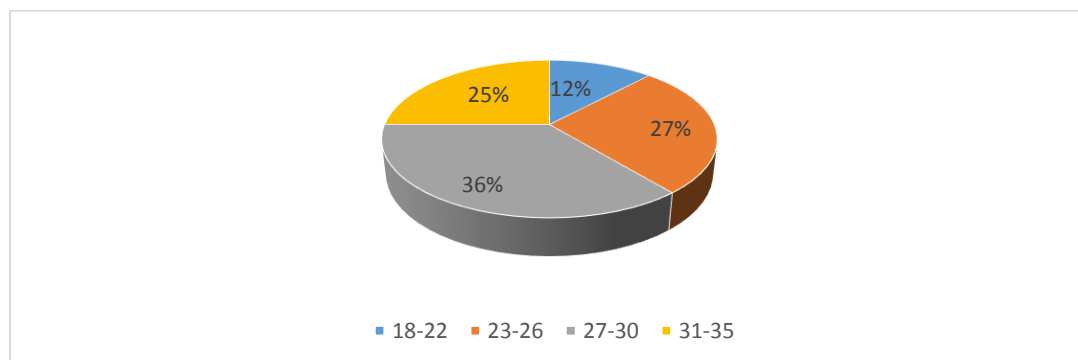
4.3 Social Demographic Characteristics of Respondents

The personal characteristics include demographic factors such as age, gender, marital status, family size and level of education.

4.3.1 Distribution of the Respondents by Age

The age of the respondents is considered a crucial component since it helps finding the age group that often take lead in small business initiatives. The study findings indicate that 12% of the participants fall in the age bracket between 18-22 years old, 27% in the age bracket of 23-26 years, 36% fall in age bracket between 27- 30 years while 25% fall in the age bracket of 31- 35 years. From the study, most of the youth were in the age group between 27-30 years as shown in Figure 4.1.

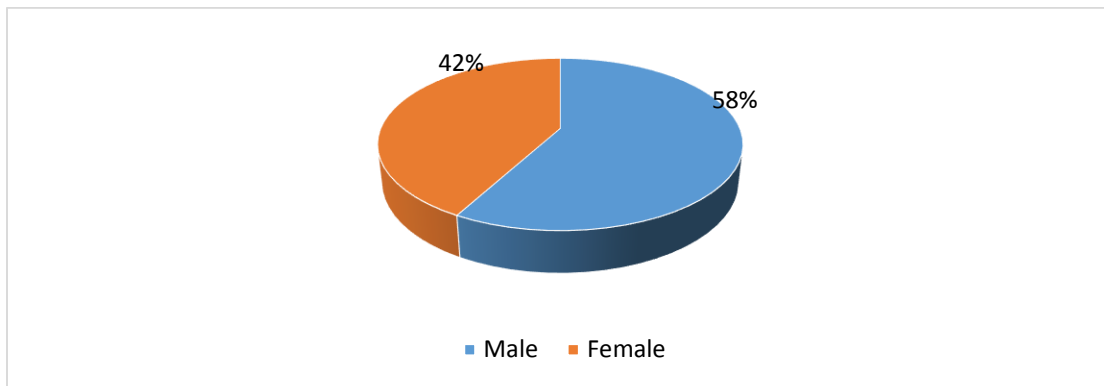
Figure 4.1: Age Distribution of the Respondents



4.3.2 Distribution by Gender

The findings indicate that out of the 150 respondents, majority were male who formed 58% while female formed 42%, therefore the study had a good gender presentation and did not suffer gender biasness. The results are as shown in figure 4.2.

Figure 4.2: Respondents Gender



4.3.3 Distribution of the respondents by Marital Status

On the marital status of participants in Mathare, the responses showed 29% were married, 26% were single, 14% were widowed, 23% of the respondents were separated and 8% were divorced. The study results indicate that most of them were married as compared to singles, widowed, separated, and divorced of the business owners as presented in table 4.1.

Table 4.1: Marital Status of the Respondents

Status	Frequency (n)	Percentage (%)
Married	43	29
Single	39	26
Widowed	21	14
Separated	35	23
Divorced	12	8

4.3.4 Distribution of the Respondents by the Family Size

On family size of each respondent, Table 4.2, below show that, 28% of the study participants had a family size of 0 to 3 members, and most of 4 to 6 members accounted for 29%. Respondents with family size of 7 to 9 members constituted 23% while respondents with 10 members and above where 14% as tabulated in table 4.2.

According to the study the highest family size of business owners constituted of 29% who were from families with 4 to 6 members.

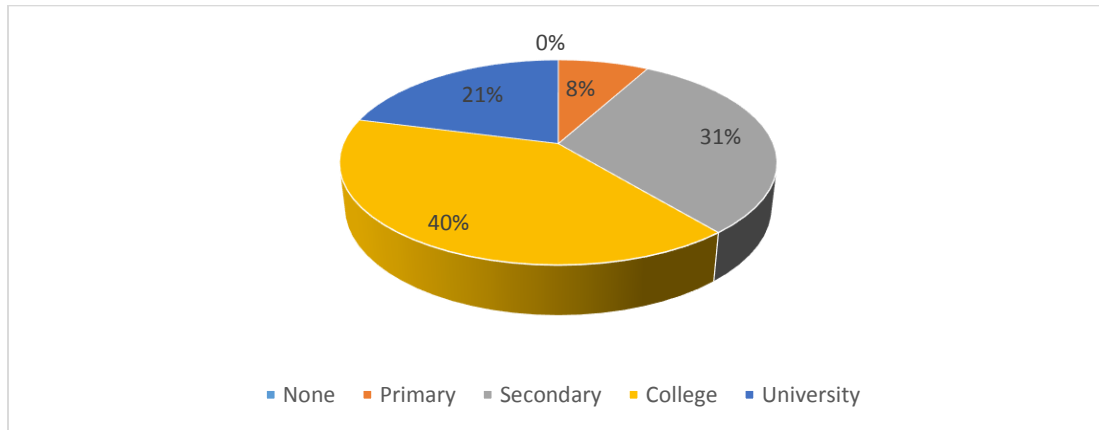
Table 4.2: Family Size of the Respondents

Family Size	No of Members (n)	Percentage (%)
0-3	39	26
4-6	43	29
7-9	35	23
10	21	14
Total	150	100

4.3.5 Distribution of the respondents by the Level of Education

On educational level, result showed that all participants had attained some formal education. Majority of them had acquired a college level certification which represented 40.8%, University level stood at 29.6%, secondary level was represented at 21.4% while only 7.1% had acquired primary education.

Figure 4.3: Level of Education of the respondents



4.4 Factors that influence the performance of youth owned small business initiatives

4.4.1 Nature of Business

This was done to unveil the nature of business owned by Mathare youths. From the findings, business operators in Mathare include those in secondhand clothes and shoes represented by 9% while 11% of the respondents were operating beauty shops, salons and barbershops. 15% operated boda boda business, 14% of the respondents were in food

vending business and 7% of the respondents were in tailoring. Garbage collection and sanitation represented by 5% of the respondents, the owners in carwash business were 3%, video shops owned by 8% of the respondents and cybercafe owned by 3% of the respondents. “Mali mali” business was represented by 10%, retail shops were owned by 6% of the majority respondent, electronics shops were owned by 4% of the respondents while mobile and Tv repair shops were 5% of the majority respondents. This is clear that most of the youth business owners in Mathare operate Boda Boda Business as shown in Table 4.3. The youth chose business that were more suitable to them depending on their business location, this is in line with the cost benefit analysis from the choice theory of the study.

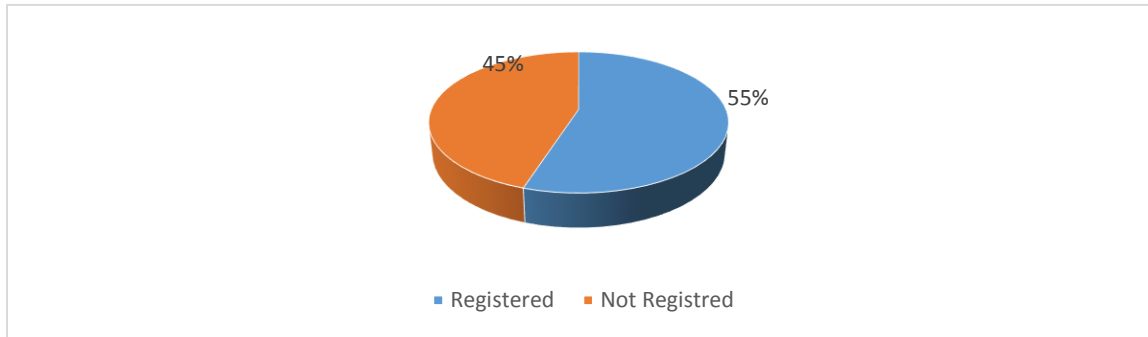
Table 4.3: Nature of Business

Business	Frequency (n)	Percentage (%)
Second hand clothes and shoes	14	9
Beauty ,Salon and Barbers shops	17	11
Boda Boda (motorcycle operators)	23	15
Food Venting	19	14
Tailoring	11	7
Garbage collection/ sanitation	7	5
Car Wash	5	3
Video Shops	12	8
Cyber Cafe	4	3
“Mali Mali”	15	10
Retail Shops	9	6
Electronics	6	4
Mobile & Tv repair	8	5
Total	150	100

4.4.2 Whether the Business is Registered or Unregistered

The study was interested in establishing whether the youth own small businesses in Mathare are registered with the county government or not. The results indicate that most businesses in Mathare were registered which accounted for 55% due to government strictness in following up illegal business, while 45% of the businesses were not registered with any authority in the country as presented in figure 4.4.

Figure 4.4: Whether the Business is Registered

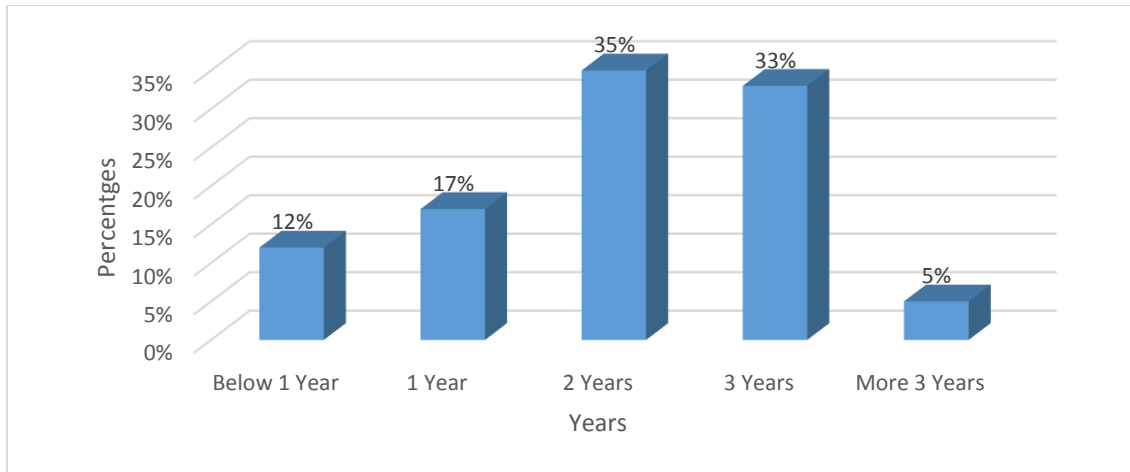


The findings established that Business registration play big role in small businesses performance. Majority 55% of the respondents runs unregistered businesses that they close their small businesses when hiding from city council Askaris (kanjo) since most of the businesses have not met the ministry of health requirements, not yet acquired business license, therefore recording zero sales or very low sales thus reducing their business productivity during those periods. Based on the results business registration influence performance of youth owned small businesses in MIS.

4.4.3 Years of Business Existence

The statement on the number of years the small business in Mathare have been in to operation: Findings on the business existence show that majority of the small owned business have been to existence for 2 years as represented by 35%, while 33% of the small businesses have been operating for 3 years. 17% of businesses have operated for 1 year, 12% have been in existence for less than 1 year, while the business that have operated for 3 years and above was represented by 5% as displayed in the figure 4.5. The study results suggest that businesses that have been operating for two years seem to have high performance (35%) compared to businesses that have been operating below two years and three and above years.

Figure 4.5: Years of Business Existence



4.4.4 Individual Motivational Factors

The researcher investigated what drive the respondents into small business. This would greatly affect the performance of a business. The findings indicate that 21% of the respondents were pulled into business for financial independence, 33% of the majority were pushed into business due to unemployment problem. 10% were pulled into business due to social recognition, 13% were pulled into business to have a sense of achievement in their life and 11% was due to availability of financial support. 7% because of influence from other youths, 5% due to availability of space for business and those who had other reasons were 1%. The study concurred with Bullough & Myatt (2014) that the high unemployment rates among the youths could push them into small businesses for survival. Financial independence, social recognition, sense of achievement, availability of financial support, peer influence and availability of open space pulled them to small business initiatives thus influencing their business performance. The results are presented in the table 4.4.

Table 4.4: The Influence of Individual motivational factors

What made you initiate your small business?	Frequency (N)	Percentage (%)
Financial independence	31	21
Unemployment	49	33
social recognition	15	10
To have sense of achievement	20	13
Availability of financial support	16	11
Influence by other youths	11	7
Availability of space for my business	7	5
Any other	2	1
Total	150	100

A young female respondent indicated that:

“the reason for me to start my small business was because I was unemployed after collage for three years and I needed to support my family with basic needs, this makes me work hard”

From findings, majority (33%) of youths in MIS were pushed into business due to increased unemployment in the country. The youth were pushed into business because of their current social circumstance of unemployment thus not prepared for business therefore affecting the business performance since they are not able to set apart capital from profit they end up using the capital on meeting basic needs thus threatening the business to fail within the first year or five years. This is in line with Mwangi (2016) who posits that small businesses fail within the first year and a few make it to the fifth year.

4.4.6 Comparison between individual motivational factors and age

A cross comparison between individual motivational factors/influences and age group indicated that most of the youths (15) between 31-35 years which recorded the high number of respondents were pulled to venture into business to be financially independent. Majority of the youth with the highest respondents between the age group of 18- 22years were pushed to venture into business because of continued unemployment after graduating from the college. Youth between the age group of 31-35 years were pulled into business due to social recognition, youths between the age of 23-26 years were pulled into business in pursuit to gain sense of achievement. Youth between the age group of 23-26 years were

motivated to get into business due to availability of financial support. Most of youth between age group of 18-22 years were influenced to get into business due to peer influence by other youths. The results agree with Walter (2014), Kedogo, (2013) that youth can be influenced to initiate small businesses because of their friends who are in the same business. While few youths of youths between the age group of 23-26 were motivated to get into business by availability of space.

Table 4.5: Individual motivational factors by age group

Count of motivational influences	Age group				Totals
	18-22	23-26	27-30	31-35	
Venturing into business					
Financial Independence	5	9	2	15	21
Unemployment	18	15	4	9	33
Social recognition	1	6	3	9	10
To have sense of achievement	1	9	4	6	13
Availability of financial support	3	7	3	3	11
Influence by other youths	9	1	1	-	7
Availability of space for my business	2	3	-	2	5
Any other	1	1	-	-	1
Totals	42	51	17	40	150

A young male respondent stated that:

“I initiated my small business because I needed to be financially Independent and stable not to depend on others”

The data established that majority of the youths between age group 23-26 years were highly motivated to initiate small businesses due to unemployment, financial independence, financial support, and sense of achievement. This indicate that most of the youth were pushed or pulled into business because of poverty were not able to separate capital from income thus spend it (capital) to meet their basic needs and this threatens the business performance.

4.5 Relationships between respondents' personal background attributes and business performance

The study sought to determine how personal characteristics like age, gender, family background, educational level and experience affect the performance of youth owned small business initiatives.

4.5.1 Distribution by Age, Gender, Family Background and Business Performance

The study sought to find out whether gender and family background have influence on the performance of youth owned small businesses in MIS. The participants were asked their opinion on whether the age of business owner influenced the performance of the business, 48% of the respondents believed age of the business owner influences the performance while 52% indicated that the age of the business owner does not influence the performance. The results from majority of the participants point out that age does not influence the performance of small businesses since performance depends on individual's efforts, although some felt that age has little influence since they believed that the maturity level of business owner helps them on how to handle their customers depending on their age. The study results disagreed with Reynolds (2007) who established that youth entrepreneurs below 30 years seemed to be performing in terms of earning higher profits than those owned by youth over 30 years.

Concerning whether the gender of the business owner influenced performance. Majority respondents indicated by 62% commented that gender had no influence on business performance while 38% stated that the gender had influence on business performance. The study findings showed that majority stated that any gender is in a position to run the business without any problem on performance since business performance depends on the owner's efforts to make profit. The respondents were asked if the family background had an influence on business performance, 77% of the majority respondents indicated that family background can push or influences business performance while 23% of the respondents felt that family background does not influence performance. From most of the respondent's family background can help in improving the performance of business in Mathare especially those from families with good background of owning and running a successful business who act as role models for them.

Table 4.6: Distribution by age, gender and family background on Business performance

	Question	Yes		No	
		(n)	%	(n)	%
1	Whether the age of the business owner influences the performance of small businesses	72	48	78	52
2	Whether gender of the business owner influences the performance of small businesses?	57	38	93	62
3	Whether family background of a business owner determines the business performance?	116	77	34	23

The above findings established that the age of the business owner does not influence the performance of small business. From the findings, majority of the participants felt that age does not play a big role in business performance, because business performance is as a result of the owner’s efforts to make profit and not on how they talk or handle their customers. From findings majority of respondents stated that people from any gender are able to run the business without any problem on performance since business performance depends on the owner’s efforts to make profit. Also, the majority respondent’s indicated that the family background especially those from model families does have influence on performance of small can help in improving the performance of business.

4.5.2 A comparison between gender and the type of business-on-business performance

A comparison between the type of business and gender established that youth are mostly interested in fast income generating business initiatives other than the time consuming and energy strenuous small business initiatives. The results indicate that, 4 youths ventured into cybercafé business compared to high numbers of youths 23 who were “boda boda” operators in Mathare. The study also indicated that gender roles assigned to both men and women in the society can influence the performance of youth owned small businesses since most of men do not engage in food vending business compared to their female counterparts. The study results indicate that 8 male respondents ventured into food vending business while 11 women engage in food vending business. Most of male youth do not like to engage in businesses which are gender based related. The study further indicated that

female is venturing into male dominated businesses where 5 female respondents operate “boda boda” while 18 male respondents operate “boda boda” as indicated in table 4.8.

Table 4.7: G gender by type of business

Business	Male	Female	Total
Secondhand clothes and shoes	8	6	14
Beauty, Salon and Barbers shops	6	11	17
Boda Boda (motorcycle operators)	18	5	23
Food Venting	8	11	19
Tailoring	3	8	11
Garbage collection and sanitation	7	-	7
Car Wash	4	1	5
Video Shops	11	1	12
Cyber Café	4	-	4
“Mali Mali”	6	9	15
Retail Shops	3	6	9
Electronics	4	2	6
Mobile & Tv repair	5	3	8
Total	87	63	150

The findings of the study suggested that females are venturing into male dominated businesses like “boda boda” operations. The results indicated that though both genders participated respectively 87 respondents were men and 63 were female, some of the participants observed that females were not usually good business persons as some felt that for married women their businesses are controlled by their spouses thus not able to make business decisions solely. Based on the results therefore, the researcher believed measures taken by NGOs and public benefit institutions on women empowerment to improve women welfare especially in the counties is bearing fruits.

The study findings suggest that gender based roles influence performance of influence business performance negatively. The study findings further indicate that male owned businesses seem to be performing better than female owned small businesses.

4.5.3 Distribution by experience on Business Performance

This was to determine whether the business owner experience has influence of performance of small business. The findings showed that 32% of the respondents strongly agreed, 47% participants agreed experience influence business performance, 4% participants were undecided. While 9% participants disagreed and 8% strongly disagreed that business owner's experience do not have any influence on business performance since one can work hard and succeed in business.

Table 4.8: Distribution by experience on Business Performance

What extent do you agree that experience of a business owner determine the business performance?		
Experience	Frequency	Percentage (%)
Strongly agree	48	32
Agree	70	47
Undecided	6	4
Disagree	14	9
Strongly disagree	12	8
Total	150	100

Study results showed that majority felt that business owners experience does influence business performance and is a pull factor, while a few felt that business owner's past experience do not have any effect on performance of small businesses.

4.5.4 Distribution by Education Level on Business Performance

The study studied the level of education of the business owners who participated, this was to help with knowing the capabilities of the business owners run and performance of their small businesses. The study findings established that 26% of the participants strongly agreed that education level of the business owner influence performance. This is in agreement with Alvaredo and Gasparini (2013) who established that education could empower youth to obtain the needed skills to be in a position to initiate and operate small business since they are taught vital concepts, history, theories and technological changes relevant to business in order for them to be performing in the modern world. 37% agreed, 11% were not decided, while 17% disagreed and 14% strongly disagreed that the education level of the business owner does not influence the performance of

small businesses.

Table 4.9: Distribution on whether business owner’s education level influence business performance

What extent do you agree that education level of a business owner determine the business performance?		
Experience	Frequency (N)	Percentage (%)
Strongly agree	39	26
Agree	56	37
Undecided	16	11
Disagree	25	17
Strongly disagree	14	9
Total	150	100

Based on the results majority respondents felt that education level of business owner has positive influence on small business initiative performance. The respondents indicated that education level plays a big part towards success of small business initiatives.

4.5.5 Distribution on how sufficient the business owner has entrepreneurship skills

The study purposed to find out how sufficient the business owner had the skills to run the business. According to respondents 12% indicated very sufficient extent, 48% of the respondents indicated sufficient extent, 6% of the responds were uncertain, 14% to a low extent while 20% stated that the entrepreneurial are not sufficient as tabulated in table 4.10.

Table 4.10: How sufficient the business owner has entrepreneurship skills

Category	Frequency (N)	Percentage (%)
Very Sufficient	18	12
Sufficient	72	48
Uncertain	9	6
Low sufficient	21	14
Not sufficient	30	20
Total	N=150	100

The results indicated that majority of participants have sufficient entrepreneurial skills which helps them to improve their business performance in Mathare informal settlement.

4.5.6 What aspect in entrepreneurship skills is most sufficient and keeps business performing

The study sought to evaluate the aspect in entrepreneurship skills that is most sufficient and keeps business performing. From the question on the aspect of entrepreneurial skills, 8% of the respondents pointed out that financial management skills are sufficient in business performance. 27% of the majority respondents stated that record keeping is sufficient in performance of business, 39% indicated savings, 21% of the respondents indicated budgeting, 5% on innovation and adoption of skills keeps the business performing as shown in table 4.11.

Table 4.11: Aspect in entrepreneurship skills is most sufficient and keeps business performing

	Category	Frequency (N)	Percentage (%)
1	Financial Management Skills	12	8
2	Record Keeping	41	27
3	Savings	58	39
4	Budgeting	31	21
5	Innovation and adoption Skills	8	5
	Total	150	100

The results indicated that majority had entrepreneurial skills which keeps their business performing well. Entrepreneurial skills influence performance of youth owned small business initiatives in MIS. Most of youth stated that their strength in entrepreneurship is in the area of savings ((39%), 8% had strength in financial management skills which pause threaten business progress because they lack skills to manage what they save for the purposes of business success and least in innovation and technology adoption (5%). This imply that there is need to embrace innovation and technology adoption among the youth entrepreneurs in order to improve business performance in the competitive business environment.

4.5.7 Comparison Between Level of Education and Entrepreneurial Skills on Business Performance

A comparison between level of education of business owners and entrepreneurial skills on business performance revealed that those who had low education level they had insufficient

skills to improve their business performance. Those who hold high level of education had sufficient skills to help them improve their business performance. Those who had collage education level had high skills in savings (28), record keeping (13) and Budgeting (12). Those who had primary level had low entrepreneurship skills in savings (5), record keeping (4), budgeting (2). From the findings those who had college and university education had acquired sufficient skills that enabled them to improve the performance of their small businesses. While those who had secondary and primary education level had acquired some skills to help them improve their business performance as shown in the table 4.12.

Table 4.12: A comparison between education level and entrepreneurship skills on business performance

Edu. Level	Financial management	Record keeping	Savings	Budgeting	Innovation & adoption	Percentage (%)
None	0	0	2	-3	0	2
Primary	1	4	5	2	0	8
Secondary	2	9	14	6	1	31
College	4	13	28	12	3	40
University	5	28	9	10	4	21
Total	12	41	58	31	8	150

The results revealed that those who had low education level they had insufficient skills to improve their business performance. Those who hold high level of education had sufficient skills to help them improve their business performance. The results revealed that those who had college and university education had acquired sufficient skills that enabled them to improve the performance of their small businesses. While those who had secondary level had acquired some skills to help them improve their business performance.

Those who never completed and who completed primary school are considered to have low education level showed inability to run their business well since they lacked most of key entrepreneurship skill. Therefore, lack of education became an obstacle to their business performance. Thus not be in a position to be successful in business compared to their counterparts who posed high education level, well equipped with entrepreneurial skills were in a better position to succeed in their small business initiatives. Youth who run

small businesses with higher education level were more knowledgeable in entrepreneurial skills stands a better chance to improve the performance of their businesses than their counterparts who had low level of education. The findings agree with Raposo (2011) on impact of education level on sustainability of youth owned enterprises which posit that there is positive link between business performance and education level. In that level of education helps entrepreneurs to understand manage and application of entrepreneurship skills.

4.5.8 Whether entrepreneurial skills influence performance of youth owned businesses

In order for the study to determine the influence of entrepreneurial skills on performance of youth owned small business in MIS the youths were requested to rate whether entrepreneurial skills influence their business performance in terms of increase in sales, increase in profit, customer satisfaction, increase in market share and reduced customer complaints on two scales 1= Yes and 2= No. The results indicated that, 61 % of the respondents agreed Yes to the fact that their small business had an increased sales volume due to access to market for their products thus witnessing gradual performance and 39% stated No to the fact the performance of their small businesses hasn't been having significant sales volumes thus affecting the performance of the businesses. The study established from the 58% of the respondents that small business owners at Mathare experienced increased profits in their businesses which is due to the increase in sales due to some entrepreneurial skills posed by the business owners while 42% of the respondents stated that their business never experiences any sales which was attributed to lack of essential entrepreneurial skills. According to the study on how the business of small owners has improved customer satisfaction, 67% of most of the respondents stated Yes to the fact that customer satisfaction was key role in them in improving their business performance. The customer relation and satisfaction was as a result of customer relation skills by business owners. Some stated that convincing customers skillfully makes them happy with the products and services, the business thrives and thus improving performance while 33% stated that No to the improvement of customer satisfaction due to lack of essential entrepreneurial skills. This is attributed to the bad customer relations and lack of skills among the small business owners to know customer is the king. According to 65%

of the majority respondents stated Yes to the fact that their small business market share had increased and 35% of the respondents said No this fact. Increase in market share according to some respondents was due to better relationship from skills possessed by owners with customers and increased referral and opening other small business elsewhere in Mathare due to increased performance. According to 69% of the majority respondents stated Yes to the fact that their small business initiative witnesses a reduced number of customer complains while 31% of the respondents stated No to the fact that customer complains had reduced which affect performance as customers ran to competitors. The reduced customer complains among small business owners was because of entrepreneurial skills of owners thus improving services and products variety for the small businesses at Mathare.

Table 4.13: Rating Entrepreneurial Skills and Performance of Youth Owned Small Business initiatives

Statements	Yes %	No %
The business has experienced increase in sales	61	39
The business has experienced an increase in profits	58	42
The business has improved customer satisfaction	67	33
The business has experienced increased market share	65	35
The youth enterprise has reduced customer complaints	69	31

4.5.9 Comparison between period of business existence and business performance

To get a deeper insight of business performance of small businesses in MIS, a comparison between period of business existence and performance was carried out. The results indicated that businesses that have been operating in less than one year had low market share, low sales, recorded low profits and low customer satisfaction., the small business that operated within one year recorded still low market share, low customer satisfaction, increased profits and increased sales. The small businesses that operated within 2 years had a gradual improvement on increased market share, increased customer satisfaction, increased profits and increased sales thus the increased business performance was as a result of improved business systems among the small business owners. The performance of businesses within the range of 3 years showed that the business was established and had

improved on performance due to increased sales, better profit margins, reduced customer complains thus improved customer satisfaction, increased business market share at Mathare Informal Sector. Businesses that had operated within more than 3 years had a significant performance.

Table 4.14: Period of Business Existence by Business Performance

Period of Business existence	Increase in sales	Increase in profits	Customer satisfaction	Market coverage/ share	Total
< 1 year	6	5	5	2	18
1 year	9	9	3	3	24
2 years	13	14	14	11	52
3 years	15	11	13	10	49
>3 years	2	2	1	2	7

From the study findings businesses that were below two years had less performance reason to the fact that they were not well established to improve on customer satisfaction and increase market share and less profits. This was attributed to the owners paying loans borrowed from friends as some respondents stated. Business performance that had been in operations for 2 and 3 years had a close comparison in performance as a result of increased competitiveness in increased sales, increased profits, customer satisfaction and increased market share. The study findings suggest that businesses that have been in operation for two to three years have been performing well since they have completed servicing their loans.

4.6. The influence of business social ecological and environmental factors on small business performance

4.6.1 The influence of societal attitudes and social support network on performance of small businesses

The study sought to determine the social ecological factors like societal attitudes and social support network on performance of small businesses in Mathare.

On the question of on whether societal attitudes influence the performance of small business initiatives, 27% of the respondents strongly agreed societal attitudes influence the

performance of small business initiatives, 39% of the respondents agreed, 17% of the respondents were undecided on the fact, 9% disagreed while 7% of the respondents strongly disagreed.

For the study to determine whether societal attitudes influence the performance of youth owned small business initiatives. The results indicated that, 23% of the respondents indicated that social support networking influence the performance of small businesses, 51% of the majority respondents agreed, 13% were undecided, 10% disagreed while 3% strongly disagreed to the fact. Social support may influence performance of youth owned small business as presented in Table 4.14.

Table 4.15: To what extend do you agree societal attitudes and social support network influence the performance of small businesses

No	Question	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
1	Rate how societal attitudes influence the performance of youth owned business	41	27	59	39	26	17	14	9	11	7
2	Whether social support networking has an effect on your business performance?	35	23	76	51	20	13	15	10	4	3

From the findings majority pointed out that the society has positive attitudes towards youth owned small businesses. This was complimented by key informants who are community leaders. A middle aged female community leader from area 1 had this to say about society attitudes towards youth owned small business initiatives.

“The society has positive attitude towards youth small businesses initiatives and are in support because it prevents youths from being idle, use of drugs and substance abuse and also reduces the level of crime rates in the community”

Another a young male middle age community policing representative had this to say:

“The community has positive attitude towards youth engaging into small businesses because when they are busy with their business they avoid being involved in crimes”

The response from the respondents and views from the community leaders indicted that the community encourages the youth to engage in small business initiatives and supports them to be self-employed other than involving themselves in crime and substance abuse and this can have a positive influence business performance. Although a few respondents felt that societal attitudes do not have influence of performance of youth owned small businesses, majority of respondents agreed that social attitudes from the society does influence the performance of youth owned small businesses.

Concerning whether social networking influence the performance of youth owned small business initiatives. The study findings indicate that social networking influence the performance of business. One of young female respondents had this to say,

“I always gain high sales because of my quality work. Most of my clients are referrals whom I get from my previous customers. My social networking from my friends, family and relatives also helps me to get new clients and ideas to improve the performance of my business”

From the findings majority pointed out that social networking has a big influence performance of small businesses. Most respondents indicated that support from friends, family and youth groups boosted the performance of the small business since they got new business ideas, new business opportunities and funding's. This is in line with Muhammed (2016) who indicated that youth entrepreneurs' primary and secondary social group such as family, friends, models provide youth entrepreneurs with support like capital, ideas, materials supply access to technology, market which enables them to maintain their businesses performance.

4.6.2 Insecurity and performance of small business

The study focused on finding out whether insecurity factors influence performance of small business. Respondents were asked to rate the influence of insecurity in scale of five 1 for

very great extent, 2 for great extent, 3 for some extent, 4 for low extent and 5 for Not at all. Several responses received indicated to a very great extent on the influence which was represented by 30%, majority respondents 57% indicated to great extent, 9% to some extent, 3% to a low extent while 1% to not at all as displayed in table 4.15.

Table 4.16: Rating of insecurity factors on influence of performance of small business

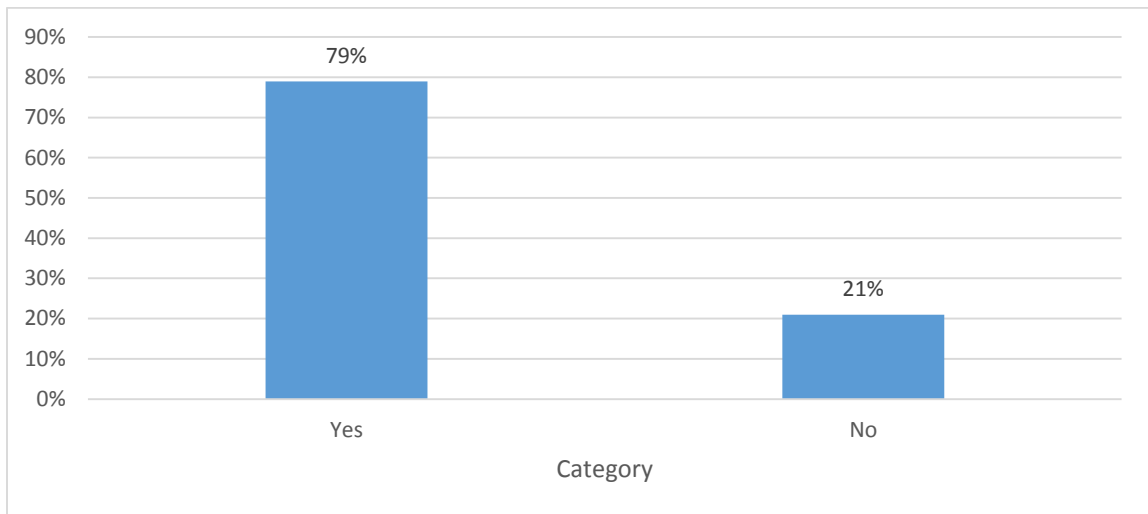
	Category	Frequency (N)	Percentage (%)
1	Very great Extent	45	30
2	Great Extent	86	57
3	Some Extent	13	9
4	Low Extent	5	3
5	Not at All	1	1
	Totals	150	100

The findings established that insecurity play big role in performance of small businesses. Respondents indicated that they close their small businesses when there is political instability most especially when the police are chasing after youths who are in crime, pre-elections tensions, post-election tensions and politically instigated violence in fear of looting by rioters which can cause losses to the business thus affecting business performance. Due to the insecurity caused by political instability small business owners close their businesses for a period of time therefore recording zero sales or very low sales thus reducing their business performance during those periods. Most respondents showed that all insecurity factors mentioned had a great impact on their businesses performance. Based on the results insecurity have big influence in the performance of youth owned small businesses in MIS.

4.6.3 Access to market and small business performance

On the question on whether respondents on access market for their products as well as services, according to the study majority of the respondents indicated by 79% stated that they have access markets for their business products and services thus influence their business success, 21% indicated there is no market for their business and performance is a challenge for them as shown in Table 4.6.

Figure 4.6: Whether the business owner have access to market for their products or services



4.6.4 Rating on how efficient the means of transport connecting area of business and market influence business performance

On establishing how efficient the means of transport connecting area of business and market influence business performance; the transport accessibility for a business is vital for movement of in and out of the business which can influence the performance of small businesses. The responses indicated that 12% to a very efficient, 77% efficient, 3% to of the respondents were uncertain, 7% to a low efficient while 1% stated the road network is not as presented in Table 4.16.

Table 4.17: Rating on how efficient the means of transport connecting area of business and market influence business performance

	Category	Frequency (N)	Percentage (%)
1	Very Efficient	18	12
2	Efficient	115	77
3	Uncertain	5	3
4	Low Efficient	10	7
5	Not Efficient	2	1
	Totals	150	100

As per the result majority of those who participated pointed out that their businesses are connected to means of transport therefore they can reach get their products to and from

market in an efficient way thus meeting their customer demands on time. The study established that there is good road network where the small business is located which is effective enabling easy market accessibility. The youths can easily get goods from the market to their business locations and their customers can easily access their business locations to get services and goods. This positively influences the performance of business.

4.6.5 Rating on what extent access to clean water and cost of electricity influence the performance of your business

The study sought to establish the extent to which access to clean water and the cost of electricity influence the performance of the business. The question was to enable the researcher with knowledge on the extent to which accessibility to clean water and electricity influence small business performance. The respondents were asked to rate as follows 1 is to very great extent, 2 is to great extent, 3 is to some extent, 4 is to a low extent 5 is Not at all. To answer the question on how access to clean water influence the performance of small business, the represented indicated that, 47% Very great extent, 39% to a great extent, 4% to some extent, 2% to a low extent while 8% not at all

On the question of the extent that the cost of electricity influence performance of small business, From the results, 35% of the respondents indicated to a very great extent, majority 49% indicated to a great extent, 12% to some extent, 3% to low extent while 1% not at all extent as presented in Table 4.17.

Table 4.18: Rating on what extent access to clean water, cost of electricity influence the performance of your business.

No	Question	Very Great Extent		Great Extent		Some Extent		Low Extent		Not at All	
		n	%	n	%	n	%	n	%	n	%
1	Rating to what extent access to clean water influence the performance of your business	71	47	58	39	6	4	3	2	12	8
2	Rating to what extent the cost of electricity influence performance of your business	52	35	74	49	17	12	5	3	2	1

As per the findings some of the participants felt that their businesses do not directly depend on water like electronics, small shops, garbage collection therefore their operations are not affected by water connectivity. Majority of respondents felt that their businesses depend on water to operate normally. The study findings found out that access to clean water influences the performance of small businesses to a great extent since they cannot operate without water. One of the key informants indicated that the community have the privilege to get free water supply from PBI which work for the community like SHOFCO, Sonko team, community water services by the government which has helped in reduction of cost of water to the community members including business owners. Based on the results access to clean water influence the performance of youth owned small businesses. Concerning to what extent of electricity cost influence the performance of small business, as shown from the results of the study majority of the respondents indicated that the increasing cost of electricity has made them not to do business for long hours especially during the night, which in turn influences the performance of small business the respondents indicated that the cost of electricity is a challenge to their business performance. Most of them result to using rechargeable lamp light, hurricane lamps which uses paraffin.

4.7 The Obstacles Faced by Youth who own small business

To understand the obstacles faced by youth owned small business, respondents were required to determine the obstacles faced by youth who own small business Initiatives.

4.7.1 The main source of income for the business

On determining the main source of income for the business, responses received show that 36%, stated that their source of income is from friends and relatives, 23% indicated they source income for the business from personal saving, 2% inheritance, 4% government source loan, 3% bank loans, 17% micro financial institution while 15% Sacco as indicated in table 4.19.

Table 4.19: The main source of income for the business

	Source of Income	Frequency (N)	Percentage (%)
1	Friends and Relatives	54	36
2	Personal Saving	35	23
3	Inheritance	3	2
4	Government Fund Loan	6	4
5	Loans from Bank	5	3
6	Micro Finance	25	17
7	Sacco	22	15
	Totals	150	100

From the results majority pointed out that their main source of capital is from friends and relatives (love money). Majority of youth who own small businesses in Mathare do not have all what it takes to qualify to get loans from financial institutions especially banks. This was confirmed by one of the key informant who is a credit officer from MOHI microfinance complimented the results by indicating that most of the youth always find it hard when getting loans from banks and financial institutions because they always ask for collateral for the loan which the youths don't have hence being denied access to the loan. He added that youth mostly keep off bank loans because they charge high interest rates which they find unable to meet hence having little capital from their family and friends to boost their small business to do well. Those who managed to get loan (39%) from government, bank, microfinance and Sacco are struggling to re-service their loan and not able to bring in new stock as expected thus find themselves selling the same commodity or cheap counterfeit goods. This ends up affecting their business performance. This has affected the performance of many small businesses. Based on the results access to credit influences the performance of small businesses.

4.7.2 Whether the business owner have ever acquired credit from any financial institution

The study sought to know whether the small business youth owner had ever acquired credit from any financial institution, majority represented by 61% have never sought or acquired any finances from financial institutions, whereas 39% indicated that they have ever acquired credit from financial institutions as tabulated in table 4.19.

Table 4.20: Whether the business owner have ever acquired credit from any financial institution

	Category	Frequency	Percentage (%)
1	Yes	58	39
2	No	92	61
	Totals	150	100

From the findings, its clear most of the small business owners have a challenge in accessing credit as majority cited high interest rates and lack of collateral as a main problem why they have never accessed credit from financial institution, and this affected the performance of small business owned by youth.

4.7.3 The major hindrance in accessing finance in your business

From the statement on hindrances faced in accessing business finance. Majority, 54% indicated lack of collateral, 21% indicated high interest rates that stop them from getting loans from financial institutions, 25% punitive legal regulations that frustrate small business owners in accessing finance as indicated in table 4.20.

Table 4.21: The major hindrance in accessing finance in your business

	Finance Access Hindrance	Frequency	Percentage (%)
1	Lack of Collateral	81	54
2	High Interest rates from loans	32	21
3	Punitive Legal Regulations	37	25
	Totals	150	100

Results of the study indicated lack of collaterals as the major obstacle for majority to access credit from financial institutions since most of them do not have physical assets to be utilized as collateral. This was in agreement with what credit officer from a micro finance institution said that majority of youths are not in possession of collaterals which act as security in order for them to be in a position to secure loans from financial institutions. Financial institutions require security as a condition to access credit or to be granted a loan. Based on this, the study established that lack of collaterals was the major obstacle hindering youth to access credit in MIS.

4.7.4 The influence of stiff competition in business performance

This study equally sought to determine whether the existence of similar businesses in the area influenced small business performance. From the responses, 68% agreed that to a very great extent that related small business had an influence on the performance as they stated that stiff competition among the small businesses in the area influenced the reduced customer numbers. Another 24% of the respondents indicated that the influence is to some extent, 5% of the respondents stated the influence is to a low extent while 1% stated no influence at all. From the findings, operation of similar business has an adverse influence on performance of small businesses as highlighted in table 4.21.

Table 4.22: Does the existence of similar business in your area influence business performance

Does the existence of similar business in your area influence business performance?			
	Category	Frequency	Percentage (%)
1	To Very great Extent	102	68
2	To great Extent	36	24
3	To some Extent	8	5
4	Low Extent	3	2
5	Not at All	1	1
	Totals	150	100

The results indicated that high number of the participants agreed that stiff competition from the existing similar businesses affects business performance to very great extent. Competition from other businesses in operation offering the same goods and services affects their business performance. The study concurs with Fumo and Jabbur (2011) who pointed out competition as a major obstacle facing success of youth owned small business initiatives.

4.7.5 The influence of inadequate management skills and technology on business performance.

The study sought to understand whether inadequate management skills and use of technology by the SMEs managing and marketing their products and services influence the performance of their own small business initiatives. On the influence of inadequate management skills results indicate that, 58% strongly agreed, 27% agreed, 2% were undecided, 8% disagreed and 5% disagreed. The study found out that inadequate management skills have a negative influences the performance of small business. The findings indicate that inadequate management skills hinder small business performance. The study agreed with a research done by Kenya Agribusiness and Agro industry Alliance, (2016) which established that Lack of managerial skills is an obstacle that hinder success of youth owned small businesses since many youths are ought to use trial and error mechanisms to operate their businesses. This translates to them applying management techniques that only focus on operational plans other than strategic plans for their small business initiatives. Thus, they operate on substandard management techniques compared to big firms, therefore not in a position to handle obstacles that their businesses face in line of operation.

From the findings, majority represented by 41% strongly agreed that use of technology in marketing their products /services influenced their business performance. Another 22% of the respondents agreed to that fact, the undecided respondents were 3%, those who disagreed with statement that use of technology in marketing products and services influence business performance were 19% while 15% of the respondents strongly disagreed. The findings indicate that use of technology such as social media i.e. Facebook, Twitter, WhatsApp and other social media applications in marketing the small business products and services has an influence in its performance. Unfortunately, most of the respondents do not use social media since they do not have smart phones to connect them to social media or to the internet and those who have smart phones do not use them for the purpose of business other than social interaction with their close family members and friends. The study found that most of the youths were not using technology to promote their small businesses. The results are as indicated in table 4.22.

Table 4.23: The influence of inadequate management skills and technology on business performance.

No	Question	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
		f	%	f	%	f	%	f	%	f	%
1	Does use of technology in marketing your products/services influence the business performance?	62	41	33	22	5	3	27	19	23	15
2	Does inadequate business management skills influence performance of small businesses?	87	58	41	27	3	2	12	8	7	5

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter covers summary, conclusion, and recommendations on the findings of the study. It then gives the suggested recommendations for each research question. Additionally, it provides areas of further study and research.

5.2 Summary

The study purpose was to determine factors contributing to the performance of youth owned small businesses in Kenya. The research investigated the following questions: To what extent does individual attributes influence performance of youth owned small business initiatives. How does business socio ecological factors influence the performance of youth owned small businesses; and finally, what are the major obstacles faced by youth in small business. The target population comprised of 409 youth owned small businesses with 201 sample and was complimented by 12 KII information from the respective 12 villages. The study used descriptive research design as it determined and reported things exactly as they were and enabled the researcher to gather data rapidly. Survey was done by questionnaires, including both closed-ended and open-ended and KII guide. Data was then analyzed using descriptive statistics this include frequencies and percentages while the data findings were presented using tables and figures.

5.2.1 Demographic Characteristics

The study findings established that a few the youth owned businesses (36%) were in the age bracket of 27- 30 years with majority of them being (58%). This meant that many business owners were in their active age of their life to engage in different business activities and in making sound decision in business performance. The Majority of the small business owners were married and single. The study had majority of the business owners had 4 to 6 family members in size (29%). Demonstrating the businesses owners had other commitments of providing for their families besides doing business. The study established that respondents had acquired formal education with the majority having acquired College and University education meaning most of them started business because of continued

youth unemployment in the country. Illiteracy was not a challenge in doing small businesses.

5.2.2 Business Registration

The study established that Business registration play big role in small businesses performance. Majority 55% of the respondents runs unregistered businesses that they close their small businesses when hiding from city council Askaris (kanjo) since most of the businesses have not met the ministry of health requirements, not yet acquired business license, therefore recording zero sales or very low sales thus reducing their business productivity during those periods. Based on the results business registration influence performance of youth owned small businesses in MIS.

5.2.3 The influence of Individual/personal attributes

5.2.3.1 The influence of Individual Motivational attributes/ factors

The study established that most of the youths where in various small business engagement with majority doing boda boda business, others operating beauty shops, salons and barber shops, food venting business (coffee and snacks venting, grocery and fruits), tailoring, garbage collection and sanitation, carwash business, cyber cafe, mali mali business, retail shops, electronics shops, mobile and Tv repair shops. The study found out that most the businesses in Mathare were registered which was due to government strictness in following up illegal business and tax payment. Most of the youth small-owned business have been to existence for 2 years. Increased unemployment among youths was the most cited push factor while Financial independence was the most cited followed by social recognition, sense of achievement, availability of financial support, peer influence and availability of open space pull them into small business initiatives thus influencing their business performance.

5.2.3.2. Extent of individual/ personal background attributes on influence performance of youth owned small business initiatives.

The study results established that individual attributes influence the performance of small businesses. Majority of the respondents represented by 52% cited the age of the business owner does not influence performance of small business indicated that age does not

influence the performance of small businesses since performance depends on individual's efforts, although some felt that age has little influence for, they believed that the maturity level of business owner helps them on how to handle their customers depending on their age. The study established that gender of the business owner did not influence performance as cited by many who were 62%, that any gender can run the business without any problem on performance since business performance depends on the owner's efforts to make profit. Further analysis was done on a comparison between gender and the type of business indicated that female are venturing into male dominated businesses. The study findings seemed to suggest that gender-based roles influence performance of influence business performance negatively. The study findings further indicate that male owned businesses seem to be performing better than female owned small businesses.

The family background had an influence on business performance as indicated 77% of the majority respondents that family background could help in improving the operations of business. The study established that experience influence the performance of small business initiatives as agreed by many. Experience helps the owner in handling various business operations with no panic thus improving the going concern of business. Educational level is very crucial towards success of small business initiatives while other respondents indicated that lack of education and illiteracy leads to failure, leading to underperformance of youth owned small businesses. The study established that entrepreneurial skills help to improve small business initiative performance, entrepreneurial competences such as skills and knowledge are essential in entrepreneurship performance. The study also established different aspects of entrepreneurship skills were sufficient in keeping business performing as cited by respondents who were in possession of sufficient Financial Management Skills, as in equipped with Record Keeping, savings, budgeting, innovation, and adoption of skills that kept the business performing.

5.2.3.4 How business socio ecological factors influence the performance of youth owned small businesses

The study findings established that social ecological factors influence like religious the performance of small businesses. Majority of the respondents noted social attitudes positively influenced the performance of small business initiatives. The response from the

respondents and views from the community leaders indicted that the community encourages the youth to engage in small business initiatives and supports them to be self-employed other than involving themselves in crime and substance abuse and this can have a positive influence business performance. Majority of participants agreed that social attitudes from the society does influence the performance of youth owned small businesses.

The study reveals that social support networking influence the performance of small businesses as revealed by respondents that support and networking within their social networks, that is from families, friends, peers, and youth groups increase the number of their clients, new market ideas as well as new opportunities hence improve their small business performance. The findings established that insecurity play big role in performance of small businesses. Respondents indicated that they close their small businesses when there is political instability most especially when the police are chasing after youths who are in crime, fear of loss as a result of looting by the protestors when there is political instability such as pre-elections tensions, post-election tensions and politically instigated violence. The study revealed that political environment could make unfriendly leading to business underperformance.

The study established that access to market positively influence business products and services. The efficient means of transport connecting area of business and market was cited to influence business performance, as the transport accessibility for a business is vital for movement of in and out of the business. The study also established that access to clean water and the cost of electricity positively influence the performance of the business. The study findings revealed that clean water access to small business have an impact on the business as cited that water is essential in business operations while lack of access to clean water may cripple the performance of business like for lack of safe drinking may attract outbreak of diseases which affect the performance of the small businesses. The cost of electricity influences the performance as a challenge to the business performance. Majority cited that the increasing cost of electricity made them not to do business for long hours especial during the night, which in turn influences the performance.

5.2.3.5 The major obstacles faced by youth in small business and how do they overcome those specific obstacles

The study established that the main source of income for the small business. The study revealed that majority acquired their main source of capital from friends and relatives (love money). This shows that majority of youth who own small businesses in Mathare do not have all what it takes to qualify to get loans from financial institutions especially banks. This has affected the performance of many small businesses. Based on the results access to credit influences the performance of small businesses.

The study revealed that many small business owners had never sought or acquired any finances from financial institutions, as it was a challenge in accessing credit due to high interest rates and lack of collateral as a main problem. The hindrances in accessing to business finance was cited as a challenge for lack of collateral as majority did not have physical assets to be used as collateral. In addition, the study revealed high interest rates as a challenge to performance of small business as they could not get loans from financial institutions to expand the business while punitive legal regulations that frustrate small business owners in accessing finance.

This study established that stiff competition from the existing similar businesses affects business performance to very great extent. Competition from other businesses in operation offering the same goods and serves affects their business performance.

The findings indicate that inadequate management skills hinder small business performance. The findings of the study indicate that use of technology such as social media i.e. Facebook, Twitter, WhatsApp and other social media applications in marketing the small business products and services has an influence in its performance. Unfortunately, most of the respondents do not use social media since they do not have smart phones to connect them to social media or to the internet and those who have smart phones do not use them for the purpose of business other than social interaction with their close family members and friends. The study found that most of the youths were not using technology to promote their small businesses.

5.3 Conclusions

From the first objective study found that individual factors that motivate youth into owning small businesses include: unemployment, desire for financial independence, achievement and social recognition. Other factors included: a strong family background and networks, business knowledge and experience, gender, higher educational attainment and entrepreneurial skills. Factors such as age, however, did not appear significant in influencing performance of youth owned small business initiatives.

Objective number two findings concluded that business social ecological factors included: positive societal attitudes, strong social networks, a conducive socio-political environment, easy access to markets and credit influenced performance of business.

From objective three the study concluded that the main obstacles for youth doing business is; access of credit, lack of collateral, high interest rate, punitive laws, stiff competition and inadequate management skills thus affecting the performance of the business.

5.4 Recommendations

- There is need for improving entrepreneurship skills to help in small business owners be competent in running business.
- Government security institutions in Mathare informal settlement should put in place security measures in order to have secure and favorable environment for sustainability of small business.
- The study also found there is need for a stable political environment in order for youth owned small scale business to grow in Kenya.
- The study recommends that financial institutions should create incentives such as low interest rates on small business and improve access to credit with less demands on huge collaterals. They also need time to mature and grow their businesses.
- The government should revise the punitive legal regulation and cost of electricity to help the small business improve their operations and performance.
- Recommendations were that there is need for small business owners to adopt use of technology in marketing their small products and help fight in unnecessary competition.

5.4.1 Recommendation for further studies

This research delved on factors influencing the performance of youth owned small businesses initiatives in Nairobi. The study did not exhaust all factors influencing performance of small businesses. Academicians and researchers desiring to further studies on performance of youth owned initiatives ought to explore other factors not considered in this research.

The study focused on informal settlement setting: therefore, a study of the same nature to be undertaken on other setting like the formal settlement and rural setting for comparison.

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APPENDICES

APPENDIX I: QUESTIONNAIRE INTRODUCTION

Good day. My name is Josephine Makanga a Postgraduate student pursuing a MA degree in at the University of Nairobi. I am currently doing research to establish the factors contributing to the performance of youth owned small businesses in Kenya. My main aim is to identify the knowledge gap and therefore providing practical recommendations to fill in the knowledge gaps pertaining the performance of youth owned small businesses.

Please sign below if you agree to participate.

Sign.

1. What is your age as per last birthday?
 1. 18-22
 2. 23-26
 3. 27-30
 4. 31-35
2. Indicate your gender
 1. Male
 2. Female
3. Kindly indicate your marital status
 1. Married
 2. Single
 3. Widowed
 4. Separated
 5. Divorced
4. Kindly indicate the size of your family.....
5. Indicate your level of education
 1. None
 2. Primary
 3. High school
 4. Collage
 5. University

FACTORS THAT INFLUENCE THE PERFORMANCE OF YOUTH OWNED SMALL BUSINESS INITIATIVES

kindly tick one answer in every question

6. What is the nature of your small business initiative?
7. Is your business registered? 1. Yes 2. No
8. How long has your business been in existence?
 1. Below 1 year
 2. 1year
 3. 2years
 4. 3yearsOthers specify.....

INDIVIDUAL MOTIVATIONAL FACTORS

9. What made you initiate your small business?
 1. Financial independence
 2. Unemployment
 3. social recognition

- 4. To have sense of achievement[]
- 5. Availability of financial support []
- 6. Influence by other youths[]
- 7. Availability of space for my business[]
- 8 Any other

Explain your answer

INDIVIDUAL/ PERSONAL ATTRIBUTES

10. In your own opinion does the age of the business owner influence the performance of small businesses

- 1. Yes []
- 2. No []

11. In your own opinion does gender of the business owner influence the performance of small businesses?

- 1 Yes []
- 2.No []

12. Do you think family background of a business owner determine the business performance?

- 1 Yes []
- 2.No []

13. In your own opinion does experience influence the performance of small business initiatives?

- 1.strongly agree []
- 2. Agree []
- 3. Undecided []
- 4.Disagree []
- 5. Strongly disagree []

14. In your own view does educational level influence small business initiatives performance?

- 1.strongly agree []
- 2. Agree []
- 3.Undecided []
- 4.Disagree []
- 5. Strongly disagree []

15. Do you have any entrepreneurial skills that can improve your small business initiative performance?

- 1.Yes []
- 2. No []

16. If yes, Kindly rate how sufficient are your entrepreneurship skills?

- 1.Very sufficient []
- 2. Sufficient []
- 3. Uncertain []
- 4. Low sufficient []
- 5. Not sufficient []

17. What aspect in your entrepreneurship skills is most sufficient and keeps your business performing?

- 1.Financial Management skills []
- 2.Recordkeeping []
- 3. Savings[]
- 4. Budgeting []
- 5.Innovationand adoption skills []

Any other

Rate whether entrepreneurial skills influence your business performance in terms of increase in sales, increase in profit, customer satisfaction, increase in market share and reduced customer complaints

18. The business has experienced increase in sales.

- 1. Yes ()
- 2. No ()

19. The business has experienced an increase in profits.

1. Yes () 2. No ()
20. The business has improved customer satisfaction.
1. Yes () 2. No ()
21. The business has experienced increased market share.
1. Yes () 2. No ()
22. The youth enterprise has reduced customer complaints.
1. Yes () 2. No ()

BUSINESS SOCIAL ECOLOGICAL FACTORS

23. Kindly rate whether societal attitudes influence the performance of youth owned business
- 1.strongly agree [] 2. Agree [] 3. Undecided []
4.Disagree [] 5. Strongly disagree []
Kindly explain.....
24. In your own view, do you think social support networking has an effect on your business performance?
- 1.strongly agree [] 2. Agree [] 3. Undecided []
4.Disagree [] 5. Strongly disagree []
Kindly explain
25. Kindly rate whether insecurity factors influence the performance of your small business?
1. To very great extent [] 2. To Great extent [] 3. Tosome extent []
4. To a Low extent [] 5. Not at all []
Explain your answer
26. Do you have access to market for your products or services?
1. Yes [] 2. No []
27. Rate how efficient are the means of transport connecting your area of business and market influence your business performance
1. Very Efficient [] 2. Efficient [] 3.Low Efficient []

OBSTACLES FACED BY YOUTH WHO OWN SMALL BUSINESS

28. What is your main source of income?
1. Friends and relatives [] 2. Personal savings [] 3. Inheritance []
4. Government fund loan [] 5. Loans from bank [] 6. Micro finance institutions []
7. Sacco []
29. Have you ever acquired credit from any financial institution?
1. Yes [] 2. No []
30. From your experience, do you find it easy to get funding from lending institutions?
1. Always easy [] 2. Often [] 3. Sometimes easy []
4. Rarely easy [] 5. Never Easy []

31. What are the major hindrance in accessing finance in your business?
- 1.Lack of Collateral 2. High Interest rates from loans
3. Punitive Legal Regulations
- Any other
32. Does the existence of similar business in your area influence business performance?
1. To very great extent 2.To Great extent 3. To some extent
4. To a Low extent 5. Not at all
33. Does use of technology on marketing your products/services influence your business performance?
- 1.strongly agree 2. Agree 3.Undecided 4. Disagree
5. Strongly disagree
34. In your own opinion does inadequate business management skills influence performance of small businesses.
- 1.strongly agree 2. Agree 3. Undecided 4. Disagree
5. Strongly disagree
- Kindly explain

Thank You for your Cooperation

APPENDIX II: KEY INFORMANT INTERVIEW GUIDE

I am conducting research to establish the factors contributing to the performance of youth owned small businesses in Kenya. My main aim is to identify the knowledge gap and therefore providing practical recommendations to fill in the knowledge gaps pertaining the performance of youth owned small businesses. I have few questions for you and hope you will be kind to answer them.

- i. What drives youth to initiate small businesses in Mathare informal settlement?
- ii. What are the major small business initiatives does the youth engage in?
- iii. In your own opinion, do you think the individual attributes of youth owning businesses influence the performance of their business initiatives?
- iv. In your own view, does social cultural factors influence the performance of youth owned businesses?
- v. How does the community view youth own small business initiatives?
- vi. What are the major obstacles faced by youth in small businesses?

END

APPENDIX III: LETTER FROM THE UNIVERSITY



**UNIVERSITY OF NAIROBI
DEPARTMENT OF SOCIOLOGY & SOCIAL WORK**

Fax 254-2-245566
Telex 22095 Varsity Nairobi Kenya
Tel. 318262/5 Ext. 28167

P.O. Box 30197
Nairobi
Kenya

26th October, 2020

TO WHOM IT MAY CONCERN


RE: MAKANGA JOSEPHINE NTHOKI – C50/84902/2016

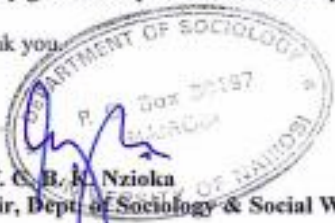
Through this letter, I wish to confirm that the above named is a bonafide postgraduate student at the Department of Sociology & Social Work, University of Nairobi. She has presented her project proposal entitled; **"Factors influencing the performance of youth owned Small Businesses initiatives in Nairobi: A Case of Mathare Infromal Settlement, Nairobi County, Kenya."**

Josephine is required to collect data pertaining to the research problem from the selected organization to enable her complete her project paper which is a requirement of the Masters degree.

Kindly give her any assistance she may need.

Thank you.


Prof. C. B. Nzioka
Chair, Dept. of Sociology & Social Work



APPENDIX IV: TURNITIN REPORT

Turnitin Originality Report

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