

**FACTORS THAT INFLUENCE SUCCESS OF YOUTH ENTERPRISE IN
GARISA DISTRICT, KENYA**

BY
MOHAMED ADEN NOOR

**A RESEARCH PROEJCT REPORT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTERS OF ARTS DEGREE IN PROJECT PLANNING AND
MANAGEMENT OF THE UNIVERSITY OF NAIROBI**

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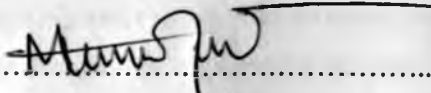


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DECLARATION

This research project report is my own original work and has not been submitted for the award of a degree in any of other University.

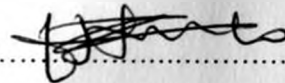
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Date 26/08/10

Mohamed Aden Noor

Reg NO. L50/71943/2009

This research project report has been submitted for examination with my approval as a Supervisor of the University of Nairobi.

Sign 

Date 26/08/2010

DR. Dorothy N. Kyalo

Senior Lecturer, University of Nairobi

DEDICATION

This research project report is dedicated with a lot of respect and appreciation to my loving wife Ebyan Haret and children Hafsa, Hamza and junior Adan who provided an inspiring and conducive atmosphere during my study. May this work inspire you to greater heights of exploration in your desired academic and professional fields. Secondly also dedicate this work to my beloved parents.

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ABBREVIATIONS AND ACRONYMS

ARE	Adult Run Enterprise
BAS	Business Assistance and Support
Bds	Business Development Services
CBS	Central Bureau of Statistics
DCS	Developed Counties
HI V/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ILO	International Labour Organization
LDCS	Less Developed Countries
MDGS	Millennium Development Goals
NGO	Non Governmental Organization
OECD	Organization for Economic Co-Operation And Development
SMES	Small and Medium Enterprises
USA	United State of America
YBI	Youth Business International
YSOS	Youth Serving Organization
VAT	Value Added Tax
YEN	Youth Employment Network

ABSTRACT

Entrepreneurship development is a unique phenomenon in the world today. Indeed, the global focus on employment and wealth creation in the continued development of the Small and Medium Enterprises Sector (SMES) forms the core of entrepreneurship. It was gratifying to note that the youth of Kenya can now be gainfully employed through setting up own business with the help of government funding. Becoming owner of a micro or small enterprise can be an alternative for a young person who has an entrepreneurial mindset but also possess some basic requirements like skills and knowledge.

This study involved a review of relevant literature relating to youth economic and social entrepreneurship, including relevant texts and journal articles, and other publications. It employed a mixed mode approach which involves combining of qualitative and quantitative methods of data collection. Descriptive statistics was used for data analysis where data is tabulated and classified into sub- samples for common, characteristics with responses being coded to facilitate basic statistical analysis.

The study investigated the factors that influence youth entrepreneurship and found out that poor access to start- up financial, inadequate access to entrepreneurship education and training, social and cultural attitude towards entrepreneurship, lack of access to business support and assistance, unfavorable administrative and regulatory framework are the major cause of failure for youth owned enterprises.

In consideration of the findings the researcher recommended that micro-credit programmes should be client focused instead of being product centred, entrepreneurship education should be made compulsory and practical at all levels of education systems, coming up with youth friendly trade policies and finally enhancing the capacity of young people for them to participate in a more stable and profitable sectors such as manufacturing. The recommendations were useful to the government and other youth serving organization that what to use the employment creation potential of enterprises for young people themselves and for others.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This chapter presents the background of the study by focusing on entrepreneurship in general, youth entrepreneurships, its importance to the economy and how it can be a remedy for youth unemployment. Also in this chapter the statement of the problem, purpose research objectives, research questions, justification, significance, scope and limitation of the study are highlighted.

Entrepreneurship is a term that subsumes many issues. It has therefore been defined in very many ways. Rabboir (1995) quoted in shnurr and Newing (1997) lists twenty definitions of entrepreneurship from various authorities on the subject. He concludes that efforts to reach consensus on the subject have not been successful and various analysis are changing their definitions as work, study and experience in the field evolve. This study adopts a definition of entrepreneurship along the lines proposed by Stevenson (1989). According to Stevenson (1989), entrepreneurship is the process whereby individuals become aware of business ownership as an option viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiations and development of a business.

Although data on loan disbursement and repayment is available, reasons for poor repayment of the fund are not available. However, young people who have accessed youth fund even at lower interests rates of 8% claim that their businesses barely survives the first 7 months since inception (District Youth Office, Garissa, 2009)

Garissa District therefore, has a lion share of Youth entrepreneurial projects which take a relatively longer time to recoup the initial investment outlay in youth projects and subsequent loan repayment. The study aims at establishing whether success of youth enterprises in Garissa District is influenced by other factors apart from those that affect enterprises owned by older entrepreneurs. Although the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood, it is apparent that there are little effects to look at the form of youth perspective. Young people generally, in Kenya and in Garissa District in general

seem to be treated as part of the general adult population, while their specific needs and particularly their entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated.

It has been argued that one of the benefits of entrepreneurship and perhaps the most important one is that it creates employment for the young person who owns the business. This is especially the case in an economy subject to renationalization, change and restructuring. Many experts believe that this could bring back the alienated and marginalized youth into the economic mainstream. Curtin, 2000 white and Kenyon, (2000). There may also be direct effect on employment if new young, entrepreneurs will hire fellow youth from the “dole” queues curtain (200). In this way, entrepreneurship could hold address some of the socio- psychological problems and delinquency that arise form joblessness.

Youth- Run Enterprises (YRES) also provide valuable goods and services to society especially the local community. (OECD.2001). This results in the revitalization of the local community. It is also observed that new firms tend to raise the degree of competition in the product market, thereby bringing gains to consumers, (curtain 2000). Youth enterprise also promotes innovation and resilience as it encourages young people to find new solutions, ideas, and ways of doing things through experience- based learning OECD (2001); white and Kenyon, (2000) in certain circumstance young entrepreneurs may be particularly responsible to new economic opportunities and trends. This is especially important given the ongoing globalization process. It is increasingly accepted that youth entrepreneurs can present alternatives to the organization of work, the transfer of technology and a new perspective to the market white and Kenyon (2000).

Although entrepreneurship is increasingly being accepted as an important means and valuable additional strategy to create jobs and improve livelihood and economic modern device of young people schoof (2006), entrepreneurs seems to face challenges that hinders their success. In general entrepreneurs appear to work in a legal and regulatory business environment that is not as conducive to entrepreneurship as more economically developed countries. For example processes around business registration are lengthy and legal requirements around import and export law are

complicated. Secondly entrepreneurs face the difficulty in accessing capital caused by financial institutions, which are typically reluctant to lend to SMEs that fail to meet their high collateral requirements, especially, when viewed through traditional conservative lenses that see only high risk and high transaction cost. It also appears like entrepreneurs in Kenya lack access to market information, skills and knowledge gleaned from practical experience and international best practice. This access is needed to coax political entrepreneurs into the open, enable them to effectively interact with capital markets and help them succeed.

According to the Tectnoserve (2007) while general barriers to successful launch and growth apply to youth such as lack of access to capital young entrepreneurs face specific challenges, often amplified in the case of adolescent girls. Tectnosevve (2007) argues that beyond the general skepticism of small-business start ups that the banks hold, youths also face credibility constraints with potential customers and suppliers who all attend to dismiss the capacity of young people to engage in business and that most young people lack the business network of potential partners and mentors that older entrepreneurs have. In addition it appears that potential entrepreneurs are particularly vulnerable to dissuasion from authority figures and peers who encourage talented young people to seek careers in established sectors and enterprises (such as the civil service or large firms). The education system also promotes routine learning and obedience rather than creativity and innovation.

According to the Kenya national youth policy (2006) a youth in Kenya is defined as one aged 15-30 years. This policy stipulated that by 2006 the population of youth in Kenya was about 9.1 million which accounts for 32% of the population of these, 51.7% are female and 48.3% and males. This segment of the population has a considerable potential to contribute the development of the nation yet many enormous challenges exist that prevent them from exploiting their full potential. These challenges include, among others unemployment, inadequacies of education system, human immunodeficiency virus /acquired immunodeficiency syndrome (HIV/AIDS) crime, drug, and substance abuse.

Entrepreneurship therefore may form part of the solution to youth unemployment which is increasing in many regions and is persistently high through out the world. In

2003, the youth unemployment rate reached the historical peak of 144%, 88 million young people of 47% of the global unemployed. In Kenya youth unemployment rate is 61% of the unemployed population (ILO report 2005) it is because of this high unemployment problem that the government of Kenya concerned the idea of institutional financing by establishing youth kitty. The concept is based on the premises that micro, small and medium enterprise development initiatives are likely to have the biggest impact on job creation. (GOK2008). In order to stimulate youth entrepreneurship, the Kenya government established the youth enterprise development fund in the year 2006 with the sole purpose of reducing unemployment among the youth in the county. The funds strategic focus is on enterprise development as a key strategy that will increase economic opportunities for and participation by Kenya youth in nation building. The government has so far released kshs 1.75 billion to the fund with a further commitment of kshs 500 m in this financial year 2009/2010. The fund has disbursed about ksh 1.335 billions to finance 47,722 youth enterprises and over ksh 322 million to 7,840 youth groups 30th September 2008, GOK (2008). According to GOK (1999) census report the population of youth between the ages 15-35 in Garissa district is approximately 48,700. Data available at the district youth enterprises can be classified as SMEs mostly in the informal sector and in livestock.

1.2 Statement of the Problem

According to study done by youth business international (YBI) at least 20% of the approximately 3000 million, worlds wide are unemployed and underemployed, young people aged 16-30 years have the potential to become entrepreneurs but 5% do. Kenya's economic growth rate has not been sufficient enough to create enough employment opportunities to absorb the increasing labour force of about 500,000 annually. Of the 500,000 only 25% are absorbed leaving 75% to bear the burden of unemployment (GOK 2006). It is because of this high unemployment problem that the government of Kenya conceived the idea of institutional financing by establishing a youth kitty. The concept was based on the premise that micro, small and medium enterprise development initiatives are likely to have the biggest impact on job creation.

The one billion youth enterprise development fund was established on 8th December 2006, in 2007/2008 financial year the government added ksh. 750 million. This fund

has been operational for three years now. According to GOK 2008, in Garissa district a total of kshs1,050,000 have been disbursed to 70 youth groups, out of the amount distributed only ksh 500,000 have been recovered, this translates to poor loan repayment of 51%. Although data on loan disbursement and repayment is available, reasons for poor repayment of the fund are not available. However young people who have accessed youth fund even at lower interests rates of 8% claim that their business barely survives the first 7 month source district youth office, Garissa 2009.

The study aimed at establishing whether success of youth enterprises is influenced by other factors apart from those that affect enterprises owned by older entrepreneurs. Although the crucial role played by entrepreneurship in driving economic development and job creation is increasingly understood, it appears like there are little effects to look at it from youth perspective. Young people seem to be treated as part of the general adult population, while their specific needs and particularly their entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated. There is still general lack of accurate and concrete data on youth entrepreneurship especially as it relate to entrepreneurial frame work conditions and creation of new firms by youth (schoof 2006). The study sought to establish the factors that influence the success of youth enterprises in Garissa district.

1.3 Objective of the Study

The study aims at investigating the factors that impede the running of a successful business enterprise by youth in Garissa district. The specific objectives of this study are:

1. To establish whether social and cultural attitudes of youths towards entrepreneurship influence the success of an enterprise.
2. To establish whether access of entrepreneurial education, training and skills influence the success of an enterprise.
3. To find out how access to finance influences the success of youth enterprise.
4. To assess the influence of business assistance and support on the success of youth enterprise.
5. To determine how administrative and regulatory framework influence success of youth owned enterprise.

1.4 Purpose of the Study

The purpose of this study is to provide information that will help in enhancing business owned by youth by establishing the factors that influence the success of enterprises that are owned by youth.

1.5 Research Questions

The study seeks to answer the following questions.

1. What are the influences of social and cultural attitudes of youths towards entrepreneurship in Garissa?
2. How does access to entrepreneurship education, training and skills influence the success of an enterprise?
3. How does access to finance influence the success of youth enterprise?
4. To what extent does business assistance and support on youth enterprises increase their chances of survival and growth?
5. How does administrative and regulatory framework of business in a country influence success of youth owned enterprises?

1.6. Significance of the study.

The research findings aims at providing policy makers with information on factors that encourage success of youth enterprises, the obstacles that stands on its way and the policy measures that can support it. The recommendations in this study will help in enhancing enterprise development which is an important avenue for job creation for the youth. It will also benefit local communities, the society in which the research is conducted, donors, those that target engagement i.e USAID and the youth in the country.

1.7 Justification

It's believed that lack of capital is the greatest challenge to young entrepreneurs in Kenya. This argument is with time being challenged by lack of concrete data to support it. In addition even with the introduction of youth fund, little improvement has been achieved in the success of youth owned enterprises as compared to those owned by adult.

This study seeks to establish other factors that influence survival and growth of youth owned enterprises in Garissa.

1.8 Limitation of the Study

The study takes into account that time and financial constraints may affect the geographical coverage of the study. In addition it is not possible to study the whole population therefore the study is limited to youth groups that have accessed the youth funds because it is possible to obtain data from the district youth office.

1.9 Delimitation of the Study

The study is limited to Garissa District North Eastern Province of Kenya. Data accuracy will depend on respondents, honesty in answering the entire question. However, to minimize any effect complete instructions will be given in each section of the questionnaires. An interview guide will be used to enhance consistency in interviewing the respondents. The researcher will carry an introductory letter to the authority as he makes a request for permission to collect data. The researcher informs the respondents of the intended exercise earlier in advance.

1.10 Study Assumptions

This study takes into consideration the assumption that variables that will be used in the study are not to change in the cause of the research period and that the respondents will give correct and valid information so as to get valid data. It also assumes that the questionnaires issued will be returned on time and while completed.

1.11 Summary

This chapter highlights the background of the study taking into consideration the statement of the problem, the objectives of the study and research questions. By answering this research question, the objectives of the study will be achieved under the assumptions of the study

Definition of Operational Terms

Youth - individuals within the age bracket of 15-35 years

Entrepreneurship - entrepreneurship is the process whereby individuals become aware of business ownership as an option or viable alternative develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of a business.

Youth entrepreneurship - practical application of enterprise qualities such as initiative, innovation, creativity and risky taking into the work environment (either in self employment or employment in small start ups firms) using the appropriate skills, necessary for success in that environment and culture.

Barriers to entrepreneurship — conditions that stand on the way of an entrepreneur making his/her efforts to create a successful enterprise to fail. Entrepreneurial framework conditions- Conditions that include the availability of financial resources for starting new business venture, government policies and programmes to support new business ventures, the level of education and training for those who wish to be or already are entrepreneurs, access to professional support service and physical infrastructure, internal markets openness, as well as cultural and social norms.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses literature to youth entrepreneurship. It also highlights literature related to the concept of youth entrepreneurship, status of youth entrepreneurship in developing and developed countries, the constraints or challenges to youth entrepreneurship and youth entrepreneurship as an avenue of opportunity. The chapter also involved conceptual framework and operationalization of key variables.

2.2 Youth and Entrepreneurship

Internationally there is no generalized definition of the term youth. Each country has established its own definition of youth based on different cultural, social and economic influence and backgrounds, (White and Kenyon 2001). In Kenya, a youth is defined as an individual within the age bracket of 15-30 years; this definition takes into account the physical, psychological, social, cultural, biological and political definition of the term (GOK 2006). In legal terms a youth from the age of 15 years are defined as economic agents according to ILO conventions, no, 138. However young people are often denied access to credit even through micro- credit schemes because of a requirement for clients to be legal age (18 years and above) to sign a legal contract. Blanchflower and Oswald (1998) suggest that there are five impetuses behind supporting youth entrepreneurship. It promotes innovation, creates jobs, increases competition in the market place, and in addition young entrepreneurs are responsible to new opportunities and trends and with entrepreneurship go increased self-reliance and well being. For the purpose of this study a youth will refer to a person aged between 15-35 years.

2.3 Concept of Youth Entrepreneurship

Before looking at the barriers that impede youth entrepreneurship it is important to have an undertaking of what youth entrepreneurship related to this is the need to understand the importance of promoting entrepreneurship in general and youth entrepreneurship in particular. Thus, the key questions that this section addresses are:

what is entrepreneurship? But given that this study aims towards at least tentative suggestions for the promotion of youth entrepreneurship, it needs more definitional rights. Without it, the issues relating to youth entrepreneurship cannot be properly debated and policy issues cannot be precisely crafted.

The definition of entrepreneurship, and for the purpose of this study, youth entrepreneurship is defined as the practical application of enterprising qualities by youth such as initiative, innovation, creativity and risk taking into the work environment (either in self employment or employment in small start up firms) using the appropriate skills necessary for success in that environment and culture (Schnurr and Newing 1997). The application of these qualities, a process known as entrepreneurship, leads to ventures in the social political or business spheres. The emphasis in this study is on self-employment. We define self employment as anyone who works for himself or herself but for anyone else, except under arms length contracts (OECD 2001)

2.3.1 Categorization of Young Entrepreneurs

Chigunta (2002) proposes abroad categorization of young entrepreneurs into three (transitional) phases. The first category is that of pre-entrepreneurs (in the age of 15-19 years). There are youths in formative stage, are younger and often in transition from the security of the home or education to the work place. But, as curtain (2000) observers, for many young people, the transition from education to work is not a single step of leaving the educational system and entering the world of work. The second category is that of budding entrepreneurs. (in the age of 20-25 years): this is the growth stage. These youth are likely to have gained some experience, skills and capital to enable them run their own enterprises.

According to Chigunta (2002), this group often faces three enterprise pathways of remaining stuck in marginal activities, going out of business and running successful enterprises. The last category according to Chigunta (2002) is that of emergent entrepreneurs (in the age of 26-29 years) this is the prime stage, youth in this group have valuable experiences in business, and a higher level of maturity than youth in the lower age groups. Hence they are more likely to run more viable enterprises, than younger people. However, this kind of categorization can only sever as a broad

suggestion, as transition in the process of youth enterprise development will differ from country to country and from business sector to business sector. Nonetheless, it becomes obvious that observing and recognizing the different development stages and transitions (from school to business and from work/business to business) is crucial for evaluating and designing appropriate policies and strategies to foster youth entrepreneurship.

2.4 The Status of Youth Entrepreneurship and Self-Employment

In the USA, nearly half (40%) of young people finishing secondary school express high interest in forming their own business OECD (2001). Similarly in the United Kingdom, which according to the OECD (2001) is Europe's second most entrepreneurial large economy (to Italy) and has the largest growing itself? Employment rates more than a third of the nation's young people express a desire to start their own businesses and each year about 50,000 of them actually do it.

In France, a survey specifically focused on beginning and finishing secondary school pupils as well as those in the first year study for a BTS (Brevet de Technicien Supérieur), a professional qualifications, conducted in 1999 revealed that 32 percent of the respondents were seriously engaging the creation of an enterprise as their first professional work (OECD 2001) these aspirations are also evident among youth in developing countries. Recent survey data from Malawi and Zambia suggest that slightly over half of the youth express a desire to start their own businesses. In Malawi the research shows that about a third of the youth entrepreneurship want to expand or diversify their business into other ventures, with only 3.0% saying that they would look for a formal sector job Kamewa (2001) equally, in Zambia slightly more than half (50.9 percent) of the employed youth want to start their own enterprises in the urban informal sector, while 19.6 percent they intend to seek informal wage employment (Chigunta 2001). Among the youth entrepreneurs, the majority that is 63.6% of youth proprietors express a desire to grow their business ventures in the informal sector. The expressed desire by many youth to start their own businesses seems to contradict the conventional wisdom that the majority of young people have a negative attitude towards self-employment, especially in the urban informal sector. The current tendency in the literature is to portray youth as job seekers who mainly

view self-employment as a stop gap measures as they wait for better opportunities in the formal sector, (Chigunta 2001)

Indeed in the case of the developing countries it is tempting to dismiss the desire of over half of the youth to set up their own business as a rising form an lack of viable alternatives. This could be true for some youth. But literature reveals that interest is starting or growing an enterprise among young people can be attributed to a complex combination of factors.

Among others, these reflect positive changes in the political and social environment of entrepreneurship and low wages in the formal sector which act as a disincentive to job seekers with entrepreneurial aspirations (Kiambewa 2001) the great interest expressed in expanding an enterprise among youth in both developed and developing countries should be seen in the context of the increasingly importance of self-employment as a source of new jobs and economic dynamisms in both developed and developing countries.

2.4.1 Youth Run Enterprises (YRE) In Developed Countries

While data on exactly how many youth are participating in entrepreneurially- related activities in developed countries have yet to be collected, the few available studies show that young people are actively involved in running their own businesses. In the United Kingdom, a Barclay bank survey (1997) of young entrepreneurs aged 18-24 years (quoted in white and Kenyon 2000) found a flourishing youth enterprise culture. The survey revealed that 65% of the youth entrepreneurs worked form home 40% alone, and 14% had a single employee and about 17% employed six or more people. Most of the YPEs 71% had an annual turnover of under 100,000 (us \$158,000) but about 10% were significantly larger than other. The survey reveled that it costs youth entrepreneurs under age 25 about \$5000 (#7000) to set up their business, although the average cost of all new business in 19997 was \$1100- (\$17400). In the USA, thousands of young people across the country participate in YRES.

In Canada, the OECD report indicates that self-employment among youth, (15-24) rose rapidly in the 1990s. In 1996, it reached 7% as a percentage of the working population form 5.4% in 1989. The same source shows that Australia, some 5.0%-5.5% of the self-employed, an average, are aged between 15-24 years. But the youth

are involved in a limited range of enterprises. Almost 70% of the youth entrepreneurs operate in four sub-sectors, construction personal and other services, retail trade and property and business services. Their penetration rate or share of self employment in each such-sector lies above the average in the first two, but below in the second two. However, older youth aged 20-24 years tend to predominate, while those aged 15-19 years play only a small role.

These data suggest that, although there is flourishing youth enterprise culture in the OECD overall, the participation of young people in self-employment in developed countries is very low. On average, they constitute less than 10% of the total self-employed in developed countries.

In the UK, for instance, the Barclays survey established that the 16-25 age bracket has the lowest self-employment rate (3.3%) and people over 65 years the highest (36%)

2.4.2 Youth Run Enterprises (YRE) In Developing Countries

A study done by OECD (2000) shows that in developing country the rate of self-employed among youth is low compared to adults which is significantly higher than among young people in developed countries. This is particularly the case in countries with slow or stagnant growth. Thus, Sharif (1998) observes that the tendency towards self-employment among youth is much greater in sub-Saharan Africa than in other parts of the world.

Recent survey data from Zambia show that a quarter of the youth (25%) are self-employed, Chigunta (2001). Most of these young people, especially younger youth, tend to be concentrated in marginal trading and service activities. However, there is significant variation according to the age category of youth. The survey results show that only 9.6% of younger youth aged between 15-19 years were engaged in enterprise activities in the informal sector as proprietors. The level of youth participation in the informal sector increased to 33.4% among young people aged between 20-24 years and 57.7% among those aged between 26-29 years, respectively.. This trend continued among other higher aged categories, through, unlike in the case of development counties, started to fall off for those aged 40 years and above.

These findings are supported by evidence from Ghana where a survey of small scale enterprises, revealed that young people owned almost 40% of the enterprises (Osei 1993). But younger youth aged 15-25 owned only 5.5% of enterprises, while those aged between 26-35 years owned 33.8 percent. Similar; evidence from South Africa suggests that the probability of self-employment among young people rises with age (Jewitte 2001).

The evidence from developed countries also suggest that the proprietary participation rate of youth significantly varies according to genders , with young men more likely than young women to be self-employed. The data for Zambia shows that only 5.4% of the younger female youth in the age category 15-19 years were engaged in running enterprises as proprietors compared to 15.1% among male youth. In the age group 20-24 years only a quarter (25%) of the youth were involved in running enterprises compared to just under half (40.3%) of the male youth. Even among youth adults aged between 24-29 years, slightly more males (60%) than females (53%) were engaged in enterprise activities.

These findings appear to suggest the existence of socio-cultural constraints which tend to affect the participation rate of female youth in self-employment. However, were such socio-cultural constraints are largely absent, as is generally the case in developed countries, the rate of female youth proprietors participation appears to be high, and in some cases even higher than that of male youth. In the UK, for instance, the Barclays bank survey showed some 45% of the entrepreneurs were female, while the rest were male. In Australia, the level of female participation in some sectors was even higher than that of male youth. (Weeks and Kenyon, 2000)

2.5: Factors that Influence Youth Entrepreneurship

2.5.1 Social and Cultural Attitude towards Youth Entrepreneurship

The concept of entrepreneurship and especially youth entrepreneurship is not inherent to every culture or society. Creativity and innovation are not always valued traits and appreciation of self-employment by societies values considerably. The social perception of entrepreneurship can therefore act as an incentive and a major barrier starting up in business. As cultural and social backgrounds influence an individuals approach to life, they similarly influence entrepreneurial activity and enterprise

culture. Giib (1998) defined an enterprise culture as set of attitudes, values and beliefs operating within a particular community of environment that lead to both enterprising behaviour and aspiration towards self-employment researchers have for long realized that cultural attitudes influence the entrepreneurial activities of a population a county region or ethic group and that the interaction between culture and entrepreneurship is stronger in the case of some groups than others (Birley 1987) according to McGrath(1992) cultural differences between nations are increasingly understood as an important determinant of a nation level of economic and entrepreneurial development. A cultural environment, in which business failure is treated as useful learning experience rather than a source of stigma, will generally be more conducive to entrepreneurial (OECD 1998).

2.5.2 Social and Cultural Influences Affecting (Youth) Entrepreneurship

Carswel and Ralland (2004) cite religion, cultural aspects and enterprises, as having a complex interdependent relation. Religion, since it can shape the values and beliefs of a person, can have an influence on entrepreneurial behavior in general and nature and the type of business as well as women's participation in particular. However, recent studies on the influence of religion on business provide aquedotal evidence that youth does not ecert as important and influence as might be expected on entrepreneurial behavior (Basu 2002) Carswel and Ralland (2004) show that there is no correlation between increasing ethnic diversity and associated religious value system and a reduction of business start up.

According to Hofstede (1980) culture is the system of collective values that distinguishes the members of one group from another. Hofstede conducted perhaps the most commonly employed approach to understand how values in the work place are influenced by culture. He developed a model that isolates four dimensions to differentiate cultures (uncertainly avoidance). According to Hayton (2002) these values again have an influence on individuals needs and motives for example achievement affiliation or the pursuits of individuals and social goals and their beliefs, behavior and animation for example risk- taking., pro-activeness and self efficacy.

Therefore, differences in these values may have an influence on entrepreneurial behavior and the decision of whether or not to become an entrepreneur. For example

uncertainly avoidance or acceptance in a culture is strongly unlike to the level of risk-taking and pro-activeness of an individual or an organization. Individuals (like entrepreneurs) with high need for achievement such as those in uncertainly accepting something will be more willing to take risks than individuals in uncertainly avoiding Soneties (Kreiser 2003).

2.5.3: The Social Legitimacy and Perception of Entrepreneurship

Cultural values can have important influence on entrepreneurial behavior. However, that does not imply that they are enough to cause or to inhibit the use of entrepreneurial activity social perceptions and perceived legitimacy of entrepreneurship are also an important factors in helping of hindering entrepreneurial behavior. According to Wilkin (1979), the degree of approval or disapproval of business activity will influence its emergency and characteristics, being favored by those environment in which entrepreneurship envying greater legitimacy. How young individual perceive entrepreneurship depends particularly upon their personal environments, their individuals awareness and familiarity with the concept of entrepreneurship and the general reputation, acceptance and credibility of entrepreneurs in society, parents, relatives and friends can have a crucial influence on young peoples options about entrepreneurship, playing a strong people role in importing positive or negative views of business of business. Family background in particular, plays an important role in the formation of a mindset open to self-employment and entrepreneurship (postigo 2003). A national survey of young adults done by development association in 1993 in the US found that there was a strong relationship between having a role model in the form of a parent, family member, or friend and expecting to own business in the future. The environment survey results (2004) confirm this observation. Youths with self employed parents are more entrepreneurial minded (52%) than those whose parents are both, employees (42%).

However, according to Streets and Sykes (2003) for some societies entrepreneurship remains undervalued, compared to for examples, a career in medicine, law with a large corporation or with government. In these societies, perceptions remains that family sacrifices made to help young people gain high level of education are not rapid if they become self employed. The image reputation and credibility of entrepreneurs

in a society can also have a crucial influence on young people's attitude to entrepreneurship and their decision to start up their own enterprise.

Schramm (2002) suggested that high levels of ethical misconduct like corruption and favouritism often imperil the acceptance of entrepreneurship in general and the reputation of entrepreneurs in particular. Young people willing to engage in business, have additionally to cope with the particular reputation and stereotypes given to young entrepreneurs in society and in the business world. Due to their hinted life and work experience, young entrepreneurs are often not taken seriously by older colleagues or business contacts. According to a Barclays bank survey in the UK, not being taken seriously and age decimation by suppliers of customers are two of the biggest problems experienced by young entrepreneurs in the course of running a business. They are perceived as being a greater problem than difficulties in attracting funding.

2.5.4 : Education Skills and Training

Society's approach to education of young people in terms of taught values, self-employment, skills, attitudes and forms of learning is also a crucial factor for entrepreneurial activity. Skills training have precisely to match market needs. It is alleged that there is a crises in education that impedes youth from gaining the skills, necessary to survive in the innovation economy. According to Kellogg, (2006) the traditional school system is failing to meet the needs of youth in this segment, in several dimensions. Overall, the system fails to engage vulnerable youth in learning experiences they find meaningful and challenging. Boredom is rampant in the system and a major cause of high dropouts rates. On the other hand, system is not designed to develop knowledge, skills and attitudes that are important to entrepreneurial success. In even the best schools, the penetration rate on entrepreneurial education rapidly exceeds 2%.

According to Haftendorn and Salzano (2003) many countries, particularly in developing and transitions countries, enterprise education simply does not exist or has not been sufficiently adopted. When not applied in a holistic manner, it is often not including both the in- school and out of school youth DEST (2005), suggests that learning should be directed towards developing in young people those skills,

contingency, understanding, and attributes which equip them to be innovative, to identify create, initiate and successfully manage personal community, business and work opportunities, including working for themselves.

Studies by the Gates Foundation and others show a decisive link between the decision to drop out and the lack of challenge and decision to drop out and the lack of challenge and connection to real-life experience faced by youth in the public schools system. 81% survey respondents in the gates foundation study said that if schools provided opportunities for real world learning (internships, service learning projects and other opportunities) it would have improved the students, chances of graduating from high schools. Although around 70% of youth said they are interested in starting a business, 85% of students said they had been taught practically nothing about or very little about business and how it works (Kellong 2006) successful youth entrepreneurship program approach requires learning in an interactive experiential manner that connects real life economic decision to the institutional learning experience. These programs incorporate technology mentoring, planning and starting of simulated and real business to produce tangible results. Youth graduating from these programs exhibit higher level of achievements, are more prepared to take calculated risks and have increased economic opportunities (Kellong 2006)

An investigation into level of entrepreneurship development within Kenya which focused on the types of training entrepreneurs received outside of academic schooling (for example management technical training, marketing and business counseling) showed that training entrepreneurship is generally lacking in the micro and small enterprise (MSE) sector. On the whole, 85% of the entrepreneurship surveyed had not received any entrepreneurial skills training. For the few that had received training, most received technical (non- business) training central bureau of statistics SME survey, (1999). One can therefore agree that there is a strong relationship between the kind of skills and training that one has acquired prior to starting business and when running and managing that business.

2.5.5: Access to Capital/Start up Financing

The lack of adequate start up finance is one of the most prominent (at least most talked about) impediments to young people, seeking to create their own business

according to the emobanometer survey (2004) young people (aged 15-24) seem to be the strongest supporters of the perception that the lack of available financial support is an obstacle to setting up a business. While potential youth entrepreneurs and existing YRES generally lack access to credit in both DCs and LDCS, the problem is acute on the latter. Not only are there few micro-finance institutions in many countries, but those specifically targeted at youth are even fewer. A review of 902 organizations in 96 countries listed under the micro- credit summits council of practioners revealed only 21 organizations with youth in that tile curtain (2000). Admittedly, there are credit schemes directed at young people in the mainstream micro credit organization, but surveys reveal that youth are an underrepresented group. Lack of sufficient collateral experience and biases further disadvantage young people (Curtain 2000)

It is important to note that many micro- credit schemes especially youth credit schemes have failed in many countries. The cereal message from the failure of these schemes suggests that success or failure in terms of financial viability and servicing the poor, in this case young people largely depends on the design of the programme (Curtain 2000) a number of reasons to explain why micro- credit has neglected young people can be identified.

These include the requirement in most programs for clients to be at least 18 years old to ensure that they can sign a legal contact. Due to the lack of self- sustaining resources, the absence of substantive credit history sufficient collateral or guarantees to secure loans or lines of credit young people are often seen as particularly risky investments and therefore face difficulties in accessing finance schoof (2006). In addition, funds requiring less or no collaterals (except a viable business plan) often charge significantly higher interest rates and fees.

Many programmes at least in Asia are more likely to target married women, as opposed to unmarried women. The assumption is that there is a high risk of default for loans to unmarried girls who might stop paying their loans once they get married. Some programs also have minimum asset requirements to qualify for participation, and these ecludes adolescents for the most part (Esim 1999). According to Schoof (2006) young entrepreneurs often launch their business without carefully estimating the amount of capital (start-up and working capital) they will actually get started.

Many insist that passion and enthusiasm will be enough to get them through the rough periods. Furthermore young entrepreneurs are often not aware of all available types of finance funding forms and special support programmes. They often do not understand the concept, the benefits, the possibilities and the drawbacks of the numerous forms of debt and equity (venture capital) financing (De 2001)

2.5.6 Key Administrative and Regulatory Burdens for Young People

Today, entrepreneurs face numerous administrative burden including businesses registration, tax administration, obtaining investment approvals and business licenses, coping with copy right and patent regulations, competition law, and access to work space and long-term leases, construction and building permits customs clearance, utility hook-ups. According to La Parta (1999) the different existing start-up procedures can be summarized in five categories: screening procedures (for example authenticate company deeds, open a company account and deposit a start- up capital, registering a company at companies registry) tax- related requirements (Register for famous taxes including VAT)

Labour/social security- related requirements (register with pension funds, register for social security, and register for various insurances such as accidents), safety and health requirements (pass inspections and (pass inspections and obtain certificates (e.g obtain environmental certificate, register with the water management and water discharge authorities.

According to Schoof (2006), unfavorable or complex tax systems can kill off new young enterprises in the start up phase and during their critical first few years of business. Particularly young entrepreneurs (teen entrepreneurs) with little experience are either put off by complex tax regulations or are afraid of doing something wrong. Unlike adults enterprises, young entrepreneurs often cannot afford to hire an accountant to assist with tax administration. In many countries property rights are neither adequately defined nor protected. Registering property can be a highly time and cost consuming effort. The world Banks Doing Business database 2005 shows that the time needed to register property can range from 1 day in Norway up to 956 days in crania moreover, these long procedures are often associated with high levels of corruption and favoritism and red tape. Young people without experience and

networks cannot pull strings and are forced to pay unanticipated bribes to accelerate the process putting their young business at risks.

As young people/entrepreneurs in many cases cannot afford to hire a consultant (for example an accountant) it is a complicated task for them to keep track of regulatory changes happed on yearly basis, sometimes even more frequently, reducing young entrepreneurs, planning reliability and putting their business at risk. According to Street and Sykes (2003), trade liberation policies, introduced in many developing counties have increased competition and therefore new businesses do not have the professional management and resources to adapt to a more competitive environment

2.5.7: Business Assistance and Support (Bas) and Business Development Services (Bds)

The more business assistance a young entrepreneur obtain in the start- up new business phases the better his or her chance of creating a successful and sustainable business. Support services, including mentors, support networks business clubs and incubators can hold the key to transforming one person youth start-ups into successful small and medium businesses. Young people, especially outside Nairobi, have few avenues through which to access business training. An investigation into level of entrepreneurship development within Kenya which focused on the type of training entrepreneur received outside of academic schooling (i.e management technical training, marketing and business counseling) showed that training in entrepreneurship is generally lacking in the micro and small enterprise (MSE) sector. On the whole, 85% of the entrepreneurs surveyed had not received any entrepreneurial skills training. For the few that had received training, most received technical (non-business) training (central bureau of statistics). According to Schoof (2006), entrepreneurial isolation, not knowing anyone in the business and the absence (or high entry barriers) of business networks is a common obstacle to start-ups by young people. Business contents are particularly crucial for young and inexperienced entrepreneurs. According to the flash emobarameters survey (2004), the younger the entrepreneur, the more he or she sees the business idea financial support and business contracts as being the most important criteria. The younger's age cohort (15-24 years) tends to be particularly sensitive to this factor. Young entrepreneurs require tailoring made tracking and counseling pertinent to their particular start-ups situation, their

business and the sector it operates in. in many cases there is a lack of the on-the job training focusing on the technical aspects of starting up a business (business plan preparation, project formulations, start up and ministration, procedural details, forms, durations, what to do and in what order, accountancy, taxation (Darby 2004)

As to their age, limited life and work experience, young people demand different treatment in terms of training and counseling. According to whit and Kenyon (2001) counseling young women and men require skills and sensitivity quite different from those required when dealing with adults other important factors when counseling or advising, young men and women about business include the need to help the young man or woman understand difficulties for themselves. Rather than tell a person what is wrong with their business of their idea, give them the tools (for example, techniques of market research, cash flow forecasting and stock control) to find this out for themselves.

According to Street and Sykes (2003) enterprise and support agencies are often not responsible to these circumstances. Moreover, as they have to be self- sustaining, they often design their services to serve the mature SME companies rather than the cash-poor youth business start-ups. In general, there are very few enterprise agencies or centres which provide business advice, training, guidance and specialist access to finance exclusively to young people.

2.6: Youth Entrepreneurship as an Avenue of Opportunity.

Within the framework of potential effort and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and useful alternative for income generation in young people (Ryan 2003) as traditional for life career paths become rarer., youth entrepreneurship is regarded as an additional way of interacting youth into the labour market and overcoming poverty the (2004) supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in model enterprises or as self- employment. Given global demographic trends, important that the social and economic contributions of young entrepreneurs are recognized. Entrepreneurship can unleash the economic potential of young people.

Chigunta (2002) sums a number of reasons for the importance of promoting youth entrepreneurship; creating employment opportunities for self-employed youths as well as the other young people they employ, bringing alienated and marginalized youth back into the economic mainstream and giving them a sense of meaning and belonging. Entrepreneurship also helps in addressing some of the social-psychological problems and delinquency that arises from joblessness by equipping youth with new skills and experiences that can be applied to other challenges in life hence promoting innovation and resilience in youth. It can also promote rental ration of the local community by providing valuable goods and services, by capitalization on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends (Chigunta 2002) entrepreneurship and self-employment can be a source of new jobs and economic dynamism in developed countries. For young people in the formal economy micro entrepreneurship is a bottom-up method for generating an income, self-reliance and a new innovative path to earning a living and caring for oneself (Maxwel 2002)

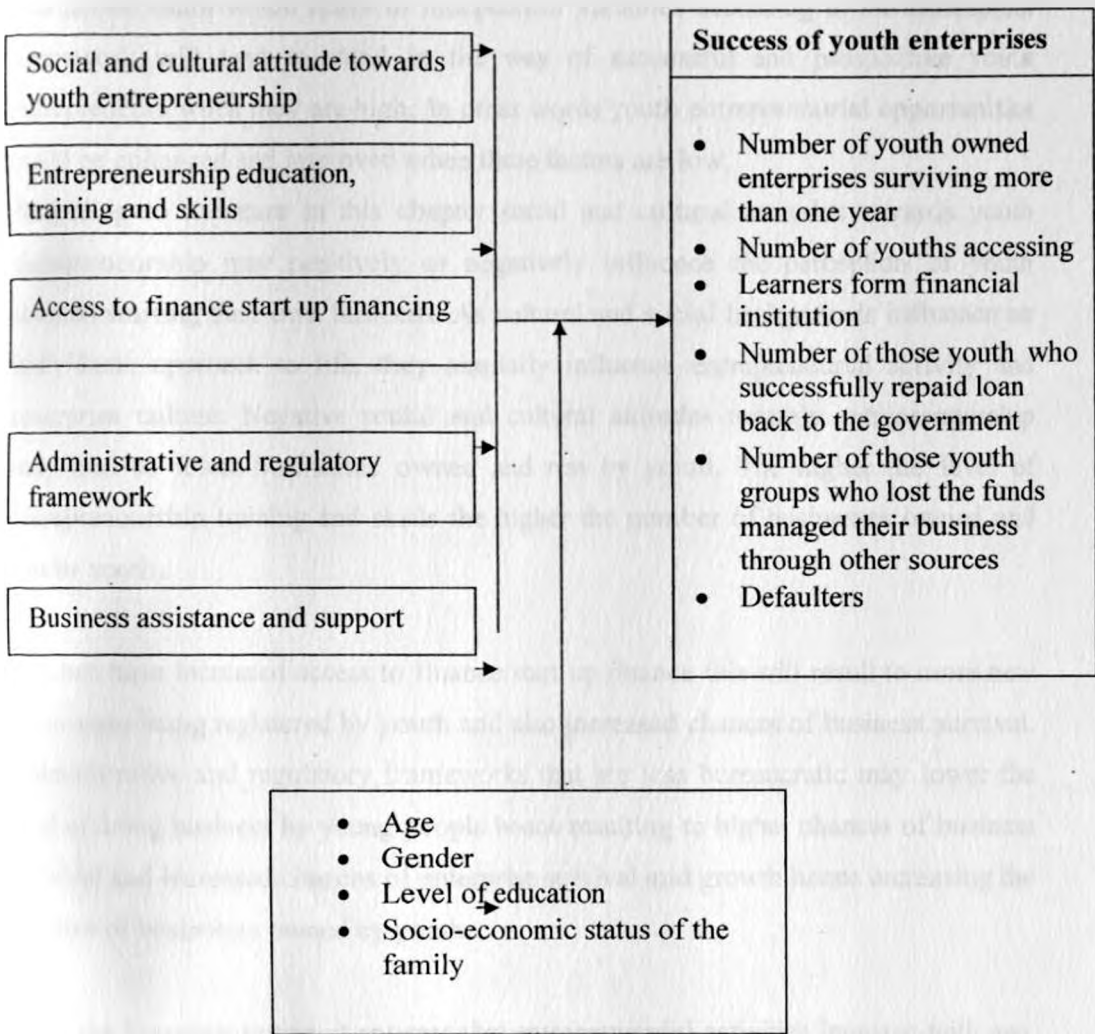
2.7 Conceptual Framework

A conceptual framework for factors that influence youth owned enterprises in municipality division of Garissa district.

Figure 2.1 Conceptual Frameworks

Independent variables

Dependent variables



Moderating variables

Moderating variables

The above factor which refers to independent variables according to the conceptual framework will tend to stand in the way of successful and prospective youth entrepreneurs when they are high. In other words youth entrepreneurial opportunities could be enhanced and improved when these factors are low.

According to literature in this chapter social and cultural attitudes towards youth entrepreneurship may positively or negatively influence the perception of youth towards starting their own business. As cultural and social backgrounds influence an individual's approach to life, they similarly influence entrepreneurial activity and enterprise culture. Negative social and cultural attitudes towards entrepreneurship may lead to fewer businesses owned and run by youth. The higher the level of entrepreneurship training and skills the higher the number of businesses owned and run by youth.

If youth have increased access to finance/start up finance this will result to more new businesses being registered by youth and also increased chances of business survival. Administrative and regulatory frameworks that are less bureaucratic may lower the cost of doing business by young people hence resulting to higher chances of business survival and increased chances of enterprise survival and growth hence increasing the number of businesses owned by youth.

From the literature review it appears that entrepreneurial activities increase with age, and with the level of education, meaning that as one advances in years and in education, he/she is likely to venture into businesses. This may be because youth of between ages 15-24 years are either in secondary schools or in colleges. According to literature more male youths than females venture into business. This may be attributed to cultural age, level of education and gender are therefore moderating factors in this research proposal.

2.8 Summary

In general, data suggest that, compared to adults, young people are disadvantaged in the following areas: more youth face problems of access to resources such as capital:

more young people start their enterprises with lower levels of initial capitals; more enterprises owned by young people have lower market value or inventory; more youth entrepreneurs are engaged in a narrower range of activities more young people tend to operate from homes or streets (lack of access to space) more young people do not bring experience and contacts to the business, and more enterprises owned by youth tend to rely on simple tools or have no equipment at all.

There constraints to expose YREs to greater risk than AREs. the survey results from Southern Africa suggests that lack of experience and expertise, among other factors tend to push potential youth entrepreneurs into high risk and low value of adding self-employment situations where failure to highly probable (Chigunta, 2001: Motts 2000).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introductions

This chapter describes the procedures that will be used in conducting the research. It contains the following topics:

Research design, population, sample and sampling procedure, data collection and data procedures.

3.2 Research Design

Descriptive survey design will be used when carrying out the study. Survey design is particularly assumed to be suited to studies on the individual or institution as a unit of analysis for it is an excellent vehicle of measurement for generalization, Borg and Gall (1999).

Survey is best suited for this study because the population in question is large and it is difficult to observe the characteristics of each individual. It also helps in collecting original data on youth entrepreneurship since data on this area is scarce. This design allows the researcher to generate both numerical and descriptive data that is used in measuring the relationship between variables. The methods is quite appropriate for the study because it assists the researcher to produce statistical information on factors that influence the success of youth owned enterprises Mugenda and Mugenda (1999). The researcher will use questionnaires and structured interview guide to collect data.

In the research, the qualitative and quantitative research paradigm will be used. Qualitative research allows the researcher to exercise judgment and do appraisal and inter predation of the interrelationships that reveal themselves as constitute of many human activities.

Such activities will allow the researcher to determine and attach meaning and significance within wider parading of knowledge. Although it is assumed that an event is best understood and described contextually, qualitative research will allow the researcher to understand the social context better. Quantitative research will be used in this study in order to obtain statistical data which will enable comparison and

analysis of information using statistical methods. The researcher will use both qualitative and quantitative research methods in order to reduce bias.

3.3 Target Population

The universe consists of all young entrepreneurs of between the ages of 15-35 years from Garissa Municipality, Garissa district in north eastern province of Kenya. This consists of youth out of school either in employment or looking for a job.

The study targets fifteen youth groups that had already accessed youth enterprise development fund. The data is available at the district youth office. The respondents will be drawn from the 15 youth groups.

Table 3.1 no. of groups per division

Division	Number of Groups
Central	30
Danyere	10
Sankuri	15
Total	55

Source: District Youth Office, Garissa

3.4 Sample Size and Sampling Procedure

Out of the targeted 55 Youth Groups a sample of 250 youths will be selected to participate in the study.

In selecting the sample all the twenty five youth groups included in the study. Systematic random sampling technique will be used where the leader of each group (chairperson) will have the chance of being selected. The chairperson is an official of the group and is believed to have required information since he/she is charged with the responsibility of managing the group affairs. In situation where the chairperson is not available then either the secretary or treasurer of the group will be selected so as to enhance response. This will yield a sample size of 250 respondents as shown below.

Table 3.2 No. of respondents selected from every division

Division	No of groups	Sample selected from groups
Central	30	15
Danyere	10	5
Sankuri	15	5
Total	55	25

Sample government institutions and its agencies of youth serving organizations will be purposively selected as they are informed on policy issues to get qualitative data and enrich the data to be collected through survey.

3.5 Research Instruments

A survey questionnaire and a structured interview guide will be developed to measure variables. Questionnaires will be used to collect data from the respondents were focus on the altitudes of young potential and existing entrepreneurs towards entrepreneurship, motivational factors, entrepreneurship knowledge and skills, barriers to entrepreneurship and business support needs. Part one of the questionnaire will ask general information about the respondent and his/her business, and part two will be customized to the different groups new point. The variables to be included in the questionnaire will be developed while basing on the literature review.

In depth interview will be carried out on key informants who will be selected for their first hand information on the topic. This research technique will be used together with information from service provides like Government Agents, NGOS, YSO, Banks delivering business support services to young people. It is assumed that the target group may not always be able to articulate their needs adequately because of lack of information and experience. Often, service providers working with the target groups are assured to be in a better position to say their challenges and needs. A total number of 7 service providers will be sampled but only two will be purposively selected for the interview because they are found to be directly working with the youth.

3.6 Piloting

The questionnaires will be piloted on a selected sample of 25 respondents who will be selected from central division. Questions that will be interpreted differently during pre-testing will be rephrased so that they could have the same meaning to all respondents. Also comments that will be made by respondents during pre-testing will be analyzed and considered so as to improve the questionnaires which will be finalized and distributed to respective respondents. The pre-testing of questionnaires will be conducted in similar procedure like the one which will be used during the actual data collection. The pilot study will be conducted in order to enhance the validity of the questionnaire.

3.7 Instrument Validity and Instrument Reliability

So as to improve validity of the instruments the researcher will first pre-test the questionnaire in a pilot study. The responses from the pilot study will be used to guide the researcher in making necessary changes and corrections in the questionnaire in order to enhance its validity.

To test reliability test-retest method will be used in which the same test will be given to the same people after a period of three/four weeks. The reliability of the test (instrument) can be estimated by examining the consistency of the responses between the two tests.

3.8 Data Collection Procedure

In the course of the study primary and secondary data will be collected and used in making various recommendations and conclusion. Primary data for the study will be collected through structured questionnaire and a structured interview guide. The questionnaire will be sent to the respondents through their address with paid postage fee or drop off points. Interviews will be conducted at time and place convenient to the interviewees. Secondary data will be obtained from secondary sources such as academic journal magazine, newspapers, internet and books.

TABLE 3.3 OPERATIONALIZATION OF VARIABLES

VARIABLE	INDICATORS	MEASURE MENT SCALE	TYPE OF ANALYSIS
Independent variable Social and cultural attitudes towards entrepreneurship	<ul style="list-style-type: none"> • Number of male/female youth in specific lines of business e.g manufacturing industry, service etc 	Nominal	Descriptive
Access to finance/start up finance	<ul style="list-style-type: none"> • Number of youth who have accessed funds from financial institutions • Maximum and minimum amount each youth has accessed 	Ratio	Descriptive
Entrepreneurship education and skills	<ul style="list-style-type: none"> • Entrepreneurial skills possessed by youth • Level of education 	Ordinal	Descriptive
Business assistance support	<ul style="list-style-type: none"> • Number of youths in support programmes e.g training, mentorship, counseling, business mentor • Number of organization offering business support and assistance. 	Ordinal	Descriptive
Administrative and regulatory framework	<ul style="list-style-type: none"> • Time taken to register and business and other legislation scale • Level of taxation 	Ordinal	Descriptive
Dependent variable Enterprise success	<ol style="list-style-type: none"> 1. Number of youth owned enterprises serving for more than 12 months 2. Number of youths owned enterprises repaying their loan within the agreed period 	Ordinal	Descriptive

3.9 Data Analysis

In data analysis both quantitative and qualitative methods will be used. Data will be tabulated and classified into sample forms where common characteristics with

responses will be coded to facilitate basic statistical analysis. Descriptive statistic will be used to answer the research questions in relation to the research area.

Descriptive statistic will be used to analyze data collected with the aim of generalizing for the whole population. Quantitative approach of data analysis will be used on aspects that can be quantified such as age number of businesses and number of youths running own business. Quantitative data will be analyzed technically. This will help identify information that is relevant to the research questions and objectives. Data will be tabled and classified into sub-samples for common characteristics with responses being coded to facilitate basic statistical analysis. Microsoft excel will be used to analyze the data which will be presented using frequency tables, percentage charts and pie-charts.

Quantitative approach of data analysis will be used in describing and discussing data pertaining to perception and attitude of youth toward entrepreneurship. In analyzing the data qualitatively the researcher will identify trend patterns and relations of different attributes of entrepreneur such as motivation, attitudes and challenges that entrepreneur face.

Table 3.4 variables and methods of data analysis

	Research questions	VARIABLES		Method of data analysis
		Independent	Dependent	
1	What are the effects of social and cultural attitudes of youths toward entrepreneurship in Garissa	<ul style="list-style-type: none"> • Social and cultural attitudes 	<ul style="list-style-type: none"> • Success of an enterprise 	<ul style="list-style-type: none"> • Percentages • Frequencies
2	Does access to entrepreneurship education, training and skills influence the success of an enterprise	<ul style="list-style-type: none"> • Education level, skills and training 	<ul style="list-style-type: none"> • Success of an enterprise 	<ul style="list-style-type: none"> • Percentage • Mean • Frequencies
3	How does administrative and regulatory framework of business in a country influence success of youth owned enterprise	<ul style="list-style-type: none"> • Administration and regulatory framework 	<ul style="list-style-type: none"> • Success of an enterprise 	<ul style="list-style-type: none"> • Mean • Percentage • Frequencies
4	Does business assistance and support on youth enterprise increase their chances of survival and growth	Business assistance and support on youth enterprise	Success of an enterprise	<ul style="list-style-type: none"> • Frequencies • Percentage • Mean

3.10 Ethical Issues

In this proposal, subjects will be informed about the nature and the purpose of the study. All the respondents information and identity will be kept confidential and information to be gathered will be used for the purposes of the study.

3.11 Summary

This chapter will highlight that the study will adopt a descriptive survey design to assess the factors influencing the success of youth owned enterprises. Systematic random sampling will be done in order to give every entrepreneur an equal chance of being represented. Questionnaires will be utilized as the instrument of data collection and they will be tested for validity and reliability.

While this proposal study will contribute to the knowledge of how to improve and develop success of youth owned enterprises it also maintains utmost confidentiality about the respondents. The respondents will also be given a free will to participate and contribute to the study.

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the findings from the data collected from the sampled youth enterprises owned by youth in Garissa district in north eastern province of Kenya on factors that impede youth owned enterprises in the area. The study sampled 25 respondents who are members of youth groups already funded by youth enterprise development fund. The data was interpreted according to the research question. The analysis was done through descriptive statistics and findings of the study were presented in form of frequency tables, percentage charts groups and pie- charts. The district officer who is also the secretary of the district youth enterprise fund committee from the ministry of youth affairs and sports was interviewed.

4.2 Response Rate

Out of the twenty five (25) questionnaires distributed to the youth entrepreneurs 22 were returned that is 88% response rate. In terms of sub-locations the questionnaire were returned as follows

Sub location	Questionnaire issued	Questionnaires returned	% return rate	Response rate per questionnaire issued
Central	10	9	90	100
Danyere	7	6	85.7	100
Sankuri	8	7	87.5	100
Total	25	22		

Table 4.1 above shows that 88% of the questionnaires issued were returned. Central sub-location recorded the highest rate of return perhaps because more questionnaires were issues compared to other sub-locations. The response rate was 100% meaning that all the questions in the questionnaires were answered.

4.3 Composition of Respondents by Gender and Age

Table 4.2 below shows that female youths are likely to start up their own businesses at an earlier age than males. Even at older age there are more females (22.7%) who own

enterprises than men (18.2%). The highest percentage of respondents (40.1%) was between the ages of 31-35 years and the lowest were between the age 15-18 years with 4.5%. this shows that older youth participate more in entrepreneurship than younger youth. Perhaps this may be because younger youths are likely to be in school than older youths. In general the number of youth who engage in business increase by age.

Table 4.2 COMPOSITIONS OF RESPONDENTS BY GENDER AND AGE

age	Gender				Total	Percentage
	Male	Percentage	Female	Percentage		
15-18	0	0	1	4.5	1	4.5
19-22	1	4.5	1	4.5	2	9.1
23-26	1	4.5	3	13.6	4	18.2
27-30	2	9.1	4	18.2	6	27.3
31-35	4	18.2	5	22.7	9	40.1

4.4 Composition of Respondents by Level of Education

The level of education of the respondents was measured in order to determine whether education plays in role in ensuring the success of an enterprise. Data on the respondents level of education is illustrated in the table 4.3.

Table 4.3 COMPOSITION BY LEVEL OF EDUCATION

Level of education	Frequency	Percentage
Below high school	4	18.2
Secondary	13	59.1
Technical/vocational	3	13.6
University and above	2	9.1

The data in table 4.3 above reveals that majority of youth who are approximately 59.1% engage in business after completing their secondary education. 18.2 is the percentage of youth who are in business and their level of education is below high school. Perhaps this group is learner than that of those in technical and universities because those who do not pursue their academics find lack any other option.

4.5 Sector of Activity.

The sector of the economy in which most of the youth enterprises operated was investigated in order to find out the stability of the enterprises.

Table 4.4 Sector of Activity

Sector	Frequency	Percentage
Extraction	0	0
Manufacturing	0	0
Construction	0	0
Wholesale	0	0
Retail distribution	10	45.5
Transport and communication	5	22.5
Producer services	0	0
Personal services	1	4.5
Agriculture	6	27.3

Data from table 4.4 above reveals that 45.5% of enterprises owned by youth are in retail distribution sector which includes hawking, small kiosks and shops. 27.3% are in agricultural sector which includes livestock and small scale farming while 22.5% are in transport and communication sector which includes porter services, use of bicycles and motor cycles and handcarts. On the other hand none of these businesses were operating within a more stable and profitable sector such as manufacturing, construction extraction and wholesale perhaps this was because youth lack necessary skills, capital and influence so as to enter into these sectors.

4.6 Location of an Enterprise

Location of a business is a very important factor when it comes to the success of an enterprise because it determines access to market and other services.

TABLE 4.5 Location of the Enterprise

Location	Frequency	Percentage
Town	6	27.3
village	16	72.7

Table 4.5 above shows that 72.7% of enterprises owned by young people are located in the village while 27.2% of these enterprises are located in towns. This may affect access to services such as electricity, banking, insurance and even market for their products, it can be argued that the reason why most of them are located in the village is because youth cannot afford to lease premises in towns

4.7 Legal Status of the Business

An enterprise can exist as an informal or registered as sole proprietorship, partnership, private or public limited company. Formal businesses have advantages over informal business.

Table 4.6 Legal Status of the Business

Types of business	Frequency	Percentage
Sole proprietor	10	45.5
Private limited	0	0
Public limited	0	0
Partnership	0	0
Informal	12	54.6

Table 4.6 above reveals that 54.6% of youth owned enterprises are not legally registered and therefore they operate informally. 45.5% of these were enterprises are owned by one person while none operates as private, public or even partnership types of business which enjoy legal entity hence increasing their chances of accessing credit and other trading facilities.

4.8 Status of the Enterprise

The performance status of the enterprises was investigated in order to determine their survival rate, and the findings were presented in the table 4.7 overleaf.

Table 4.7: Status of the Enterprise

Status	Frequency	Percentage
Critical	6	27.3
Struggling	10	45.5
Growing	6	27.3

From all the 22 enterprises that were surveyed 45.5% were struggling to survive while 27.3% were in critical condition. However 27.3% of these enterprises were growing. This was an indication that certain factors may be affecting these enterprises and therefore certain measures must be taken in order to enhance the growth of these enterprises

4.9 Social Cultural Attitudes of Youth towards Entrepreneurship

A cultural environment in which entrepreneurship is respected and valued, and in which business failure is treated as useful learning experience rather than a source of stigma, will generally be more conducive to entrepreneurship motivation to start a business availability of other life sustaining options and the environment and people around a person may determine his/her attitude towards entrepreneurship.

4.9.1 Motivation to Start a Business

Table 4.8 shows the factors that motivate youth to start a business.

Table 4.8: motivation to start business

Reason to start business	Frequency	Percentage
To be own boss	6	27.3
To be respected	4	18.2
Seek challenge	4	18.2
Do something new	2	9.1
Realize ideas/vision	5	22.7
others	1	4.5

Entrepreneurs give different reasons as to why they engage in business. From the table 4.8 above 27.3% of youth engaged in business because they wanted freedom this means they wanted to their own boss. 22.7% entered into business because they wanted to realize their dream or vision. Other reasons that were given are to earn respect form adults, seek challenge or do something new. In general many young people are motivated to engage in business and perhaps this may be an indication that they want to excel.

4.9.2 Options to Start a Business

Table 4.9 below shows data on the number of youth who had and those who did not have other options apart form starting a business.

Table 4.9 Options to Start Business

Option	Frequency	Percentage
Those who lacked other options	15	68.2
Those with options	7	31.8

From the table 4.9 above, 68.2% of youths who were operating their own businesses claimed that they entered into business because they didn't have any other self sustaining option while 31.8% had other options but they opted to start their own enterprises. These two groups gave a very strong indication of willingness to succeed because of the high cost they may pay if they fail.

4.9.3 Influence to Start a Business

The data in the table 4.10 shows how different youth entrepreneurs were influenced by different groups to engage in business.

From the data on table 4.10 overleaf 36.4% of the respondents were influenced by their parents to start-up their own enterprises while 31.8% were influenced by other entrepreneurs, 18.2% were influenced by friends to go into business. This strongly indicated that culture and environment in which a youth grew up may have acted as

motivator for one to start a successful enterprise. On the other hand school teachers and lectures did not play a major role while media and career advisors could have helped in changing the attitude of the youth towards being self employed

Table 4.10: Influence to Start Business

Influence	Frequency	Percentage
Parents	8	36.4
Teachers/lectures	0	0
Career advisors	1	4.5
Friends	4	18.2
Entrepreneurs	7	31.8
Media	2	9.1
Others	0	0

4.10 Government Regulations

Government regulation includes business registration, tax administration, obtaining investment approvals and business licenses, coping with copyright and patent regulations, completion law.

Table 4.10.1 Options of Youth on Business Regulation and Administration

Table 4.11 below shows the opinion of youth on government regulations of business

Influencer	Frequency	Percentage
Parents	8	36.4
Teachers/Lecturers	0	0
Career advisor	1	4.5
Friends	4	18.5
Entrepreneurs	7	31.8
Media	2	9.1
Others	0	0

Table 4.11 Options of Youth on Business Regulation and Administration

Options	Frequency	Percentage
Yes	21	95.5
No	1	4.5

The data from the table 4.11 above reveals that majority (95.5) of youth entrepreneurs believe that youth face administrative hurdles when registering their enterprises while only 4.5% thinks it is easy to register an enterprise. This indicated that youth start facing challenges even before they start operating their own enterprises.

4.10.2 Administrative Hurdles Experienced by Young Entrepreneurs

The data from table 4.1 above shows how the youth entrepreneurs who were sampled ranked different hurdles that they face when registering and running their own businesses.

Table 4.12 Ranking of Administrative Hurdles by Young Entrepreneurs

Administrative	Rank							
	Very serious	Percentage	serious	Percentage	Less serious	Percentage	Don't know	Percentage
taxation	19	86.4	2	9.1	1	4.5	0	0
regulation	18	81.2	4	18.2	0	0	0	0
tax level	15	68.2	5	22.7	1	4.5	2	9.1
bankruptcy laws								
property/copyright	5	22.7	10	45.5	5	22.7	2	9.1
patent regulation	17	77.3	3	13.4	1	4.5	1	4.5
competition laws	16	72.7	3	13.4	2	9.1	1	4.5
subsidy policy	8	36.4	7	31.8	5	22.7	2	9.1
national trade policy								

From table 4.12 above, taxation was ranked as the most serious administrative hurdle with 86.4% while property/copyright laws and national trade policy were ranked as less serious by 22.7% of youth entrepreneurs. A number of youth entrepreneurs lacked knowledge on some of these hurdles. This indicated that youth enterprises were mostly affected by the administrative hurdles because on average 63.6% ranked all the administrative hurdles as most serious.

4.11 Start- Up Financing

The lack of adequate start-up finance is one of the most prominent (at least most talked about) impediments to young people seeking to create their own business. The research wanted to find out the extent to which access to finance or lack of it influence the success of an enterprise. The table below shows the number of youths who accessed finance prior to starting their business.

Table 4.13 Number of Youths who have Obtained Start-up Financing

Opinion	Frequency	Percentage
Yes	15	68.2
no	7	31.8

From table 4.13 above 68.2% of the youth entrepreneurs had accesses any form of financing while 31.8% had not. This did not include youth fund because the groups being studied had already accessed loan from youth fund.

4.11.1 Types of Start- Up Financing

Table 4.14 shows the available avenues available for youth to obtain start- up financing.

Table 4.14 Types of Start- up Financing

Financing avenue	Frequency	Percentage
Family/friends/contact	8	53.3
Bank and other financial intermediaries	6	40
Seed funding	1	6.7
Others		

Table 4.14 above shows that out of those who obtained start- up financing 53.3% got funding form friends family and contact, 40% were financed by banks and other financial intermediaries while 6.7% were financed through government subsidies. Loans form banks usually attract high interest rates therefore much of the profits made by these businesses go towards payment of the loan.

4.11.2 Ease of Accessing Capital

Table 4.15 shows the ease by which youth obtained finance to finance their business activities.

Table 4.15: Ease of Accessing Capital

Option	Frequency	Percentage
Easy	1	6.7
Not easy	14	93.3

Table 4.15 shows 93.3% of those who obtained funding claimed that it was not easy to obtain funding while 6.7% said it was easier for them to obtain funding. This was an indication that youth were facing challenges while sourcing funds either to start or expand their enterprises.

4.11.3 Impediments of Obtaining Funding

Table 4.16: Below shows how youth ranked some of the impediments that they face while sourcing for funds to operate their businesses.

Funding requirements and conditions	One	two	three	four	five	Six
Collateral/assets/guarantees	10	6	3	1	1	1
Percentage	45.5	27.7	13.4	4.5	4.5	4.5
High interest rates and fees	8	9	1	1	2	1
Percentage	36.4	40.9	4.5	4.5	4.5	4.5
No legal status of the enterprise	10	8	1	1	1	1
Percentage	45.5	36.4	4.5	4.5	4.5	4.5
Strict regulations	9	7	2	1	2	1
Percentage	40.9	31.9	9.1	4.5	9.1	4.5
Complex documentation procedures	5	7	1	1	3	5
Percentage	22.7	31.9	4.5	4.5	13.7	22.7

Table 4.16 above show that lack of collateral and lack of legal status for the enterprises were ranked as the greatest impediments to access of finance with a percentage of 45.5% simultaneously. Complex documentation procedures were ranked lowest with a percentage 22.7%.

4.12 Education and Training

Society's approach to education of young people in terms of taught values, self-employment skills, attitudes and forms of learning is a crucial factor for entrepreneurial activity. Skills training have precisely to match marked needs. It is alleged that there is a crisis in education that impedes youth from gaining the skills necessary to survive in the innovation economy.

4.12.1 Role of Education in Creation of Entrepreneurship Culture

Table 4.17 below the opinion of youth concerning the role played by education in creation of entrepreneurship culture.

TABLE 4.17 Role of Education in Creation of Entrepreneurship Culture

Opinion	Frequency	Percentage
No	12	54.5
Yes	10	45.5

Table 4.17 above 45.5% believed that the current education system in Kenya plays a major role in creation of entrepreneurial culture while 54.5% said it does not play a role. This clearly showed why most of those who graduate from higher institutions of learning do not take entrepreneurship as their first career choice but instead go looking for formal employment.

4.12.2 Experiences Useful for Business Career Growth

Majority of the respondents were of the view that business education should be made compulsory in all education levels. Others suggested that business education be made more practical and that every student who goes via the education system be made to undertake an entrepreneur course. There was also a view that there should be a link between an entrepreneurship course offered in school and college and actual business practice in the market.

4.13 Business Support

Support services, including mentors, support networks, business clubs and incubators can hold the key to transforming one-person youth start-ups into successful small and medium businesses.

4.13.1 Access of Business Support Services by Youth

Table 4.18 No of youths who obtained business support

Opinion	Frequency	Percentage
Yes	8	36.4
No	14	63.7

The data in table 4.18 above reveals that 63.7% of youth entrepreneurs did not access business support services such as business counseling, training and mentorship while 36.4% accessed these services. Lack of this support services may have contributed to lack of information such market, tax holidays, business registration, availability of funds which affected the success of this enterprises.

4.13.2 Subjects Offered In Business Support

Different organizations offer different subjects when offering business support services to their clients. The subjects include business counseling, training and mentorship, information technology, management and business skills. The table below shows the subjects offered to youths who accessed business support from different organization.

TABLE 4.19 Subjects offered in business support

Subject	Frequency	Percentage
Information technology	2	25
Management and business skills	5	62.5
Others	1	12.5

Form the data in table 4.19 above 62.5% of the youth entrepreneurs got business support services on management and business skills, 25% on information technology while 12.5% support on other services such as mentorship and business incubation.

4.13.3 Institutional that Provide Business Support Services

Different institutions offer different business support services. The table below shows different organizations that offered business support to youth entrepreneurs.

Table 4.20 Institution that provide business support services

Subject	Frequency	Percentage
Chapter of commerce	3	13.6
Employers organization	1	4.5
Young entrepreneurs club	1	4.5
Bank	3	13.6
Private training company	3	13.6
NGOS	3	13.6
Government	7	31.8
Others	1	4.5

The data on the table 4.2 above revealed that 31.8% of the entrepreneurs obtained business support services from the government directly while employers organizations and young entrepreneurs clubs provided the least services with 4.5% of the youth obtaining support from them.

4.13.4 Valuable Business Support Services

Majority of the young entrepreneurs were for the opinion that if they could access support services such as, business counseling, book keeping, business skill and

mentorship during the start-up phase these businesses would perform better. They also viewed counseling, information communication technology, and marketing and mentorship services as the best support services required by businesses when the business is growing.

Conclusions

The study has shown the primary role of the technology provider in providing all forms of support to entrepreneurs in the start-up phase of the business. This role is particularly important in the start-up phase as it is the most difficult for young entrepreneurs to undertake, especially in the case of women entrepreneurs. The study also shows that the most important support services required by entrepreneurs are counseling and mentorship services. These services are particularly important in the start-up phase of the business as they provide the necessary support and guidance for entrepreneurs to successfully launch and grow their businesses.

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Appendix A: List of Support Services

1. Counseling: 25%

2. Mentorship: 20%

3. Information Communication Technology: 15%

4. Marketing: 10%

5. Mentorship Services: 10%

6. Other: 20%

CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSION CONCLUSION AND
RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the findings; conclusions reached and more of give the recommendations as per the response from the respondents. With your entrepreneurship becoming one of the major sources of livelihood for young people, the success of enterprises owned by youth is of paramount important. The study set out to establish the role played by access to entrepreneurship education and skills, access to finance, business support services, social and cultural attitude of youth towards entrepreneurship and government regulations on the success of youth owned entities.

5.2 Summary of Findings

From the responses given by the respondents the researcher come up with findings which were used to make conclusions and give, recommendations. These findings were as a result of data analysis in chapter four.

In Garissa district the rate of entrepreneurship engagement increases with age. This is because from the survey only 4.5 of the respondents owned enterprises at the age between 15-18 years as compared to 40.1% who were between the ages of 31-35 years. In addition there were more female youth who owned their own enterprises that trials for example 22.7% of female youth within the age bracket of 31-35 years owned enterprises as compared to 18.2% of male within the same age bracket. The study also revealed that many youth would opt for self- employment after completing their secondary education. From this study only 18.2% of youths opted for self employment before completing their secondary education compared to 59.1% who started their businesses after completing their secondary education.

5.2.1 Status and Location of the Enterprise

The study revealed that majority (72.7% of the youth owned enterprises are located in the village compared to only 27.3% which are located in towns in addition 54% of the enterprises are informal in nature where 45.5 operate in retail and distribution, 27.3 in

agriculture sector while none was operating in extraction, manufacturing, construction and whole sale sectors which are stable in nature. Data from the survey also showed that 45.5% of the enterprises were struggling to survive 27.3% were in critical condition and only 27.3 of them were growing.

5.2.2 Social Cultural Attitudes towards Entrepreneurship

Youth have different reasons as to why they engage in business. In this study 27.3% went into business because they wanted to be their own boss, while 22.7% wanted to realize their ideas and dreams 68.2% of those owned enterprise went into business because of lack of other option. The study also revealed that parents had the greatest influence on the choice of entrepreneurship as a career where 36.4% of youth were influence by their parents to engaged in business while none were influenced by teachers and lecturers.

5.2.3 Government Regulations

Youth face regulation and administrative hurdles when starting and running their own enterprise. In this study 95.5% of respondents admitted to have faced these challenges as compared to only 4.5% who said it was easy to register and run their enterprises. In addition 86.4% of those who were surveyed ranked tax regulation, tax levels and completion law as the most serious hurdles with 86.4%, 81.2% and 77.3% respectively. National trade policy was ranked as the less serious hurdle.

5.2.4 Start up Financing

Access to finance by youth of Garissa district is not a major problem. Form the study 68.2% of those who were surveyed admitted to have accessed any form of financing with 53.3% sourcing for funds form family, friends, and their contacts and 40% from financial institutions and only 6.7% accessed seed funding. However, 93.3% said it was easy for them to access findings. Those who were not able to access funding blamed lack of collateral, and the nature of their enterprises being informal and without legal entity.

5.2.4 Education and Training

The current education system does not play a major role in the creation of entrepreneurship culture in our society. This is evidenced by 54.5% of youth in the study who believed that the education they attained in school did not help them to become better entrepreneurs as compared to 45.5% who believed education played a major role.

5.2.5 Business Support and Development

Business support services are not available to youth of Garissa district evidenced in the study where 63.7% of youth operating their own enterprises did not access business support services when starting or running their businesses. Government was the main provider of the business support and development services. 31.8% obtained these services from government while only 4.5% got the services from entrepreneurship clubs.

5.3 Discussion of Findings on Factors that Influence Youth Entrepreneurship in Kenya: A case of Garissa District.

5.3.1 Social Cultural attitudes towards Youth Entrepreneurship

The study revealed that social and cultural attitudes of youth people towards entrepreneurship determined the motivation and influence of young people in creation of success enterprises. For example the study shows that 68.2% of youth who were operating their own business entered into business because they did not have any other self sustaining option while 31.8% had other options but they opted to start their own enterprises.

According to Postigo, (2003), parents, relatives and friends can have a crucial influence on young people's opinions about entrepreneurship, playing a strong role in imparting positive or negative views of business. Family background, in particular, plays an important role in the formation of a mindset open to self-employment and entrepreneurship. A national surveyor of young adults done by development associates in 1993 in the US found that there was a strong relationship between having a role model in the form of a parent, family members, or friend, and expecting to won a

business in the future. The euro barometer survey result, (2004) confirm this observation. Youths with self- employed parents are more entrepreneurial minded (52%) than those whose parents are both employees (42%). According to this study 36.4% of the respondents were influenced by their parents to startup their own enterprises while 31.8% were influenced by other entrepreneurs, 18.2% were influenced by friends to go into business. This strongly indicated that culture and environment in which a youth grew up may have acted as motivator for one to start successful enterprises.

5.3.2 Government Regulations and Policies

Different administration hurdles prevents youth from creating a successful enterprise. The study revealed that 63% of respondents found taxation regulation, tax level, bankruptcy laws, property/copyright/patent regulations, competition laws, subsidy policy and national trade to be the most serious hurdles. These findings concurs with those of (schoof 2006). According to schoof (2006), unfavorable or complex tax systems can kill off new young enterprises in the startup phase and during their critical first few years of business. Particularly young entrepreneurs (teen entrepreneurs) with little experience are either put off by complex tax regulations or are afraid of doing something wrong. This study reveals that 95.5% of youth entrepreneurs believed that youth face administrative hurdles when registering their enterprises while only 4.5% thinks it is easy to register an enterprise.

5.3.3 Start-up Financing

The study revealed that 68.2% of the respondents received a kind of financing to run the businesses and out of those that accessed funding 53.3% was from family/friends and contact which is usually very little. While 40% accessed funds from banks, there is a general view that bank loans come with high interest rates which may eventually eat up the profit made by the enterprise hence its failure.

5.3.3 Education Skills and Training

Youth entrepreneurs need more than access to credit, they also need to know how to develop a business plan, business management, management of business finance (budgeting), time management, stress management, improving sales, managing and reducing costs, debt recovery techniques, stock control techniques, marketing and

recruitment. From the study 54.5% of respondents believed that the current education system does not play a role in creation of entrepreneurial culture. Further more most of the respondents suggested that entrepreneurship education which is offered as an alternative course in colleges and universities should be made compulsory at all levels of education and that it should be practical oriented. Lack of these entrepreneurship skills therefore may affect the success of enterprises owned by the youth.

5.3.4 Business Support Services

According to the study 63.7% of respondents obtained business support services. This business support services were in the form of management and business skills, information technology and marketing. As to their age, limited life and work experience, young people demand different treatment in terms of training and counseling. According to white Kenyon (2001), counseling young women and men required skills, and sensitivity quire different from those required when dealing with adult. Other important factors when counseling or advisor young men and women about business include the need to help the young man or woman understand difficulties for themselves. Rather than tell a person what is wrong with their business or their idea, give them the toll (for example, techniques, or market research, cash flow forecasting, and stock control) to find this out for themselves. However there is lack of youth entrepreneurship clubs and employers organization which offer this business support services therefore leaving the government and its agents to offer the services. This may explain why the services offered are minimal and are designed to suit more mature MSES rather than cash poor youth business start-ups street and Sykes, 2003. Lack of access to business development services especially during the start-up face and when the business is growing may undermine the success of an enterprise.

5.4 Conclusions

Conclusions that were made in this study were based on the findings and the response of the respondents.

In order for enterprises owned by young people to succeed the special need of young people must be considered when polices are being made. A higher number of youth enterprises fail to survive their second year compared to those owned by adult

entrepreneurs. This is a true indication that youth owned enterprises are influenced by other factors apart from those that influence general entrepreneurs.

Social and cultural attitude of youth towards entrepreneurship will influence the motivation to enter into business and commitment that a youth will have towards ensuring the business succeeds. A youth who enters into a business because lack of other option will always be on the look out for other opportunities and when they appear he/she may abandon the business. This is one major cause of failure for many enterprises owned by youth.

Another factor that may cause failure of youth owned enterprises is lack of access to affordable capital. While credit facilities offered by micro-credits and agencies like youth fund are accessible they are still inadequate. While the current education system is doing little towards creation and nurturing of entrepreneurial culture, it is evident that young entrepreneurs should be equipped with entrepreneurial skills in order to enhance survival of their enterprises. There is also a greater need to offer business support and development to youth enterprises such as business incubation, mentorship, and training and information technology skills.

5.5 Recommendations

Based on the findings of the study the researcher come up with recommendations whose aim if implemented would enhance survival and success of youth enterprises. To promote effective micro credit programmes, there is need both to reduce access barriers and design programmes that meet the needs of potential youth entrepreneurs and existing YREs. This will required treating youth as client and not mere programme beneficiaries and shifting the focus form product-centered to customer-based programmes where youth will be treated as normal clients and not a risky group.

Entrepreneurship programmes should be introduced at all school level, not only in colleges. These programmers should be present in other areas of studies and careers, not only business administration. In addition these programmes should have a practical component where learners are exposed in real business environment.

Business support services must be provided to youth entrepreneurs by both government and the private sector. The training should also be extended to service providers in order to improve their professional and technical competence, especially in the areas of programme conception, design, implementation and evaluation. The current education system offer business courses as electives in secondary and universities while these were scrapped in primary schools. I recommended that entrepreneurship studies be introduced and made compulsory at all levels.

Youth entrepreneurs capacity should be enhanced in order to empower them to participate in more profitable and relatively stable sectors such as manufacturing, construction and extraction industry instead of concentrating in informal unstable sector.

Trade polices should be made youth friendly such that a youth who is starting up a business should be given incentives such as tax holiday, free license for a period of time until the business breaks even, set up market space especially for youth entrepreneurs and finally establishing business centers in every district where youth can access business development services.

Financial institutions should be urged to frequently verify their lending and credit scoring critical and constantly customize the collateral conditions towards real life facts of young entrepreneurs.

5.6 Suggestions for the Research

In fact, this study reveals or offers numerous interesting opportunities for further research. In particular, the following issues should be considered.

1. An assessment on the level of participation in entrepreneurial activities in Garissa district
2. An assessment of the impact of mid-and long-term programmes such as youth enterprise development fund, public procurement access to youth enterprises and enterprise education at primary and secondary schools.
3. An investigation into the cause of gender differences in the field of youth entrepreneurship.

5.7 Summary

this study revealed that youth enterprises are greatly affected by poor access to start-up financing, lack of access to entrepreneurship education skills and training, unfavourable government business regulation policies and administration, lack of business assistance and support and social and cultural attitudes of youth towards entrepreneurship. Improve in trade policies, introduction of entrepreneurship education and practical entrepreneurship skills training at all levels of the education system in among the major recommendations made in order to enhance success of youth owned enterprises.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

Dear respondent,

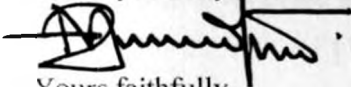
I am a postgraduate student pursuing a masters degree in project planning and management at the University of Nairobi. Am conducting an academic research on factors that impede youth entrepreneurship in Kenya; a case of Garissa district.

This questionnaire is aimed to obtain more information about your opinions, perceptions, experiences and particular knowledge on the challenges and success you have faced in starting and maintaining your business. Your business story and your particular experiences while setting up your own enterprise are highly valuable to this study. They will help in understand the specific constraints and needs of young people who are engaging in business and to come up with recommendations that will effectively improve the entrepreneurial framework for youth. So please tell us your story, how you succeed and what held you back.

I will appreciate it if you could answer the following questions as comprehensively as possible.

Please use the space provided to write your answers and if you need more space, feel free to add more lines, and enclose an additional sheet. If you do not want to be mentioned by name in a later publication, please tick the relevant box and I will ensure your anonymity.

Thank you for your assistance, I appreciate.



Yours faithfully

Mohamed Aden Noor

Tel. 0720782386

Email. Mohanur11@yahoo.com

APPENDIX 2 QUESTIONNAIRE

Please you are requested to complete the questionnaire as honestly and objectively as possible giving as much detail as possible where necessary (Where necessary tic approximately)

Entrepreneur and company information

1. Name (optional)

.....

2. Age

15-18[] 19-22[] 23-26 [] 27-30 [] 31-35[]

3. Sex

Male Female

4. Education

Below high school

Secondary school

Technical & vocational education

University of higher education

5. Do you want to be mentioned by name in a later publication?

Yes No

6. Sector of activity

Extraction (including energy) Manufacturing Construction

Wholesale trade Retail distribution Transport, communication

Producer services (financial intermediation, real states)

Personal services (hotels, and restaurants, health and social works, other services)

Agriculture

7. Is your enterprise based in town or village?

Town Village

8. Legal status

Sole proprietor

Private limited enterprise

Public limited enterprise

Partnership

Informal

Others (explain).....

9. Starting date.....

10. Current situation of enterprise

Critical Struggling to service Growing

I. SOCIAL/CULTURAL ATTITUDE TOWARDS YOUTH ENTREPRENEURSHIP

1. Are you operating youth own business?

Yes No

2. If yes , what has been your main incentive/motivation to start up your own business

To be your own boss To seek the challenge To be respected

To do something new To realize your ideas/vision

To connect your job/business with your passion/hobby

Other reasons (please indicate)

3. Was starting a business your only option or did you have other options?

I did not have other choice

I had other choices, but recognized a business opportunity

4. What is your perception regarding their attitude of (young) people towards entrepreneurship.

.....
.....
.....

5. Who influenced you to start/not to start a business?

Parents and family teachers and lecturers Career advisors

Friends Entrepreneurs media

Others (specify).....

6. In your opinion what measures could improve the acceptance and appreciation of entrepreneurship in society and in particular among young people of your district?

II. GOVERNMENT REGULATIONS AND POLICIES

7. Do you think youth in Kenya face administrative procedures, bureau crazy and red tape when registering their business

Yes No

8. The following regulations have been perceived as distractive hurdles in registering/licensing business. Please tick in the appropriate column the ones that are very serious, serious and the one you don't know their effects.

	Very serious	Serious	Less serious	Don't know
Taxation regulations				
Tax level				
Bankruptcy laws				
Property copyright and patents regulation				
Competition law				
Subsidy policy				
Natural trade, policy				

9. How should the regulatory framework in Kenya be improved in favour of young entrepreneurs?

III. START UP FINANCING

10. Did you obtain any form of start up financing

Yes No

11. If yes, what kind of start- up financing, did you obtain?

Money borrowed from family or friends or personal contacts

Loan from banks, micro- credit institutions, co-operatives, youth funds, NGOS, or others

Seed funding or subsidies from the government and other finances

Others services (please indicate)

.....
.....
.....

12. was it rather easy to obtain financing?

Yes No

13. The following are some of the major impediments to obtain funding from your nearby financial institutions (please rank the ones that applies to your situations ranging from the strongest 1 to the weakest6

Collateral/assets/guarantors

Strict credit-scoring methodologies/regulations

High interest rates and fees

Complex documentation procedures

No legal status of enterprise e.g in the information

Others

14. In your opinion what measures could improve the access to finance for young entrepreneurs in your district?

.....
.....

IV. EDUCATION, SKILLS AND TRAINING

14. Do you think the current education system in Kenya is playing a major role in creation of entrepreneurial culture among the youth?

Yes No

15. Looking back to your education, which experiences have been particularly useful/valuable for your business carrier?

.....
.....

16. How can the educational system in Kenya be made more supportive for young entrepreneurs?

.....
.....

V. BUSINESS SUPPORT (WORKSHOPS, TRAININGS, ADVICE, BUSINESS COUNSELING ETC)

17. Did you receive any business support (workshop, training advice, business counseling, mentoring, etc) before or during the start-up phase of your business?

Yes No

20. If yes, on which particular subjects have you been trained, mentored or counseled?

Information communication technology

Management and business skills like marketing, accountancy export

Others (specify)

21. Which institutions provided these services?

Chamber of commerce Employers organization

Young entrepreneurship club Bank Private training company

NGO

Government

Others (specify)

22. What kind of business support services would have been highly valuable for you?

A. During the start up phase of your business

.....
.....

B. As your business is/was growing

.....
.....

THANK YOU FOR YOUR ASSISTANCE AND YOUR PRECIOUS TIME:

APPENDIX 3: INTERVIEW GUIDE FOR KEY INFORMANTS

Tell us your name, your designation and the organization you work for

.....
.....

1. Does your organization deal with your entrepreneurship?

Social/cultural attitude towards youth entrepreneurship

2. What is your perception regarding the attitude of (young) people towards, entrepreneurship?
3. In your opinion, what measures could improve the acceptance and appreciation of entrepreneurship in society and in particular among young people

Government regulations and policies

4. Do you think youth in Kenya face administrative procedures bureaucracy and red tape when registering their business?
5. How should the regulatory framework in Kenya be improved in favour of young enter.

Start- up financing

6. According to you what are the major impediments to obtaining start- up funding by youth who seek funding form financial institutions
7. In your opinion do you think youth enterprise development fund has helped in increasing entrepreneurial activities in the areas?

Why?

8. In your opinion, what measures could improve the access to finance for young entrepreneurs?

Education, skills and training

9. Do you think the current education system in Kenya is playing a major role in creation of entrepreneurial culture among youth?
10. How can the educational system in Kenya be made more supportive for young entrepreneurs?

Business support services

11. Do you offer business support services in your organizations? If so which ones?
12. Out of the ones you have mentioned which ones are helpful to youth entrepreneurs?
 - a. During the start- up phase of their business?
 - b. As their business grow?

THANK YOU VERY MUCH FOR SPARING YOUR TIME AND FOR THE VALUABLE INFORMATION YOU HAVE GIVEN. GOD BLESS YOU.

APPENDIX 4

YOUTH PROJECT FINANCE AND SERVICE PROVIDERS

1. Youth enterprise development funds
2. First community bank
3. Women concern
4. Women kind
5. Equity bank
6. Garissa teachers SACCO
7. Ministry of youth affairs and sports
8. Kenya commercial bank
9. G -Youth