PURPOSES OF YOUTH ENTERPRISE DEVELOPMENT FUND ON PERFORMANCE OF YOUTH RUN SMALL AND MICRO ENTERPRISES IN RUIRU DISTRICT, KIAMBU COUNTY, KENYA

BY

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DECLARATION

This research project report is my original work and has not been presented in any university for award of any degree.

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This research project report has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This research is dedicated to my family; my mother Sarah Luchera, brother Roland Malika, sisters Shelmith Mituko and Larveen Mbuka and my son Armstrong Amakobe. Their presence was the constant motivation to succeed in this project.
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My special gratitude goes to Prof. J. M. Khalagai whose continuous support and guidance enabled me come up with this research project report. I thank my colleagues especially Nacio Chepchirchir and Francis Kahumbi for their constant encouragement and resourcefulness in both course work and field study. I also thank the Department of Extramural Studies for facilitating us with enough materials and organizing relevant seminars to enable us have easier time doing project papers. I also extend my sincere gratitude to the University of Nairobi for according me this opportunity to study and present my findings through field work.

I acknowledge my family for their continuous support; financial and emotional as well as time. These have helped me in one way or another to come up with this research proposal on time. Lastly and most importantly, I thank the Almighty God for giving me good health and making me of sound mind to undertake this course from start to completion.
ABBREVIATIONS AND ACRONYMS

CBF – Constituency Bursary Fund
CBO – Community Based Organization
CBS – Central Bureau of Statistics
CDF – Constituency Development Fund
C-YES - Constituency Youth Enterprise Scheme
EU – European Union
FBO – Faith Based Organization
FPE – Free primary Education
GoK – Government of Kenya
HIV/AIDS – Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome
KES – Kenya Shillings
MDGs - Millennium Development Goals
NGO – Non Governmental Organization
SMEs – Small and Micro Enterprises
SPSS - Statistical Package for Social Scientists
SSA – Sub-Saharan Africa
UN – United Nations
YEDF – Youth Enterprise Development Fund
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This report is about a study titled, Purposes of the Youth Enterprise Development Fund on Performance of Youth Run Small and Micro Enterprises in Ruiru District, Kiambu County, Kenya. The objectives of the study were to: establish the extent to which YEDF loans, through middle level financial institutions, affect performance of youth run SMEs, examine the extent of influence of YEDF sponsored business incubators on the number and type of youth run SMEs, determine how business linkages created by YEDF affect performance of youth run SMEs and find out how YEDF marketing initiatives impact on performance of youth run SMEs. The descriptive survey research design was employed whereby characteristics of the fund were described on a subset of the population. The target population was made up of 171 respondents. A representative sample of 117 respondents was selected according to Krecjie, Daryl and Morgan table. The study found out that loaning (funding) is not a factor in determining the number of employees a firm would wish to have. However, loaning affects the number of outlets a firm would have, and this, in direct proportion. Secondly, after market for goods and services, infrastructure is a second most important determinant of line of business an SME chooses. The study also found out that supplier/buyer relationship was deemed most important linkage an SME would wish to establish, and that all the SMEs with any relationship had changes in annual revenue. Lastly, the study found out that marketing improves sales in direct proportion. After conclusion of the study, it is recommended that more funds be channeled through the programme to have tangible effects on performance of funded SMEs, funding to each SME be increased to realize a bigger effect of the fund, the fund be diversified to include tangible assets that can be registered in group names and persons in charge of the fund formulate and implement strategies that would realize all the five purposes of YEDF and not just loaning. In conclusion, the fund is a noble idea that needs more resources and commitment by the relevant government department to realize more empirical and tangible results.
CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

Young people form the basis of a society's future. They represent inevitable transition between the children and the old (Chigunta, 2002). Thus, many nations are recognizing the importance of the youth in their development hence formulation of policies and programmes to guide them. On an international level, the United Nations (UN) development agenda is centered on the achievement of the eight Millennium Development Goals (MDGs) incorporated in the UN Millennium Declaration. Each of these Goals relates directly or indirectly to the well-being of children and young people. The global population of young people aged 12-24 years is currently 1.3 billion (Bennell, 2007) representing 20% of total world population as at 2007 (World Bank, 2012). Bennell asserts that youth population is projected to peak at 1.5 billion in 2035 and it will increase most rapidly in Sub-Saharan Africa and South East Asia (by 26 percent and 20 percent respectively between 2005 and 2035). Thanks to the global consensus that led to the adoption of the MDGs, young people are increasingly becoming the focus of international attention. With over 200 million youth living in poverty, 130 million illiterate, 88 million unemployed, and 10 million living with HIV/AIDS, the case for investing in young people today is clear (World Youth Report, United Nations, 2005).

The European Union (EU), in recognition of the importance of the youth in growth and development of a region, met thus the Council Resolution of 27 November 2009 on a Renewed Framework for European Cooperation in the Youth Field (2010-2018). The resolution sought to restrategize on reducing problems faced by children and youth. This Council noted that despite youths in the EU enjoying better living standards, i.e. most living above the poverty line, there still existed pertinent issues like employment and entrepreneurship, health and well-being, participation in public issues, voluntary activities, social inclusion, youth and integration into the world and enhancement of creativity and culture. The EU resolves that member states formulate or amend youth policies and programmes to solve or reduce these problems. This, the commission passed a recommendation for joint co-ordination and intergovernmental participation (Commission of European Communities, 2009).
In Asia, the youth scenario reflects more of the same trend as the rest of the world. Youth population has more than doubled in most Asian Countries, between 1960 and 2000 (Hugo 2006). Fuller and Hoch (1998) describe the Asian youth population as depicting a “youth bulge”. This is the rapid expansion then slow or total decline of the population. This, they say impacts on a region in terms of labour market i.e. excess labour when bulging and labour shortage when declining. Another issue facing Asian youths is unemployment and underemployment. In Indonesia for instance, highest unemployment percentages occur in youth age group as opposed to the rest of individuals, aged 25 years and above (Hugo, 2006).

During the early years of independence, 1960s - 1970s, most of African states did not regard youths as a serious social problem. This resulted in governments and other funding agencies neglecting them (Bennell, 2000). Challenges facing the youth like unemployment, HIV/AIDS, crime, poverty, prostitution, drug abuse and illiteracy have eventually come out in most of SSA countries. These have necessitated interventions from respective governments (Mayor and Binde, 2001; Mkandawire, 1996). In Africa, youths face more problems than in the other continents. These include civil wars, ethnic strife, environmental disasters and unemployment being major (Chigunta, 2002). Most SSA countries have come up with papers and policy documents to address their respective youth situation. In Tanzania, the youth policy was formulated to address engagement of youths in productive sectors of the economy, enable multi-sectoral engagement of the youth in development, reiterate rights of youths and address issues of youth discrimination in public matters (United Republic of Tanzania, 1996).

The Government of Kenya (GoK) defines a youth as a person aged between 15 years and 30 years. Youths account for 32% of total population forming 60% of the workforce, GoK, 2002. The youth situation is representative of the African continent. Challenges that face Kenyan youths include slow rate of absorption into the labour force hence unemployment, low level representation in decision making, limited access to higher education, political manipulation (through forming criminal gang’s) and inability to access investment capital (Mbatia and Mbugua, 2012). In regard to these challenges and many more, GoK created the first Ministry of Youth Affairs in 2005. In 2006, the Ministry formulated the first Kenya National Youth Policy (NYP). In 2007, the government formulated the first Strategic Plan (2007 – 2012) targeting the youth. Mbugua and Mbatia acknowledge that many African states plan and formulate good policies, they only fail at implementation. The Kenyan government, through formulation of the NYP, aims to fulfill several goals. These are; sensitization of national policy
makers on the need to identify and mainstream youth issues in national development, identification of ways of empowering the youth in order to exploit their potential, promotion of a culture of volunteerism among the youth, exploration and suggestion of ways of engaging the youth in the process of economic development, identification of constraints that hinder the Kenyan youth from realizing their potential, proposition of ways of mentoring the youth to be just and morally upright citizens and promotion of ethos of honest hard work and productivity among the youth, GoK, 2002. In this regard, this study seeks to follow up on the second aim of NYP: identification of ways of empowering the youth in order to exploit their potential, which was facilitated mainly through formation of the Youth Enterprise Development Fund (YEDF).

1.2 Statement of the Problem

Kenya as a developing nation, has initiated many programs and set policies to enable it achieve middle income status. It has also prepared economic plans (like the Sessional paper No. 2 of 1992 on Small Enterprise and Jua Kali Development in Kenya, Vision 2030 blueprint, Economic Recovery Strategy for Wealth and Employment creation, 2003) as well as been a signatory to international agreements like the MDGs to assert its commitment to turning livelihoods of its citizens for the better. In 2003, the new National Alliance of Rainbow Coalition (NARC) government initiated changes in government procedures. It majorly introduced the concept of devolution and more specifically financial devolution. This saw the formation of devolved funds like Constituency Development Fund (CDF), Free Primary Education (FPE), Constituency Bursary Fund (CBF), among others. Later, YEDF was established via The Government Financial Management (Youth Enterprise Development Fund) Regulations, 2006 which was repealed by YEDF order of 2007 (GoK, 2007). This fund’s purposes, as per the youth enterprise development fund order, regulation 4, are to: provide loans to existing micro-finance institutions, registered non-governmental organizations involved in micro financing, and savings and credit cooperative organizations for on-lending to youth enterprises; attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks markets or business incubators that will be beneficial to youth enterprises; support youth oriented micro, small and medium enterprises to develop linkages with large enterprises; facilitate marketing of products and services of youth enterprises in both domestic and international markets; and facilitate employment of youth in the international labour market. In this regard, the study would like to find out how YEDF, through these
purposes, affects performance of youth run Small and Micro Enterprises (SMEs) in the study area and to be able to inform the government and other interested stakeholders of actions that will realize most returns for this devolved fund.

1.3 Purpose of the Study

The study would like to establish how YEDF affects performance of youth run SMEs in Ruiru District of Kiambu County. Information on performance of SMEs will be given by revenue trends; number of employees in an SME and number of outlets a particular SME has.

1.4 Objectives of the Study

The study will be guided by the following objectives:

i. To establish the extent to which YEDF loans, through middle level financial institutions, affect performance of youth run SMEs.

ii. To examine the extent of influence of YEDF sponsored business incubators on the number and type of youth run SMEs.

iii. To determine how business linkages created by YEDF affect performance of youth run SMEs.

iv. To find out how YEDF marketing initiatives impact on performance of youth run SMEs.

1.5 Research Questions

i. How do YEDF loans affect performance of youth run SMEs?

ii. What is the influence of YEDF sponsored business incubators on the number and type of youth run SMEs?

iii. How do business linkages created by YEDF affect performance of youth run SMEs?

iv. What is the effect of YEDF facilitated marketing on performance of youth run SMEs?
1.6 Significance of the study

Devolution is an idea that has gained popularity in Kenya. The YEDF, as one of the means of financial devolution, aims at empowering the youth to spur economic development of Kenya as a whole. This study aims at evaluating the functions of YEDF on performance of youth run SMEs. The findings of this study will be important to GoK as findings will be able to advice on amendment, maintenance or discontinuation of YEDF. Development partners too can use the findings to determine feasibility of any planned similar programmes. Findings will also contribute to the body of knowledge of Project Planning and Management that is, it gives insight on monitoring and evaluation of funding programmes.

1.7 Scope of the Study

The study will be carried out amongst YEDF sponsored; youth run SMEs in Ruiru District of Kiambu County. Ruiru District is formerly Ruiru Division which was one of the six divisions of Thika District (GoK, 2005). As at 2009 population census, Ruiru district had a total population of 241,007 persons and a youth population of 117,373 youths, CBS, 2010. The youths represented 48.7% of the total population in the study area (CBS, 2010).

1.8 Basic assumptions of the study

The study will assume that there exist a representative number of SMEs that can be used to generalize the findings to the whole of Kenya. It is also assumed that respondents will provide information without bias or prejudice.

1.9 Limitations

It is anticipated that various challenges are likely to be faced when undertaking the study. These include inaccessibility of data, lack of up to date data, unwillingness by some respondents to answer questions, unanticipated occurrences, among others. These limitations will be overcome through searching for relevant up to date data, developing good rapport with the respondents for them to respond to the questions better and looking for data from all possible sources.
1.10 Definition of Significant Terms

**Business Incubator** – Parks or areas set aside and which are provided by YEDF with necessary conditions for supporting SME growth and development.

**Entrepreneurship** - Entrepreneurship is the practice of organizing, operating and assuming the risk for a business venture.

**Performance of SMEs** – measured by changes in revenue, number of employees, number of business outlets or changes in stock of particular SME in intervals of one year.

**Youth** - any person aged between 18 years and 35 years (as defined in the Youth Enterprise Development Fund Order, 2007)

1.12 Organization of the Study

The study is divided into chapters with specific themes and sub-themes. Chapter one deals with background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, scope of the study, limitations and delimitations of the study. The study also presents the basic assumptions, limitations of the study, delimitations, significance of the study, definition of significant terms as used in the study and organization of the proposal.

Chapter two describes literature review of the topic under study from countries such as Indonesia, Zambia, Nigeria, South Africa and Belgium which then narrows down to Kenya.

Chapter three covers the introduction, area of study, research design, target population, sample and sampling procedure, research instruments, data collection procedures, validity and reliability of the instruments, data analysis methods and summary of the whole chapter.

Data is presented, interpreted and analyzed in chapter four while chapter five gives summary of findings, conclusions and recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents reviewed literature which is related to the proposed study. Literature was discussed under subtopics that include loaning and SME growth and development, business incubators and SME growth and development, marketing channels and SME growth and development and business linkages/networks and SME growth and development. Later in the chapter, Youth Enterprise Development Fund, Knowledge Gaps, Theoretical Framework and Conceptual Frame Work are also discussed.

2.2 Loaning and SME Growth and Development

In 2004, Organization for Economic Co-operation and Development (OECD) held a conference in Istanbul, Turkey. Its recommendations stated that member states take steps to increase the ability of financial institutions to raise profitable SME lending programmes, while prioritizing the advancement of innovative solutions to collateral issues, such as the recognition of more flexible forms of collateral. The lending programmes were to also use group guarantees and loan guarantee schemes for SMEs and more emphasis on cash flow than balance sheets in consideration of borrowing capacity. Lending programmes were to also use simple and effective credit application evaluation methodologies. Governments and other development partners were to set up initiatives to avail investment funds to the youth at affordable interest rates as well as minimized conditions for accessing these funds. Funding SMEs has been found to have a positive effect on firm growth, indicating that external finance positively correlates to firm growth (Bilitis, Cauwenberge and Bauwhede 2011). In developing countries, Aryeetey et al, (1994), noted that among many challenges that face SMEs growth and development was accessibility to investable finances.

The Republic of South Korea engaged development partners in the venture of developing and nurturing its SMEs to sustainable levels. On July 27, 2005, it agreed to establish a US$40 million trust fund with the Inter-American Investment Corporation (IIC) through the creation of the Korea-IIC SME Development Trust Fund. The goal of which was and still is to develop and
implement programs that can help SMEs in the South Korea. Specifically, the program was to respond to the needs of SMEs in helping them finance feasibility studies. This was based on the knowledge that SMEs lacked sufficient in-house personnel that could carry out such studies and also limitation of financial resources to fund these studies. Through the program, 13 companies from various sectors received resources to carry out feasibility studies. These ranged from marketing to financial viability of projects. With this kind of agenda, the IIC and Korea provided prop up to SMEs to make knowledgeable decisions based on quantifiable data. Data which was obtained through feasibility studies and which was to be used to assess the viability of expansion plans and help them conquer new markets - Government of the Republic of Korea.

In Zambia, the government started loaning funds to the youths through financial intermediaries in 1986 (Hyman, Strauss and Richard Crayne, 1993). The initiative did not realize intended goal, spurring SME growth and development, because of high administrative expenses of servicing small loans. More so, borrowers were widely dispersed or in inaccessible locations that costs of administration outweighed the benefits in the long run. The other problem was that most beneficiaries thought the funds were out of welfare and so did not make an effort to repay hence fund was not replenished to cater for other borrowers. The small pools of finances also lost value rapidly, owing to concessionary interest rates below inflation and to poor repayment rates (Hyman, Strauss and Richard Crayne, 1993).

South Africa and Tanzania recognized the need to assist youths in their respective national youth policies. South Africa’s National Youth policy did not mention loaning in itself but collectively recommended that its government strengthen entrepreneurship-related training and funding, for programmes such as the new venture creation (SA Government, 2009). Tanzania employed a sectoral approach to solving youth issues. It charged the Ministry of Finance with the obligation of enabling other financial institutions access funds for on lending to youths as soft loans for new venture creation (Tanzanian Government, 1996).

Kenya initiated and is still initiating many programmes that aim at providing funds for infrastructure, investment and other social needs like health, education and general welfare. This can be inferred from the draft Citizens’ report card on devolved funds in Nyeri District, 2007. These programmes include; Constituency Bursary Fund, Constituency Development Fund, Local Authority Transfer Fund, Community Initiative Account (HIV/AIDS Fund), Poverty Eradication Loan revolving Fund, Community Development Trust Fund, Water services Trust Fund, YEDF,
Road Maintenance Levy and Free primary Education Fund. In this case, we are interested in studying extent of YEDF on four of its core purposes.

2.3 Business Incubators and SME Growth and Development

Business incubators are parks that provide subsidized conditions that enable simple and cheaper process of creating new small enterprises (Oyeyemi Adegbite, 2000). Some earlier scholars like Marshall refer to business incubators as business clusters (Marshall, 1966). In his work about industrial districts, Marshall says that businesses with similarities, especially small ones, will tend to locate in a geographically defined area to enjoy benefits of economies of scale (Marshall 1966). These include increased efficiency in running of SMEs, higher innovativeness and inventions since labour is highly divided and specialization is the survival factor (Asheim, 2000). A business incubator is a narrow idea of growth pole concept advanced by Perroux's through his work on development and growth poles (Steiner, 1998). This is because in the growth pole concept, emphasis was placed on geographical location of industries in one area to benefit from complementarities and sharing of common resources as well as market hence spur development. Business incubators, in the same sense, are to geographically bring together SMEs which can share resources like market and labour for economic development and employment creation albeit at a smaller scale.

Most regional and national governments have realized need for SMEs especially in employment and general economic development (Rocha, 2004), hence the need to create artificial business incubators. Business incubators are created through provision of comprehensive and integrated range of services like easy access to markets, common factors of production like business parks, entrepreneurial training and counseling; and policies to limit entry and exit of competitors/complimentary players in the business. Oyeyemi further says that a broader definition of business incubators should be adopted. This, he says, business incubators could range from technopoles and science parks, which are essentially real estate operations and on the other hand, organizations which have no single location and concentrate instead on managing a network of enterprise support services, the so-called incubators without walls.

Central and Eastern Europe countries’ support for SMEs was an intervention that was undertaken after collapse of communism in early 1990s onwards, Bateman, (2000). This was to be managed by several Business Support Centers (BSC). The BSC were structured to be private sector-led, financially self-sustaining, to involve minimal local government participation, and essentially pressed into focusing upon support initiatives. BSCs formed business incubators for
SMEs, not mainly to support SME growth and development, but to earn themselves income from development partners. They were not successful in increasing SMEs in the region because there was improper screening of investors who wanted to establish in the incubators hence occupants were not very economically significant. Technical services which were to be offered in business incubators were not provided hence areas were not attractive for young business development and growth (Bateman, 2000).

In Indonesia, the government developed numerous SME development strategies among them a department to create clusters or business enterprise incubators (Tambunan, 2008). These clusters were charged with promoting new entrepreneurs hence enterprises. Clusters have been enabled in Indonesia through export training and support for participation in trade fairs, and investment in improvement of the regional infrastructure (container facilities, roads, and telephones), helped the clusters to gradually develop export markets. From their cross-country study (Acs and Szerb 2007)

In Nigeria, business incubators were created with the following objectives: they were to work as catalysts in promoting the emergence of small and medium scale enterprises, to reduce the failure rate of new SMEs through offering entrepreneurs a superior base of operation in their formative years, to carry out outreach programmes aiming at small scale entrepreneurs beyond the confines of the incubator centres, to serve as pilot demonstration centers leading to the establishment of several business incubators all over the country, to promote entrepreneurship development and technological innovation, especially at the grassroots and to galvanize the nation's abundant supply of human and material resources in productive endeavours through an increasing number of SMEs (Oyeyemi, 2000). Business incubators in Nigeria had a core mandate of enabling SMEs to develop and when sustainable, to relocate to areas outside the incubator to free space for other potential establishments. However, this failed as most SMEs that resulted were reluctant to move because rents outside business incubators ware almost double and entrepreneurs argued that the government had not allocated other suitable sites for the SMEs.

In Zambia, business incubators were created, though of very small capacities, to stimulate SME growth and development (Hyman, Strauss and Richard Crayne, 1993). These incubators were organized in such a way that sites provided non-infrastructural facilities like secretarial and bookkeeping services; engineering, drafting, marketing, and legal services as well as machinery for common use, computers and transportation services. SMEs would make a profit with bulk
ordering as well as reduce chances of political interference. In Zambia though, many firms feared agglomeration as they thought they would be noted by the government for taxation and other strict legislations. However, no studies were conducted to determine whether common-site facilities or incubators would have stimulated growth and development of SMEs in Zambia. It is also believed that establishment of business incubators created artificial demand for subsidized workspaces hence dependency on sponsoring agencies (Hyman, Strauss and Richard Crayne, 1993).

Kenya has started and developed several business incubators. The most popular one is Konza Techno City which is still in planning stage, being a vision 2030 flag ship project. The project is aimed to create an environment conducive for ICT innovation and invention as well as form a base for business processes outsourcing for Kenya and Africa as a whole, Kenya Vision 2030, 2007. The other business parks include Export Processing Zones and designation of special zones in towns.

2.4 Business Linkages/Networks and SME Growth and Development

Business linkages are the associations that exist amongst businesses and or with other stakeholders for information, business, skill, policy formulation and capital exchange or referral. This exchange is normally for the benefit of both parties.

Networks of all types are imperative because the tiny size of many enterprises (which include all SMEs) in developing countries, normally negatively affect transaction costs, scales of economies, and the constancy of production quality (Fafchamps, 2001). Business linkages/networks and industrial clusters can assist in overcoming some of the disadvantages of tininess through their creation of positive externalities (Mambula, 2002). These linkages/networks may also aid to overcome some of the information failures associated with markets in developing countries. Networks of entrepreneurs within developing countries can have important impacts on shaping policy conducive to entrepreneurship in developing countries (Acs and N. Virgill, 2010). Brautigam, Rakner and Taylor introduce the concept of “growth coalitions” or partnerships between business networks and the government for the purpose of promoting economic growth and development (Bräutigam et al., 2002). They find that these groups are most successful where they consist of a wider cross section of businesses rather than only one specific industry (Bräutigam et al., 2002).
Business linkages/networks are considered to be valuable assets that facilitate possession of resources, skills and knowledge critical for firm’s continued existence and development (Dyer and Singh 1998). There is evidence suggesting that SMEs, in particular, benefit from networking (Julien 1995). SMEs often lack adequate resources and information to deal with the fast changing business environment in which they operate. Through networking, they can timely and cost-effectively obtain the information and skills necessary to remain viable, Bilitis, Cauwenberge and Bauwhede (2010), Gulati and Higgins (2003), OECD (2004).

In Belgium, a professional organization mandated itself to facilitate linkages between large enterprises’ management and SMEs’ management. This was found to increase a firm’s effectiveness towards its goals and objectives as well as growth though not in terms of employment, Bilitis, Cauwenberge and Bauwhede (2011).

It has been observed in recent years that the production linkages between SMEs and large enterprises in terms of subcontracting in Indonesia has become increasingly important because of the trend towards what Richard (1996) called “diverticalization.” Large enterprises, in order to remain viable, increasingly focus on core ability of SMEs and buy in other products and services. They thus serve as markets for SMEs. Therefore, these SMEs will grow along with the growth of large enterprises in the course of economic development.

2.5 Marketing Channels and SME Growth and Development

According to Chambers Concise Dictionary, marketing involves techniques or processes that facilitate sale of product or service. These processes include promotion (advertisement), distribution and development of particular products or services.

Lack of access to international markets has been observed as one of the major constraints facing SMEs in developing countries (Anheier and Seibel, 1987; Aryeetey et al, 1994). Creation of business incubators/clusters facilitates marketing since businesses are empowered to enjoy benefits of agglomeration, of which, marketing is a benefit.

Formal marketing channels in Kenya are organized in terms of co-operative societies though large scale producers market as individuals. Such co-operatives include Coffee Planters Union, Sugarcane Out Grower Cooperatives, Pyrethrum Farmers Association and many others. Internationally, the government markets through Export Processing Zones and the Export Council. The Ministry of Co-operative Development and Marketing is charged with marketing of goods and services produced by Kenya through creation of an enabling environment. Otherwise
for the Kenyan case, enterprises carry out their own marketing through various means accessible and affordable to them.

2.6 Youth Enterprise Development Fund

The YEDF was conceived in June 2006 by the government as a strategic move towards arresting unemployment amongst the youth. YEDF was established via The Government Financial Management (Youth Enterprise Development Fund) Regulations, 2006 which was repealed by YEDF order of 2007 (GoK, 2007). According to an economic survey conducted by the GoK in 2008, Seventy five percent (75%) of those unemployed were the youth. The government set aside Kshs. 1 billion in the 2006/07 and subsequent fiscal years budgets to fast-track this initiative.

The 11-member Advisory Board of the Fund was gazetted on 31st January 2007 and it was 60% private sector dominated. The Youth Enterprise Development Fund was officially launched on 1st February 2007 by His Excellency President Mwai Kibaki. This launch marked the beginning of the Fund disbursement process to the youth enterprises through the Financial Intermediaries and the Constituency Youth Enterprise Scheme (C-YES). The Objectives of the Fund were to; provide loans to existing micro-finance institutions (MFIs), registered non-governmental organizations (NGOs) involved in micro financing, and savings and credit co-operative organizations (SACCOs) for on-lending to youth enterprises; attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks, markets or business incubators that will be beneficial to youth enterprises; support youth oriented micro, small and medium enterprises to develop linkages with large enterprises; facilitate marketing of products and services of youth enterprises in both domestic and international markets and facilitate employment of youth in the international labour market, (The Youth Enterprise Development Fund Order, 2007)

In each financial budget, one billion Kenya shillings is allocated to YEDF and is distributed as follows: Kshs. 210 million is allocated to parliamentary constituencies to finance youth groups. Each Constituency receives Kshs. 1 million. Kshs. 690 million is channeled through Financial Intermediaries to finance all legally recognized forms of youth-owned enterprises and Kshs. 100 million was set aside to cater for the other objectives of the Fund that entail commercial infrastructure development, linkage schemes, marketing of products/services of youth enterprises, labour export scheme, and also finance some administrative expenses. The
Constituency Youth Enterprise Scheme (C-YES) funds enterprises of youth groups at constituency level, in all constituencies. The loan was set to attract no interest but would include 5% management fee payable upfront. The amount loaned to any single group at this level did not exceed Kshs. 50,000.

The on-lending component of the Fund mainly worked through Financial Intermediaries such as banks, Non-Governmental Organizations (NGOs), Savings and Credit Cooperatives (SACCOs), and other Micro Finance Institutions (MFIs). The youth would access funds directly either as individuals or as organized entities such as cooperatives, companies among others.

The fund targeted all forms of youth owned enterprises whether individual, companies, groups, cooperatives or otherwise.

2.7 Knowledge Gaps

After analysis of existing literature, especially reports on devolved funds by the civil societies, it was realized that no study had been done on the impacts of purposes of YEDF to growth and development of SMEs. However, a study conducted by Mburu, F.M (2008) titled “Youth Enterprise Development Fund: a Study of its Viability as an Empowerment Strategy for Youth Entrepreneurs in Ruiru Division, Thika District” focuses on YEDF as a youth empowerment tool and did not study how the purposes of the fund affect performance of SMEs. This study, therefore, would like to fill this gap.

2.8 Theoretical Framework

This study will consider constructs of motivation theories particular focus being placed on Herzberg’s two-factor theory of motivation. Herzberg (1959) conducted a research, which focused on job satisfaction. This was through finding out the factors related to job satisfaction. He collected data from a sample of 203 accountants and engineers based in Pittsburg, USA. From these findings he proposed that human beings have two basic needs; the need to avoid pain and stay alive and the need to grow, develop and learn. He also found that factors linked with feelings of happiness or fulfillment was concerned with the job itself while those associated with discontentment were related to the environment in which the job was done.

This paper will mainly focus on theory’s construct that humans will be motivated by the need to grow, develop and learn. Hence, the study of results of the motivator; YEDF as per its stated mandate.
2.9 Conceptual Frame Work

The conceptual framework depicts the relationship between independent variables and dependent variables and indicators of both. The independent variables include; loaning, whose indicators are number of beneficiaries of loans from the fund and range of loan amounts; sponsored business incubators with number and type of business parks/yards as well as number of retail/wholesale markets being indicators; business linkages/networks indicated by types of linkages and frequency of linkages and lastly, marketing indicated by frequencies of local marketing and international marketing transactions as well as volume of goods or services transacted. Performance of youth run SMEs is the dependent variable. Its indicators are annual returns, number of employees and number of outlets. According to Herzberg’s constructs (two factor theory), the motivators are independent variables while the need to better oneself or group is presented by the dependent variable.
Figure 1: Conceptual Framework

**Independent Variables**

- **LOANING**
  - Range of loan amounts

- **SPONSORED BUSINESS INCUBATORS**
  - Number of business parks / yards
  - Type of business parks / yards

- **BUSINESS LINKAGES/NETWORKS**
  - Type of linkage
  - Frequency of linkages

- **MARKETING**
  - Extend of market (regional, local or international)
  - Volume of goods or services transacted

**Extraneous Variables**

- People’s attitudes towards SMEs
- Youths’ cultural backgrounds
- Political will
- Currency fluctuations

**Dependent Variables**

- **PERFORMANCE OF YOUTH RUN SMEs**
  - Monthly returns
  - Number of Employees
  - Number of outlets

**Moderating Variables**

- Government policies
2.10 Summary of the Literature Reviewed

Literature reviewed in this section was organized according to the four objectives as was stated in chapter one of this proposal. It established information on loaning, business incubators, business linkages/networks and marketing channels as related to SME growth and development. A previous scholar noted that loaning, which represents external sources of funds, correlates positively to performance of an SME, however, in some countries, this is not the case. Reason has been found that loans disbursed are in many small amounts that their administration costs outweigh benefits of programmes. Business incubators in many countries and administrative regions have been created to amass SMEs so that they would enjoy benefits of agglomeration. In application of Perroux proposition of growth pole concept, business incubators main role was to spur growth and development of SMEs. Central and Eastern Europe countries established a body which was charged with creating business incubators. Indonesia, Nigeria and Zambia also had state departments establish business incubators. Literature however reveals that these were not successful as they created artificial demand for subsidized work space for SMEs and most SMEs refused to move out because conditions outside incubators were harder to adapt to yet still making profits. Kenya, apart from setting aside funds in YEDF for creation of SME incubators, the GoK also developed a techno-city – Konza, as a business incubator in the ICT sector among many more other business stimulation oriented programmes. Business linkages are a crucial component of SMEs. They ensure that timely and cost-effectively, SMEs obtain information and skills necessary to remain viable in the ever changing business environment. In Belgium, a non-governmental group engaged in creation of these linkages. A positive correlation was established between business linkages and a firm’s growth. In Indonesia, linkages were paramount they were of symbiotic nature, that is, large enterprises depended on small enterprises and vice versa for continued existence. Larger enterprises got specialized services and products created by SMEs who did it better because it was their key competence while larger enterprises served as market for SMEs. Marketing, as a major function of any enterprise, determines whether goods and services produced are disposed for payback. Kenya delegated international marketing to the Ministry of Co-operative Development and Marketing. Little evidence exists on formal marketing and its relationship to growth and development of SMEs. Last section of literature review examined YEDF as a fund, its legal backing, its functions and its products, the loans, and qualification criteria for access.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter has provided an in depth description of the procedure that was followed in conducting the study. This included the research design, target population, sample selection and sample size, research instruments for data collection, the research process, validity and reliability of the instruments and data processing and analysis techniques.

3.2 Research Design

The descriptive survey design was employed is this study. A descriptive research design is a method of collecting information by interviewing respondents or administering questionnaires to a subset of the population (Orodho, 2003). According to Kothari (2004), descriptive research designs are those studies which are concerned with describing characteristics of a subject matter such as a person or program. The purpose of these studies is 'to depict a precise profile of persons, events or situations' (Robson, 2002). The study focused on four purposes of YEDF and their influence on performance of youth run SMEs in Ruiru District. The survey method was chosen because its findings could be used to generalize population characteristics albeit at a lesser cost than population census. It also permits collection and analysis of both qualitative and quantitative data. The survey design often collects data from selected members of a population in order to determine the current status of that population with respect to one or more variables (Mugenda & Mugenda, 2003). The use of both the questionnaire and Key informant interview acted as a form of triangulation of collected data thus more reliable results at the end of the study.

3.3 Target Population

The target population was made up of 171 members of the existing 19 YEDF funded SMEs in the study area since establishment of the fund.

3.4 Sampling Design

The sampling design adopted was simple random sampling and purposive sampling techniques. Simple random sampling was used in selecting general respondents who were members of youth run SMEs in the study area. Purposive sampling was used in administering questionnaires to SME officials and government officers.
3.5 Sample Size

The sampling frame was made up of 171 respondents as shown in the table 3.1:

<table>
<thead>
<tr>
<th>YEDF funded Youth run SMEs</th>
<th>Total no. SMEs</th>
<th>Average no. of members per SME</th>
<th>Total no. of members</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>9</td>
<td>171</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.2: Krejcie, Morgan and Daryle Table for determining sample size

<table>
<thead>
<tr>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
<th>N</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>100</td>
<td>80</td>
<td>280</td>
<td>162</td>
<td>800</td>
<td>260</td>
<td>2800</td>
<td>338</td>
</tr>
<tr>
<td>15</td>
<td>14</td>
<td>110</td>
<td>86</td>
<td>290</td>
<td>165</td>
<td>850</td>
<td>265</td>
<td>3000</td>
<td>341</td>
</tr>
<tr>
<td>20</td>
<td>19</td>
<td>120</td>
<td>92</td>
<td>300</td>
<td>169</td>
<td>900</td>
<td>269</td>
<td>3500</td>
<td>246</td>
</tr>
<tr>
<td>25</td>
<td>24</td>
<td>130</td>
<td>97</td>
<td>320</td>
<td>175</td>
<td>950</td>
<td>274</td>
<td>4000</td>
<td>351</td>
</tr>
<tr>
<td>30</td>
<td>28</td>
<td>140</td>
<td>103</td>
<td>340</td>
<td>181</td>
<td>1000</td>
<td>278</td>
<td>4500</td>
<td>351</td>
</tr>
<tr>
<td>35</td>
<td>32</td>
<td>150</td>
<td>108</td>
<td>360</td>
<td>186</td>
<td>1100</td>
<td>285</td>
<td>5000</td>
<td>357</td>
</tr>
<tr>
<td>40</td>
<td>36</td>
<td>160</td>
<td>113</td>
<td>380</td>
<td>181</td>
<td>1200</td>
<td>291</td>
<td>6000</td>
<td>361</td>
</tr>
<tr>
<td>45</td>
<td>40</td>
<td>180</td>
<td>118</td>
<td>400</td>
<td>196</td>
<td>1300</td>
<td>297</td>
<td>7000</td>
<td>364</td>
</tr>
<tr>
<td>50</td>
<td>44</td>
<td>190</td>
<td>123</td>
<td>420</td>
<td>201</td>
<td>1400</td>
<td>302</td>
<td>8000</td>
<td>367</td>
</tr>
<tr>
<td>55</td>
<td>48</td>
<td>200</td>
<td>127</td>
<td>440</td>
<td>205</td>
<td>1500</td>
<td>306</td>
<td>9000</td>
<td>368</td>
</tr>
<tr>
<td>60</td>
<td>52</td>
<td>210</td>
<td>132</td>
<td>460</td>
<td>210</td>
<td>1600</td>
<td>310</td>
<td>10000</td>
<td>373</td>
</tr>
<tr>
<td>65</td>
<td>56</td>
<td>220</td>
<td>136</td>
<td>480</td>
<td>214</td>
<td>1700</td>
<td>313</td>
<td>15000</td>
<td>375</td>
</tr>
<tr>
<td>70</td>
<td>59</td>
<td>230</td>
<td>140</td>
<td>500</td>
<td>217</td>
<td>1800</td>
<td>317</td>
<td>20000</td>
<td>377</td>
</tr>
<tr>
<td>75</td>
<td>63</td>
<td>240</td>
<td>144</td>
<td>550</td>
<td>225</td>
<td>1900</td>
<td>320</td>
<td>30000</td>
<td>379</td>
</tr>
<tr>
<td>80</td>
<td>66</td>
<td>250</td>
<td>148</td>
<td>600</td>
<td>234</td>
<td>2000</td>
<td>322</td>
<td>40000</td>
<td>380</td>
</tr>
<tr>
<td>85</td>
<td>70</td>
<td>260</td>
<td>152</td>
<td>650</td>
<td>242</td>
<td>2200</td>
<td>327</td>
<td>50000</td>
<td>381</td>
</tr>
<tr>
<td>90</td>
<td>73</td>
<td>270</td>
<td>155</td>
<td>700</td>
<td>248</td>
<td>2400</td>
<td>331</td>
<td>75000</td>
<td>382</td>
</tr>
<tr>
<td>95</td>
<td>76</td>
<td>270</td>
<td>159</td>
<td>750</td>
<td>256</td>
<td>2600</td>
<td>335</td>
<td>100000</td>
<td>384</td>
</tr>
</tbody>
</table>

Note: “N” is population size

“S” is sample size.

The chosen sample size is $\frac{1}{2}(113+118) = 115.5$ thus rounded up to 116 members, refer to table 3.2.
3.6 Sampling Procedure

In this study, both simple random sampling and purposive sampling techniques were used. This gave all the members in the population under study equal chance of being sampled. There was no replacement of members after one was picked for sampling.

3.7 Data Collection Methods

Data was collected through key informant interviews. This was through physical meeting of key informants (Youth Fund administrators and the Youth officers of Ruiru District). These interviews were led by key informant interview guides. These guides possessed questions like the number of youths in the study area, number and location of youth groups funded by the YEDF and so on. Questionnaires were also administered to sampled members of the target population.

3.8 Research Instruments

The study used two kinds of instruments to obtain the required information from the respondents that helped answer the research questions. These instruments were: Key informant interview guides which were used for the chief officers in charge of YEDF and other youth issues in Ruiru District. This key informant guide gave information on GoK’s role in realizing objectives of YEDF and in location of other respondents (YEDF beneficiaries in the jurisdiction). The questionnaire was administered to YEDF beneficiaries running SMEs in the study area. It was used to collect data on performance of SMEs in terms of stock changes, number of outlets, number of employees and annual returns in relation to the four objectives stated in the order that established YEDF.

3.8.1 Pilot Testing of the Instruments

Pilot testing was conducted by the researcher in three YEDF funded, youth run SMEs in Thika West District. Five members of each of these youth run SMEs were administered with the draft questionnaire. This exercise informed on questions that were ambiguous hence their removal and grouping of questions answering to the same objective. The respondents of the pilot study were chosen via simple random sampling.

3.8.2 Validity of Instruments

The researcher invited a team of experts who commented on the adequacy and suitability of the questions and allowed suggestions to be made on the structure of the questionnaires
formulated. This aided institution of content validity. The researcher’s supervisor certified that the instruments were adequate to obtain the desired data from the field before the researcher embarked on data collection exercise.

3.8.3 Reliability

A test is reliable to the extent that it measure whatever it is measuring consistently (Best & Kahn, 2006). The researcher ascertained that questions were formulated and presented in the simplest way possible thus ensuring high levels of consistency. Pre-testing/pilot study of the tools was used to determine how reliable the instruments were in capturing the desired data. To enhance internal reliability, questions that answered to the same objective were grouped together in sections.

3.9 Data Collection Procedures

Upon successful defense of the proposal, necessary corrections were made as per the advice of the proposal evaluation panel. Data collection exercise was carried out through assistance of two research assistants. The researcher held training sessions with the research assistants before engaging them in the field work where they were introduced to the research instruments and data collection techniques. This was then succeeded by pilot testing of the research instruments furthering practical learning session for the assistants. The questionnaires were then amended to accommodate concerns that were raised from pilot testing. After final questionnaires were made, the actual data collection for the study was carried out.

3.10 Data analysis

Data was analyzed through descriptive narratives for qualitative analysis. Quantitatively, measures of central tendency, mean and mode were used. This study employed computer softwares (Excel) for data organization and analysis.

3.11 Ethical Considerations

The study was conducted upon approval by the Faculty Board following the successful defense of project proposal. A research authorization letter was obtained from the National Council of Science and Technology, Ministry of Higher Education Science and Technology and from all other relevant offices. The letter of introduction was also drafted with an assurance to respondents of confidentiality and information being solely for educational purposes.
### 3.12 Operationalization of Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition of variables</th>
<th>Indicators</th>
<th>Measurement Scale</th>
<th>Units of Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variable</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance of SME</td>
<td>Revenue/ year</td>
<td>Annual returns</td>
<td>Ratio</td>
<td>KES/Month</td>
</tr>
<tr>
<td>Total manpower in an SME</td>
<td>No. of Employees</td>
<td>Ordinal</td>
<td>Persons</td>
<td></td>
</tr>
<tr>
<td>Total number of particular SME outlets</td>
<td>No. of outlets</td>
<td>Ordinal</td>
<td>Outlets</td>
<td></td>
</tr>
<tr>
<td><strong>Independent Variables</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loaning</td>
<td>YEDF loans given to any SME (directly or indirectly) to boost capital</td>
<td>Number of beneficiaries</td>
<td>Ordinal</td>
<td>SMEs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Range of loan amounts</td>
<td>Interval</td>
<td>KES</td>
</tr>
<tr>
<td>Business Environment</td>
<td>Enclosed business premises/area/infrastructure for housing/sharing amongst several SMEs</td>
<td>Number of business parks</td>
<td>Ordinal</td>
<td>Business parks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Type of business parks</td>
<td>Nominal</td>
<td>-</td>
</tr>
<tr>
<td>Business Linkages</td>
<td>Business associations amongst SMEs or with other enterprises</td>
<td>Type of linkages</td>
<td>Nominal</td>
<td>Networks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frequency of linkages</td>
<td>Ratio</td>
<td>Linkages/month</td>
</tr>
<tr>
<td>Marketing</td>
<td>Process of selling goods and or services</td>
<td>Extend of market (local, regional or international)</td>
<td>Ratio</td>
<td>Transactions per month</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Volume of goods or services</td>
<td>Ratio</td>
<td>Volume/month</td>
</tr>
</tbody>
</table>

Table 3.10 shows variables their definition, indicators, their measurement scales and respective units given according to the study.
3.13 Summary

The chapter expresses the methods that were used to accomplish the study. The area of study was Ruiru District of Thika County. Descriptive survey method of research design was used. The target population was 19 youth run SMEs having an average of 9 members each thus 171 possible respondents. Sample size was made up of 116 respondents. SME member respondents were randomly selected. Ruiru District youth officer was the key informant on other matters that were desired of YEDF. Research instruments used were key informant interview guides and the questionnaires. Pilot testing was done in the Thika West District where a random sample of members of three YEDF funded SMEs were interviewed. Data collection procedures, validity and reliability of the instruments, data analysis techniques were also examined.
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter begins by giving a summary of the respondents’ profile. Thereafter, study findings on loaning and performance of youth run SMEs, business incubators on number and type of SMEs, business linkages and performance of SMEs, marketing and performance of SMEs, have been presented, analyzed and interpreted. The chapter is divided in four sections along the four objectives as stated in chapter 1.

4.2 Questionnaire Return Rate

A total of 117 respondents were interviewed. Out of these, one was the youth fund officer in charge of Ruiru District while the rest were either YEDF funded SME officials or members of the same. SMEs totaled 22, thus, a sample of 19 was chosen according to Krejcie, Morgan and Daryle. It’s from these SMEs that the 116 members were chosen from. The return rate was 100%. This was because no questionnaires were mailed or left behind by research assistants. Table 4.1 summarizes respondents on sex and age bracket basis while table 4.2 gives the respondents’ level of education figures.

Table 4.1: Age Sex Profile of Respondents

<table>
<thead>
<tr>
<th>Age group</th>
<th>Male</th>
<th>Female</th>
<th>Percentage age group of total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 15 years</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>15-19</td>
<td>7</td>
<td>2</td>
<td>7.76</td>
</tr>
<tr>
<td>20-24</td>
<td>20</td>
<td>9</td>
<td>25.0</td>
</tr>
<tr>
<td>25-29</td>
<td>29</td>
<td>12</td>
<td>35.34</td>
</tr>
<tr>
<td>30-34</td>
<td>31</td>
<td>1</td>
<td>27.59</td>
</tr>
<tr>
<td>35+</td>
<td>5</td>
<td>0</td>
<td>4.31</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>24</td>
<td>100</td>
</tr>
</tbody>
</table>

Percentage (%) 79.31 20.69 100
Table 4.1 indicates that out of 116 respondents, majority of respondents (35.34%) were from age bracket 25 to 29 years. There were no respondents below the age of 15 years. Males formed the bulk of respondents with 79.31%.

Table 4.2: Levels of Education Profile of Respondents

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>No. of Respondents</th>
<th>Percentage of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never attended formal school</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Primary</td>
<td>38</td>
<td>32.76</td>
</tr>
<tr>
<td>Secondary</td>
<td>69</td>
<td>59.48</td>
</tr>
<tr>
<td>Tertiary</td>
<td>7</td>
<td>6.03</td>
</tr>
<tr>
<td>First degree</td>
<td>2</td>
<td>1.73</td>
</tr>
<tr>
<td>Postgraduate degree/diploma</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4.2 indicates that there were no respondents who have never attended formal school and neither were there respondents of postgraduate degree or diploma level of education. Majority of respondents were of secondary level of education forming 59.48%.

4.3 Loaning and Performance of Youth Run SMEs

4.3.1 Loans and employment

YEDF awards a maximum of KES 50,000 to each of the SMEs that apply and qualify to get the fund. The table below summarizes responses given regarding loan amounts received across SMEs versus number of employees per YEDF funded SME.

Table 4.3: Relationship between YEDF Loans, Number of employees and number of Youth Run SMEs In Ruiru District

<table>
<thead>
<tr>
<th>Loan Amounts</th>
<th>No. of employees</th>
<th>Avg no. of employees per loan range</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>9 3 1</td>
<td>18 64.29 1.38</td>
</tr>
<tr>
<td>40,000</td>
<td>1 2 1</td>
<td>8 28.57 2</td>
</tr>
<tr>
<td>30,000</td>
<td>2 0 0</td>
<td>2 7.14 1</td>
</tr>
<tr>
<td>SMEs</td>
<td>12 5 2</td>
<td>19 100</td>
</tr>
</tbody>
</table>
Table 4.3 indicates that of the 19 YEDF funded youth run SMEs, 12 have one employee each, 5 have 2 employees each and 2 have 3 employees each. SMEs that received KES 50,000 had a total number of 18 employees connoting 64.29% of total employment as result of YEDF loans. SMEs that received KES 30,000 contributed only 7.14% of total employment. In averaging number of employees against loan category, SMEs that received KES 40,000 had highest average of employees per SME.

### 4.3.2 Loans and number of Outlets

Table 4.4 summarizes the number of outlets as compared to different loans amounts received.

**Table 4.4: Comparison between loan amounts and number of SME outlets**

<table>
<thead>
<tr>
<th>Loan Amounts</th>
<th>No. of Outlets</th>
<th>Total Outlets</th>
<th>Avg no. of outlets/SME</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>9</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>40,000</td>
<td>3</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>30,000</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>SMEs</td>
<td>14</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>73.68</td>
<td>21.05</td>
<td>5.26</td>
</tr>
</tbody>
</table>

Note: Outlet includes mother establishment, thus, if its 1 outlet, then it means that no other branches have been established aside from the first one.

In table 4.4, 73.68% SMEs had one outlet each, 21.05% had 2 outlets while only 5.26% had 3 outlets. SMEs in the loan category of KES 50,000 had an average of 1.38 outlets per SME while SMEs in the loan category of KES 30,000 had an average of 1 outlet per SME. In total, there were 25 outlets for the 19 SMEs sampled.
4.3.3 Loans against Annual Revenue

Table 4.5(a): Categorized SMEs on basis of amount of loan versus annual revenue

<table>
<thead>
<tr>
<th>Loan Amounts</th>
<th>Annual returns (ranks)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>50,000</td>
<td>11</td>
</tr>
<tr>
<td>40,000</td>
<td>4</td>
</tr>
<tr>
<td>30,000</td>
<td>2</td>
</tr>
<tr>
<td>SMEs</td>
<td>17</td>
</tr>
<tr>
<td>Percentage</td>
<td>89.47</td>
</tr>
</tbody>
</table>

Table 4.5 (b): Ranks for annual returns ranges

<table>
<thead>
<tr>
<th>Annual returns range (KES)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 50,000</td>
<td>1</td>
</tr>
<tr>
<td>50,001 -100,000</td>
<td>2</td>
</tr>
<tr>
<td>100,001 -150,000</td>
<td>3</td>
</tr>
<tr>
<td>150,001 -200,000</td>
<td>4</td>
</tr>
<tr>
<td>200,001 -250,000</td>
<td>5</td>
</tr>
<tr>
<td>250,001 +</td>
<td>6</td>
</tr>
</tbody>
</table>

The tables, 4.5 (a) and 4.5 (b) show categories of SMEs along different loan amounts versus annual returns. Table 4.5 (b) explains ranks as used in table 4.5 (a). In table 4.5 (a), 89.47% of SMEs earned an annual return range of 1 to KES 50,000. 10.53% of remainder earned an income range of KES 50,001 and KES 100,000.

4.4 Business Incubators on Number and Type of SMEs

Three types of SMEs became evident during field work. These are service oriented - SMEs that offer services for money, retail oriented SMEs – those that buy and sell goods, and value adding SMEs (processing/manufacturing). Service SMEs offered transportation services (motorcycle taxis), shoe shining and garbage collection services. Retail oriented SMEs buy fast selling consumer goods such as groceries, snacks and utensils. Value adding SMEs involved
themselves with agricultural activities like poultry farming and horticulture as well as tailoring and carpentry. The table below shows types of SMEs with corresponding frequencies.

**Table 4.6: Number and type of YEDF funded SMEs in Ruiru District**

<table>
<thead>
<tr>
<th>Type of SME</th>
<th>Service SMEs</th>
<th>Retail SMEs</th>
<th>Value adding SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SMEs</td>
<td>13</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>68.42</td>
<td>21.05</td>
<td>10.53</td>
</tr>
</tbody>
</table>

Table 4.6 indicates that a majority of SMEs are service oriented, forming 68.42% of total sampled SMEs. Value adding SMEs were the least with a figure of 10.53%.

However, none of the SMEs is in any business park or incubator and they all rely on public infrastructure like roads, power lines and water mains. These public utilities are either funded by Ruiru Municipal Council or the Central government.

Table 4.7 shows numbers of SMEs against corresponding reason or reasons for engaging in particular line of trade.

**Table 4.7: Weighted reasons for engaging in particular trade by YEDF funded SMEs in Ruiru District**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Ready market</th>
<th>Adequate infrastructure</th>
<th>Labour availability</th>
<th>Low investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service oriented</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Retail oriented</td>
<td>5</td>
<td>4</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Value adding oriented</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Average weight</td>
<td>5</td>
<td>4.33</td>
<td>2.33</td>
<td>3.33</td>
</tr>
</tbody>
</table>

Responses were based on a Likert type scale of 1 to 5, 1 being not a reason while 5 being extremely important reason.
All SMEs sampled engaged in their respective line of business because there existed ready market for their goods or services. Adequate infrastructure was the second most important reason as to why SMEs chose their line of business. Labour availability was not considered as very important reason for choice of business in most SMEs sampled.

All respondents agreed that there were no YEDF funded business parks or incubators.

4.5 Business Linkages and Performance of SMEs

Table 4.8 shows number of SMEs against type of business relationship engaged in. There were only 7 SMEs with any kind of business relationship. 12 did not have any relationships with larger firms or fellow SMEs. Some SMEs had more than one relationship type.

Table 4.8: Number of YEDF funded SMEs and business relations established

<table>
<thead>
<tr>
<th>Relationship type</th>
<th>Information</th>
<th>Supplier/Buyer</th>
<th>Financial</th>
<th>Technical/skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SMEs</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>28.57</td>
<td>71.43</td>
<td>42.86</td>
<td>14.29</td>
</tr>
</tbody>
</table>

Thus, supplier buyer relationship was the most common relationship exhibited across SMEs and between them and larger firms.

In analysis of revenue versus relationships established, it emerged that only one SME had achieved revenue range of KES 50,001 and KES 100,000. This SME represented 50% of SMEs in this revenue bracket. The SME too had a multiple of relationships that are technical/skills, supplier buyer and financial relationships.

SME group officials were found to be initiators of business links by 68.25% of responses, the rest of business linkages were established by members. In the study area, no link had been enabled through YEDF initiatives.
4.6 Marketing and Performance of SMEs

All SMEs sold their goods or services in the local market (within the district). Only 2 groups, out of 19, representing 10.53% did sell their goods and services outside the district.

Table 4.9 summarizes number of SMEs that used the various forms of advertisement.

**Table 4.9: Number of YEDF funded SMEs and mode of advertisement used in Ruiru District**

<table>
<thead>
<tr>
<th>Mode of advertisement</th>
<th>Newspapers</th>
<th>Social sites (Facebook/twitter)</th>
<th>TV/radio</th>
<th>Posters/banners</th>
<th>Verbal</th>
<th>No marketing done</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of SMEs</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Percentage (%)</td>
<td>5.62</td>
<td>0</td>
<td>0</td>
<td>36.84</td>
<td>26.32</td>
<td>42.11</td>
</tr>
</tbody>
</table>

36.84% represents the largest number of SMEs that did marketing via same mode. These were the SMEs that marketed via banners and posters. Only 5.62% used newspapers while 42.11% did not do marketing at all. Also note that some groups used more than one form of marketing. Thus 57.89% of SMEs engaged in marketing of their goods and or services.

Table 4.10 shows the perceived impact on sales amongst the 11 SMEs that did marketing.

**Table 4.10 (a): Percentage change in sales amongst YEDF funded SMEs in Ruiru District**

<table>
<thead>
<tr>
<th>Percentage change in sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank</td>
</tr>
<tr>
<td>No. of SMEs</td>
</tr>
<tr>
<td>Percentage</td>
</tr>
</tbody>
</table>
Table 4.10 (b): Ranks as used in table 4.10 (a)

<table>
<thead>
<tr>
<th>Percentage change in sales range (%)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5</td>
<td>1</td>
</tr>
<tr>
<td>6 – 10</td>
<td>2</td>
</tr>
<tr>
<td>11 – 15</td>
<td>3</td>
</tr>
<tr>
<td>16 – 20</td>
<td>4</td>
</tr>
<tr>
<td>21 +</td>
<td>5</td>
</tr>
</tbody>
</table>

In tables 4.10 (a) and (b), a majority of SMEs that attempted marketing registered a change in sales of 6% to 10%. This represented 45.45% of all SMEs that did marketing. Only 9.10% were able to change their sales with a range of between 16% and 20%.

77 respondents (66.38% of total) acknowledged YEDF’s assistance in marketing through training groups on marketing techniques. However, YEDF does not literally take goods and services to potential clients for marketing. 5 respondents (4.31%) of respondents said that YEDF, in conjunction with International Youth Federation, youths are offered stands at international trade fares to exhibit their wares or skills. 29.31% however said that YEDF does not help in marketing their products or services at all.
CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
In this chapter, summary of findings, discussions, conclusions and recommendations on the study; purposes of youth enterprise development fund on performance of youth run small and micro enterprises in Ruiru District, Kiambu County, are presented.

5.2 Summary of Findings
Summary of findings are presented in four sections as per the four objectives. The first objective was to establish the extent to which YEDF loans, through middle level financial institutions, affect performance of youth run SMEs. The study found out that SMEs that received KES 50,000 had an average of 1.38 employees per SME, those that received KES 40,000 had an average of 2 employees per SME while those that received KES 30,000 had an average of 1 employee per SME; SMEs that received KES 50,000 had an average of 1.38 outlets per SME, those that received KES 40,000 had an average of 1.25 outlets per SME while those that received KES 30,000 had an average of 1 outlet per SME and that regardless of loan amount, 89.47% of sampled SMEs received an annual return in the range of 1 to KES 50,000. Thus, loaning to SMEs is not a factor that determines number of employees in any said establishment, loan amount directly affects number of SME outlets; increase in loan amount results in increase of outlets and that loan amounts do not have any perceived relationship with annual returns of an SME.

Examining the extent of influence of YEDF sponsored business incubators on the number and type of youth run SMEs was the second objective. It was found out that 68.42% of SMEs were service oriented, 21.05% were retail oriented while 10.53% were value adding SMEs; that all SMEs chose line of business because there was ready market; that adequate infrastructure, low investment cost and labour availability were other reasons for choice of line of business of SMEs, ranked from most important to least important and that there are no YEDF sponsored business incubators in the study area. Thus, it was established that aside from market for goods and services, infrastructure was a second most important determinant of line of business an SME chose.
Determination of how business linkages created by YEDF affect performance of youth run SMEs was another objective. It was found out that supplier/buyer relationship formed 71.43% of all relationships. Others were; information with 28.57%, financial with 42.86% and technical/skills with 14.29% and that 50% of SMEs that established multiple linkages achieved revenue range of KES 50,001 and KES 100,000. Hence, supplier/buyer relationship deemed most important linkage an SME would wish to establish and 50% chances exist that linkages affect an SMEs’ revenues.

Finally, finding out how YEDF marketing initiatives impact on performance of youth run SMEs was the fourth objective. It was established that 57.89 % of SMEs engaged in marketing of their goods and or services; 10.53% of SMEs sold their goods outside Ruiru district; 45.45% experienced 6% to 10% change in sales after advertisement; Only 9.10% were able to change their sales with a range of between 16% and 20% and that 4.31% have been in YEDF sponsored marketing initiatives.

5.3 Discussion of Key Findings

Key findings of the study were compared with the literature review findings under each variable as follows:-

5.3.1 Loaning and SME Growth and Development

In developing countries, Aryeetey et al (1994) noted that among many challenges that face SME growth and development, is accessibility to investable finances. In this study, it emerged that loan amounts affect number of SME outlets in direct proportion; increase in loan amount resulted in increase of outlets. The study noted that loans do not dictate number of employees an SME chooses to have and neither do loan amounts affect annual revenue. These relationships between loans and number of employees and loans against annual revenues could have been affected by small amount of funds available for SMEs. Funding amounts do not have significant difference thus relationships might not emerge in terms of performance of SMEs. However, proportionate increase in funding resulted in proportionate increase in number of employees, this confirms Aryeetey et al’s (1994) note of accessibility to investable finances being a challenge to development of SMEs.
5.3.2 Business Incubators and SME Growth and Development

Business incubators, just like the growth pole concept advanced by Perroux, emphasis is placed on SMEs being in a common geographical location so that they can share resources like market and labour for economic development and employment creation albeit at a smaller scale. This is through to creation of benefits of complementarities and sharing of common resources like market hence spurring development. The study reveals that infrastructure, as the main form of business incubation, realizes most SMEs of a type. However, the study established that there were no business incubators or parks established under YEDF programme.

5.3.3 Business Linkages/Networks and SME Growth and Development

Past literature indicate that business linkages or networks are critical for survival of SMEs, (Dyer and Singh 1998). This is because they facilitate agglomeration of resources that in turn result in simpler acquisition of resources, skills and knowledge. In this study, supplier/buyer relationship was found to be most important linkage an SME would wish to establish in the study area. Multiple networks also resulted in increased annual revenues thus confirming earlier findings that business networks are critical for an SME’s existence. There being no linkages between YEDF sponsored youth run SMEs and other larger firms, as a result of YEDF, the research could not quantify the effect of how business linkages created by YEDF affect performance of youth run SMEs. The study quantified this effect via how other linkages (not YEDF sponsored) affect annual revenues.

5.3.4 Marketing Channels and SME Growth and Development

Lack of access to international markets has been observed as one of the major constraints facing SMEs in developing countries (Anheier and Seibel, 1987; Aryeetey et al, 1994). In the study area, 89.47% of SMEs accessed local market (within the district) while 10.53 % accessed markets outside the district. This confirms that above constraint exists amongst SMEs in developing countries. However, the small scale nature of SMEs might have hindered their need for international markets because the local market presents adequate number of consumers of their products and services.

The YEDF has organized marketing of products and services produced by the youth, albeit at a very small scale, but general findings indicate that marketing improves an SMEs sales by an average percentage range of 6% – 10%.
5.4 Conclusions

The YEDF loans affect performance of youth run SMEs indicated by the number of outlets an SME has. This effect is direct in proportion to loaned amount. This means that increase in loan amount results in proportionate increase in number of outlets. The YEDF loans have not had any perceived effect on annual returns or number of employees amongst YEDF funded youth run SMEs in Ruiru District. However, the range of disbursed amounts is small thus limiting the accuracy of this finding.

The YEDF has not established any business incubators or parks or any infrastructure that is aimed at stimulating growth and development of SMEs in Ruiru District. However, apart from ready market being the reason most SMEs engage in their line of business, supporting infrastructure is the second most determinant of particular line of trade chosen by SMEs in Ruiru District. Most of SMEs were service oriented. Value adding SMEs were half the number of retail oriented while SMEs.

Supplier/buyer business relationship was found to be the most important linkage amongst SMEs. Half of SMEs that established multiple business linkages received higher revenues than their counterparts who lacked linkages. However, YEDF in Ruiru District has not established any business linkages either amongst YEDF funded SMEs or between the SMEs and other larger business entities.

Marketing improves sales in direct proportion. YEDF sponsored marketing initiatives involve very few YEDF sponsored SMEs thus limiting accuracy of determining its impact on sales.

5.5 Recommendations

On successful completion of the study, Purposes of Youth Enterprise Development Fund on Performance of Youth Run SMEs in Ruiru District of Kiambu County, it is recommended:-

1. That more funds be channeled through the programme to have tangible effects on performance of funded SMEs
2. That funding to each SME be increased to realize a bigger effect of the fund.
3. That the fund be diversified to include tangible assets that can be registered in group names.
4. That persons in charge of the fund formulate and implement strategies that would realize all the five purposes of YEDF and not just loaning.

5.6 Suggestions for Further Research Work

It is suggested that a comparative study on purposes of YEDF on performance of SMEs in Ruiru District and any other district or districts in Kenya be done. Disparities in research findings would inform stakeholders about the presence of other factors in performance of YEDF funded SMEs aside from the core functions of YEDF. The research can the further investigate what these factors are and how they can be manipulated to realize optimal effect of funding programmes.
REFERENCES


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Republic of South Africa (March 2009), *National Youth policy 2009 – 2014*. Available online from


The Council of the European Union (27 November 2009), Council Resolution on A Renewed Framework For European Cooperation In The Youth Field (2010-2018)


Appendix I: Letter of Transmittal

Dear Respondents,

In partial fulfillment of the requirements for the degree of Master of Arts in Project Planning and Management, the University of Nairobi has sent me to do data collection in the field and thereafter compile a final project report.

The research is titled, Purposes of Youth Enterprise Development Fund on performance of Youth Run Small and Micro Enterprises (SMEs) in Ruiru District, Kiambu County. I believe that after this study, findings will advise on better implementation of YEDF in Ruiru District and Kenya as a whole.

Finally, please take note that your responses are for academic purposes only and that participation is voluntary. Maximum confidentiality will be upheld for information given.

Thank You.

Winston Sakwa (L50/65113/2010)
Student.
Appendix II: Questionnaire for officials of YEDF funded SMEs

Introduction:

This questionnaire is for a research project titled, *Purposes of Youth Enterprise Development Fund on performance of Youth Run Small and Micro Enterprises (SMEs) in Ruiru District, Kiambu County*. Upon successful completion of the research, the researcher will be awarded a Master of Arts degree in Project Planning and Management from the University of Nairobi. Your response will be used solely for academic purposes and will be treated with utmost confidentiality. Please answer the questionnaire as accurately as possible and to the best of your knowledge. For each statement with a multiple choice, tick the number/box which best describes your experience or perception.

Instructions:
A. Answer all questions
B. You should not indicate your name or any information that identifies you

**BACKGROUND INFORMATION OF RESPONDENT**

1. Gender
   - Male □
   - Female □

2. Indicate your age bracket
   - 15 – 19 □
   - 20-24 □
   - 25-29 □
   - 30-34 □
   - Over 35 □

3. What’s your position in the organization? ..................................................

4. What is the highest level of education attained?
   - Primary □
   - Secondary □
   - College/Tertiary □
   - Basic degree □
   - Post graduate degree/diploma □

What is your subject of qualification?
- Business □
- Arts □
- Science □
- Other (specify) ..........................................................................................................................
SECTION I: LOANING AND PERFORMANCE OF YOUTH RUN SMEs

6. How much loan did your organization receive and in which financial year?
...........................................................................................................................................................
..........................................................................................................................................................

7. Note: Use the ranks to quantify revenue range

<table>
<thead>
<tr>
<th>Annual returns range (KES)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 50,000</td>
<td>1</td>
</tr>
<tr>
<td>50,001 -100,000</td>
<td>2</td>
</tr>
<tr>
<td>100,001 -150,000</td>
<td>3</td>
</tr>
<tr>
<td>150,001 -200,000</td>
<td>4</td>
</tr>
<tr>
<td>200,001 -250,000</td>
<td>5</td>
</tr>
<tr>
<td>250,001 +</td>
<td>6</td>
</tr>
</tbody>
</table>

SECTION II: BUSINESS INCUBATORS ON NUMBER AND TYPE OF SMES

8. Which one of the following best describes activities carried out by your organization?
   Service
   Manufacturing (value adding)
   Retail (buying and selling)
   Other..........................................................................................................................................................

9. Rank the following reasons in the table as to which inspired the group to join particular business.
<table>
<thead>
<tr>
<th>Reason</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Extremely Important (5)</td>
</tr>
<tr>
<td>Low investment cost</td>
<td></td>
</tr>
<tr>
<td>Adequate infrastructure</td>
<td></td>
</tr>
<tr>
<td>Labour availability</td>
<td></td>
</tr>
<tr>
<td>Ready market</td>
<td></td>
</tr>
</tbody>
</table>

10. a) Are there any business parks or areas set specifically for SMEs such as this one in the District?

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

b) If yes, who developed and maintains the business parks?

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

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

11. a) Is your business dependent on existing infrastructure?

   Yes [ ] No [ ]

b) If yes, how is it supporting your business?

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

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

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

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

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

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

SECTION III: BUSINESS LINKAGES AND PERFORMANCE OF SMEs

12. a) Have you established linkages or networks with larger enterprises?

   Yes [ ] No [ ]

b) If yes, what kind of linkages/networks?

   Information [ ]  Supplier/Buyer [ ]  Financial [ ]

   Technical/Skills [ ]

   Any other

...........................................................................................................................................................................
c) Enumerate the benefits of such linkages to your organization (as per your response in 14 a)

13. How long have you interacted with these firms?

14. Who initiated the networks?

SECTION IV: MARKETING AND PERFORMANCE OF SMEs

15. Where is the main market for your products/services?

- Within the district (Local)
- Outside district but in Kenya (Regional)
- Abroad (International)

16. How do you market your products?

- Newspapers
- Television/Radio adverts
- Social sites (Facebook/Twitter)
- Banners/Posters
- Others

17. How does YEDF assist this SME to market its products/services?
18. How does marketing affect your annual returns? Tick against what best reflects your change in percentage.

<table>
<thead>
<tr>
<th>Percentage change in sales range (%)</th>
<th>Rank</th>
<th>(tick one)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>6 – 10</td>
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<td>11 – 15</td>
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<td>16 – 20</td>
<td>4</td>
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<td>21 +</td>
<td>5</td>
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19. In your opinion, what are the things that need to be changed or introduced in the administration of Youth Enterprise Development Fund?

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Appendix III: Interview schedule for Ruiru District Youth Officer

Introduction

This questionnaire is for a research project titled, *Purposes of Youth Enterprise Development Fund on performance of Youth Run Small and Micro Enterprises (SMEs) in Ruiru District, Kiambu County*. Upon successful completion of the research, the researcher will be awarded a Master of Arts degree in Project Planning and Management from the University of Nairobi. Your response will be used solely for academic purposes and will be treated with utmost confidentiality. Please answer the questionnaire as accurately as possible and to the best of your knowledge. For each statement with a multiple choice, tick the number/box which best describes your experience or perception.

Instructions:

A. Answer all questions
B. You should not indicate your name or any information that identifies you

BACKGROUND INFORMATION

1. Are the funds provided under YEDF adequate in starting SMEs in Ruiru District?

   ( ) Yes  ( ) No

   Please elaborate your reasons for above answer
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2. Are there any infrastructure like business or industrial park(s), market(s) or business incubator(s) that are beneficial to youth enterprises as a result of YEDF?

   Name.................................................. Location...........................................
   Name.................................................. Location...........................................
   Name.................................................. Location...........................................
   Name.................................................. Location...........................................
   Name.................................................. Location...........................................
3. Are there any linkages between SMEs and large enterprises as a result of YEDF?
   Yes ☐  No ☐
   If yes, of what nature? (business, information, marketing, human resource, training e.t.c)
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4. Has YEDF facilitated marketing of products and services of youth enterprises in both
domestic and international markets?
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5. The following factors are perceived to be challenges hindering successful administration of
YEDF for realization of sustainable SMEs in your area of jurisdiction. On a scale of 1 to 5
please give your opinion by ticking (✓) on the scale indicating to what extent you think the
challenge is serious.
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<thead>
<tr>
<th></th>
<th>Very serious (5)</th>
<th>Serious (4)</th>
<th>Fairly Serious (3)</th>
<th>Not Serious (2)</th>
<th>Don’t Know (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Low capacity of fund administration staff</td>
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<td>2.</td>
<td>Lack of staff motivation</td>
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<td>3.</td>
<td>High turnover of professionals</td>
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<td>4.</td>
<td>Weak monitoring and education systems</td>
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<td>5.</td>
<td>Political interference</td>
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<tr>
<td>6.</td>
<td>Poor sensitization mechanisms</td>
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<td>7.</td>
<td>Inadequate financing</td>
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<td>8.</td>
<td>Nepotism</td>
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6. List other challenges that you have experienced yet have been listed in question 5.

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7. Please give general comments regarding the issue of YEDF and SME growth and development among Districts in central province.

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Appendix IV: Questionnaire for members of YEDF funded SMEs

Introduction:
This questionnaire is for a research project titled, *Purposes of Youth Enterprise Development Fund on performance of Youth Run Small and Micro Enterprises (SMEs) in Ruiru District, Kiambu County*. Upon successful completion of the research, the researcher will be awarded a Master of Arts degree in Project Planning and Management from the University of Nairobi. Your response will be used solely for academic purposes and will be treated with utmost confidentiality. Please answer the questionnaire as accurately as possible and to the best of your knowledge. For each statement with a multiple choice, tick the number/box which best describes your experience or perception.

Instructions:
A. Answer all questions
B. You may or may not indicate your name

BACKGROUND INFORMATION OF RESPONDENT

1. **Gender**
   - Male  
   - Female

2. **Indicate your age bracket**
   - Under 15
   - 15 – 19
   - 20-24
   - 25-29
   - 30-34
   - Over 35

3. a) What’s your role in the organization?
   - Labour provision
   - Voting during decision making
   List any other roles not mentioned in 3 a) above
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4. What is the highest level of education you have attained?
Primary ☐ Secondary ☐ College/Tertiary ☐
First degree ☐ Postgraduate degree/diploma ☐ Never attended school ☐

SECTION I: LOANING AND PERFORMANCE OF YOUTH RUN SMEs
5. How much has this SME received as loan from Youth Enterprise Development Fund?
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6. How has this loan assisted the group?
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SECTION II: BUSINESS INCUBATORS ON NUMBER AND TYPE OF SMES
7. Are there any business parks or areas set specifically for SMEs such as this one in the District?
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8. a) Is your business dependent on existing infrastructure?
   Yes ☐ No ☐

   b) If yes, who developed and maintains it?
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SECTION III: BUSINESS LINKAGES AND PERFORMANCE OF SMEs
9. a) Have you established linkages or networks with larger enterprises?
   Yes ☐ No ☐

   b) If yes, what kind of linkages/networks?
10. How long have you interacted with these firms?

11. Who initiated the networks?

12. a) How do you market your products?
   - Newspapers
   - Television/Radio adverts
   - Social sites (Facebook/Twitter)
   - Banners/Posters
   - Others

   b) Who funds the marketing?

13. In your opinion, what are the things that need to be changed or introduced in the administration of Youth Enterprise Development Fund?
Appendix V: Beneficiaries of youth fund

Groups funded in the 2007/2008 FY

1. Sauski youth group 40,000-doing well
2. Ruiru deaf youth group 50,000-doing well
3. Kihunguro Muslim Youth group 50,000-average
4. Nyawenori Self help 50,000-very successful
5. Hatuakwa Hatua youth group 50,000-group disintegrated
6. Shikamana Youth group 30,000-group disintegrated

Groups funded in 2008/2009 FY

1. Community in Action youth group 50,000-group disintegrated
2. Nzeeu River youth group 40,000-group disbanded
3. Magarunda youth group 50,000-group doing well
4. Chaki youth group 30,000-doing well
5. Upendo youth group 40,000-doing well

Groups funded in 2010/2011 FY

1. Vision Leo 50,000-doing well
2. Ruiru Small Traders 40,000-doing well
3. Mwanzo Mwema 50,000-doing well
4. Githurai 45 shoe Shiners 30,000-doing well
5. Githurai Kimbo Youth group 50,000-doing well
6. Bidii Progressive 30,000-doing well

Groups funded in 2010/2011 FY

1. Exodus Smart Youth Group 50,000- Very successful
2. Theta Youth Group 40,000-doing well
3. Githurai Pioneer Youth Group 40,000-doing well
4. Young Tax Youth Group 50,000-doing well
5. Young Tax Youth Group 50,000-doing averagely
6. Wiser Staff Self Help Group 30,000-doing well
7. Concerned Youth Initiative(CBO) 50,000-doing well
8. Githurai Maize Marketers Self Help Group 50,000-doing well
9. GPOA Welfare Group 30,000-doing well
10. Railway Market Welfare Group 50,000-doing well

Source: Ruiru District Youth Office, March 2012