

**FACTORS INFLUENCING GROWTH OF
ENTREPRENEURIAL ACTIVITY AMONG THE YOUTH
IN MOMBASA COUNTY, KENYA**

BY

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DECLARATION

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

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The research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This research project is dedicated to my wife Emmah Kemunto, daughter Gaelle Kemunto, parents Zipporah Mounde, Gideon Mecha and the late Alice Mecha for their inspiration and moral support that made completion of this project

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TITLE	TABLE OF CONTENT	PAGE
DECLARATION		ii
DEDICATION		iii
ACKNOWLEDGEMENT		iv
LIST OF TABLES		ix
ABBREVIATIONS AND ACRONYMS		xi
ABSTRACT.....		xii

CHAPTER ONE

INTRODUCTION

1.1 Background of the study	1
1.2 Statement of the problem	4
1.3 Purpose of the study	5
1.4 Objectives of the study.....	5
1.5 Research questions.....	6
1.6 Research hypotheses	6
1.7 Significance of the study.....	7
1.8 Limitations of the study	7
1.9 Basic assumptions of the study	8
1.10 Delimitations of the study	8
1.11 Definition of significant terms used in the study	9
1.12 Organization of the study.....	9

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction.....	10
2.2 The concept of entrepreneurship.....	10
2.3 Cultural factors influencing growth of entrepreneurial activity	11
2.3.1 Family background and entrepreneurial activity	11
2.3.2 Level of Education and entrepreneurial activity	12
2.3.3 Previous experience and entrepreneurial activity	13

2.3.4 Gender and entrepreneurial activity.....	14
2.4 Economic factors influencing growth of entrepreneurial activity	14
2.4.1 Access to capital and entrepreneurial activity	14
2.4.2 Government regulations and entrepreneurship	15
2.4.3 Physical infrastructure and entrepreneurship.....	16
2.5 Conceptual framework.....	18
2.6 Summary of literature review	19

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction.....	20
3.2 Research design	20
3.3 Target population	21
3.4 Sample size and sampling procedure.....	22
3.5 Data collection instruments.....	23
3.5.1 Instrument's piloting.....	23
3.5.2 Instrument's validity... ..	23
3.5.3 Instrument's reliability.....	23
3.6 Data collection procedure	24
3.7 Data analysis techniques	25
3.8 Ethical considerations	25
3.9 Operational definition of variables	25

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction.....	27
4.2 Questionnaire Return Rate.....	27
4.3 Demographic Characterization of the Respondents.....	28
4.3.1 Age Bracket of the Respondents on Entrepreneurship Activity	28

4.3.2 Gender of the Respondent on Entrepreneurship Activity	28
4.3.3 Number of Parents Alive	29
4.3.4 Reason for Having one or None of Parent	30
4.3.5 Parental Support.....	30
4.3.6 Type of Support Given by Parents.....	31
4.3.7 Family Ownership of Business	32
4.3.8 Involvement of the Respondent in Running Family Business.....	33
4.3.9 Position held by Respondents Participating in Running Business.....	33
4.3.10 Parents Financial Outlook.....	34
4.4 Highest Level of Academic Qualification	35
4.4.1 Correlation of Academic Qualification with Business Activity	35
4.4.2 Education Contribute on Establishment of Enterprise.....	36
4.5 Employment status.....	37
4.5.1 Employment Relationship with Business activity of Respondents.....	37
4.5.2 Position of Respondents in Previous Employment.....	38
4.5.3 Contribution of Previous Employment on Business Establishment	38
4.5.4 Number of Enterprise Owned by Respondents.....	39
4.6 Source of Start-up Capital.....	39
4.7 Factors Influence Decision to Engage in Business	40
4.8 Licensing of Business	41
4.8.1 Duration Taken to License Business.....	42
4.8.2 Duration of Registration of Business Period on Entrepreneurship Activity....	42
4.8.4 Influence of Business Registration Process on Entrepreneurship Activity	43
4.8.5 License levy and its Influence on Entrepreneurship	43
4.8.6 Influence of tax on Entrepreneurship.....	44
4.8.7 Adequate Legislation to Promotion of Entrepreneurial Activity.....	44
4.9 Inferential Statistic	45
4.10 Coefficient of Correlation.....	45
4.11 Coefficient of Determination	46
4.12 Multiple Regression	47

CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND
RECOMMENDATIONS

5.1 Introduction.....	49
5.2 Summary of the Findings.....	49
5.3 Conclusion	50
5.4 Recommendation	51
5.4.1 Recommendation for Policy Formulation.....	51
5.5 Recommendation for Further Research	52
REFERENCES.....	53
APPENDICES.....	59
Appendix II: QUESTIONNAIRE.....	59

LIST OF TABLES

Table 3.1 Population of enterprises per constituency	21
Table 3.2 Target population.....	21
Table 3.3 Sample size per stratum.....	22
Table 4.1 Response Rate.....	27
Table 4.2 Age Bracket of the Respondents.....	28
Table 4.3 Gender of the Respondents	29
Table 4.4 Number of Parents Alive	29
Table 4.5 Reason for Having one or None of Parent.....	30
Table 4.6 Parental Support.....	31
Table 4.7 Type of Support Given by Parents.....	32
Table 4.8 Family Ownership of Business	32
Table 4.9 Involvement of the Respondent in Running Family Business.....	33
Table 4.10 Position held by Respondents Participating in Running Business	33
Table 4.11 Parents Financial Outlook.....	34
Table 4.12 Highest Level of Academic Qualification	35
Table 4.13 Correlation of Academic Qualification with Business Activity	35
Table 4.14 Education Contribute on Establishment of Enterprise.....	36
Table 4.15 Employment status.....	37
Table 4.16 Employment Relationship with Business activity of Respondents	37
Table 4.17 Position of Respondents in Previous Employment.....	38
Table 4.18 Contribution of Previous Employment on Business Establishment.....	38
Table 4.19 Number of Enterprise Owned by Respondents.....	39
Table 4.20 Source of Start-up Capital.....	40
Table 4.21 Factors Influence Decision to Engage in Business.....	40
Table 4.22 Licensing of Business	41
Table 4.23 Company Registration	42
Table 4.24 Perceived Duration of Registration of Business Period.....	42
Table 4.25 Influence of Business Registration Process on Entrepreneurship Activity	43
Table 4.26 Licence levy and its Influence on Entrepreneurship.....	44
Table 4.27 Influence of Tax on Entrepreneurship	44
Table 4.28 Adequate Legislation to Promotion of Entrepreneurial Activity.....	45
Table 4.29 Coefficient of Correlation.....	45
Table 4.30 Model Summary	46
Table 4.31 Regression Coefficients	47

LIST OF FIGURES

Figure 2 conceptual framework	18
Figure 3 Operational definition of variables.....	25

LIST OF ABBREVIATIONS AND ACRONYMS

EA	: Entrepreneurial Activity
ICT	: Information, communication and Technology
Kshs	: Kenya shillings
MAPPM	: Master of Arts in Project Planning and Management
MFI	: Micro-financial institutions
MRC	: Mombasa republican council
SMART	: Streamlined, Meaningful, Adaptable, Relevant and Transparent

ABSTRACT

Mombasa County like the rest of the country has experienced high unemployment among the youth being the most hit. This has resulted to separatist movements like MRC, drug abuse, robberies and many more crimes. Despite these negatives, Mombasa County is strategically placed to terms of opportunities in tourism sector, transport sector with the presence of a harbor. Despite the opportunities the county has, there are few entrepreneurial activities going on, therefore this research study did analyze the factors influencing growth of entrepreneurial activity among the youth in Mombasa County. The study objectives included to determine the effect of family background on entrepreneurial activity among the youth in Mombasa, determine the extent to which level of academic education influences entrepreneurial activity among the youth in Mombasa, to assess the extent to which past experience on entrepreneurship determines entrepreneurial activity amongst the youth in Mombasa, to assess whether access to capital has effect on entrepreneurial activity among the youth in Mombasa and to analyze the extent to which physical infrastructure influence entrepreneurial activity among the youth in Mombasa county. The research shall be useful at policy making level in initiating projects which promote enterprise creation and formulating policies which offer enabling environment for hatching and executing entrepreneurial activities among the youth in Mombasa and the country at large. Research design used was descriptive survey which was conducted among entrepreneurs who have running enterprises within Mombasa County. Questionnaire and interview schedules were used to collect data from a sample size of 322 enterprises drawn across the four constituencies through stratified random sampling method. The study concludes that family background influence entrepreneurship through parental support such as financial support and any other support and also deduced that academic qualifications were in relation to their business activity and this contributed to establishment of business. The study recommends that in order to deal with unemployment issue interest free or low interest financial support to be extended to the unemployed who cannot afford a saving due to joblessness in the first place enabling them to start more entrepreneurial activities.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Entrepreneurial activity is often seen as the backbone of a sustainable and growing economy of the world today, however, entrepreneurship has attracted several definitions due to varied contexts of its use thus the definitions are loose fitting. (Joseph Schumpeter 1934) defined an entrepreneur as an innovator who take advantage of change, including: the introduction of a new (or improved) product, the introduction of a new method of production, the opening of a new market, the exploitation of a new source of supply and the re-engineering/organization of business management processes. Schumpeter's definition therefore equates entrepreneurship with innovation in the business sense; that is identifying market opportunities and using innovative approaches to exploit them.

The commonality of the many fronted definitions is that entrepreneurship is that mindset and process to create and develop an economic unit through amalgamating risk-taking, creativity, the assembly of unique bundles of resources, identification of market opportunities, and/or innovation founded on prudent management within a new or an existing organization to the creation of value. Entrepreneurship is driven by the urge to generate profit or rewards which can be related to monetary gain, personal satisfaction, career growth, a change in lifestyle, or recognition.

Eruption of entrepreneurship involves a concomitant complex mixture of psychological, contextual and socio-cultural determinants. The entrepreneurial phenomenon has been studied under the following themes: psychological (McClelland 1961), economic (Audretsch and Thurik 2001) and sociological or institutional (Shapero and Sokol 1982). Therefore, the entrepreneur's activities occur within a wider environmental medium, which include the economic, political, legal, social, cultural, social, and natural settings. In undertaking such entrepreneurial activities, the entrepreneur is endeavoring to create value.

Differences in entrepreneurial activity among countries, and regions within those countries, are evident (Davidsson and Wiklund 1997). A substantial part of these differences have been attributed to culture, which may influence entrepreneurship through two main mechanisms (Davidsson 1995). Firstly, a supportive culture would lead to social legitimation, making the entrepreneurial career more valued and socially recognized in that culture, thus creating a favorable institutional environment. Therefore, more people will try to start their ventures, irrespective of their personal beliefs and attitudes. Secondly, a culture sharing more pro-entrepreneurial values and patterns of thinking would lead to more individuals showing psychological traits and attitudes consistent with entrepreneurship (Krueger 2003). Thus, more people will try to become entrepreneurs (Mueller and Thomas 2001). In this sense, it has been suggested that a high perceived evaluation of entrepreneurship in a society will lead to more positive attitudes and intentions by individuals (Liñán, Urbano, and Guerrero 2011). Alternatively, it has also been argued that it is “misfit” individuals who attempt to start a venture. That is, irrespective of the specific cultural characteristics of a country, people not sharing dominant cultural values, dissatisfied individuals, will attempt the entrepreneurial path (Hofstede et al. 2004). Either way, we ignore cultural and social influences at our peril.

The distinctiveness of culture is derived from the values as reaffirmed by (Kluckhohn and Strodtbeck 1961) thus values are considered to be the core of culture and the basic motive behind human behavior. Therefore, interpretation of things, establishment of priorities, the making of choices and reaching decisions are the issues which are shaped by values before the outcome of these is reflected in behavior. The scope of this research shall take into consideration few cultural traits among them include: family background, past entrepreneurial experience and level of education which will be subject of consideration under this study.

Economic factors are largely the environment under which the EA is taking place and therefore, its immense influence on the success of the activity. They include: access to capital, human assets, raw materials, infrastructure and legislation. Capital remains indispensable to start an enterprise. The availability of capital allows the entrepreneur to

bring together other factors and use them to produce goods or services. The importance of human assets or employees can never be underestimated. No enterprise succeeds without a skilled and committed workforce. The very existence of the business depends on the availability of raw materials to process. Physical infrastructure and utilities such as good roads, parking, communication facilities, and power all play a crucial factor in the seamless functioning of an enterprise.

Cultural and economic determinants complement each other to define a set of choices and their results. However, cultural factors are produced internally, and they are endogenous to a community, whereas economic factors are imposed externally onto the community as the exogenous product of the evolution of relationships among rulers (Mantzavinos et al. 2004). In this sense, formal institutions can be created to promote entrepreneurial activity; however, this effect will be reflected in the future when they can impact on the informal institutions.

Entrepreneurship practitioners and public policy-makers have shown a growing interest in the contextual factors in which entrepreneurial activities take place. For example, international organizations such as the Organization for Economic Co-operation and Development (OECD) and European Union (EU) are focusing on the environmental drivers of entrepreneurship, especially the social and cultural factors that influence the individual career choice to be an entrepreneur and to create a new business (European Commission, 2006; OECD, 1998).

(Mohammad.Z, Syed.Z et al; 2008) conducted a study on entrepreneurial activity in Malaysia and concluded the following. Education at the primary and secondary levels is seen as crucial in impacting entrepreneurial propensity via the core skills gained at an impressionable age. Easily accessible physical infrastructure favors new, small or growing firms. Additionally it was found that existing social and cultural norms positively impact and encourage new ways of conducting business. Successful entrepreneurs are accorded a high status but it may be that potential entrepreneur's actual

skills, knowledge and experience may be lacking and this would impact upon their attitude towards entrepreneurship.

Rwanda (Moussa Traoré, Adrian Gonzalez et al; (2013) is ranked top in East African Community in terms of ease of doing business. The country has solid commitment to private sector development facilitating growth in exports, domestic investment and foreign direct investment inflow and the implementation of effective fiscal policies supported by structural and institutional reforms. Rwanda has developed strong institutional pipeline for designing and implementing business regulation reforms improving access to credit, streamlined procedures for starting a business, reduced the time to register property, simplified cross-border trade and made courts more accessible for resolving commercial disputes.

This research sought to explore the factors influencing entrepreneurial activity amongst the youth in Mombasa County. In addition, this research could be particularly useful in policy making level to initiate projects promoting new enterprise creation, not only regarding financial support but also long-term policies that will enhance entrepreneurial culture among the coastal communities with an extension to the entire country.

1.2 Statement of the problem

Mombasa County is a multiethnic county composed of both indigenous and people from upcountry. The projected total population of Mombasa County at the end of 2012 is 1,041,928 (KNBS 2009), the youth make the bulk of this population with the youth making up to 60% of the total county population. The county's poverty levels are high in the country with unemployment rate soaring over 58% meaning many who are affected are the youth since they make the majority of the population. The county is experiencing many challenges which include drug and substance abuse, prostitution along the beaches and the environs, robberies, secessionist groups like MRC thus insecurity which has been channeled by the unemployed youths

Despite the challenges Mombasa county faces, there are plenty of opportunities in the tourism sector, trans border trade being closer to Tanzania, being a gateway to east Africa

through the Mombasa port and devolved government which is adapted to put in place an enabling environment for business. Ideally, with this plenty of opportunities the high unemployment rate in the county cannot be expected. Therefore this study analyzed the contribution of the cultural-economic factors on entrepreneurial activity among the youth in Mombasa County since the interface between culture, economic environment and entrepreneurship, had received limited research efforts directed towards providing deeper picture on this relationship (Freytag and Thurik, 2007) therefore, this study bridged this gap. In the light of this, there is need to direct more intensified research activities in this gap especially the research in determining the extent cultural orientation of individual entrepreneurs and economic environment interpretation which drive their entrepreneurial activity in line with achieving vision 2030.

1.3 Purpose of the study

The purpose of this study was to analyze the factors growth of the entrepreneurial activity among the youth in Mombasa County.

1.4 Objectives of the study

The objectives of this study were to examine the factors influencing growth of entrepreneurial activity of the youth in Mombasa County. They include:

1. To determine the influence of family background on entrepreneurial activity among the youth in Mombasa.
2. To investigate the extent to which level of academic education influences entrepreneurial activity among the youth in Mombasa.
3. To assess the extent to which past experience on entrepreneurship determines entrepreneurial activity amongst the youth in Mombasa.
4. To evaluate whether access to capital has effect on entrepreneurial activity among the youth in Mombasa.
5. To analyze the extent to which physical infrastructure influences entrepreneurial activity among the youth in Mombasa county.

1.5 Research questions

The study sought to provide answers to the following questions:

1. To what extent does family background influence entrepreneurial activity among the youth in Mombasa County?
2. Whether level of education influences entrepreneurial activity among the youth in Mombasa County?
3. What influence does the past experience has on entrepreneurial activity among the youth in Mombasa?
4. In what aspects does access to capital affect entrepreneurial activity among the youth in Mombasa County?
5. To what extent does physical infrastructure influence entrepreneurial activity among the youth in Mombasa County?

1.6 Research hypotheses

The study sought to test the following null and alternative hypotheses:

1. H_0 : Family background has no effect on entrepreneurial activity of the youth in Mombasa County.
 H_1 : Family background has a positive effect on entrepreneurial activity of the youth in Mombasa County.
2. H_0 : The level of education doesn't influence entrepreneurial activity among the youth in Mombasa County.
 H_1 : Level of education influences entrepreneurial activity among the youth in Mombasa.
3. H_0 : Past experience does not influence the entrepreneurial activity among the youth in Mombasa County.
 H_1 : There is positive correlation between past experience and entrepreneurial activity among the youth in Mombasa County.
4. H_0 : Entrepreneurial activity among the youth in Mombasa is not influenced by access to capital.

H₁: Access to capital does influence the entrepreneurial activity among the youth in Mombasa County.

5. H₀: The more accessible physical infrastructure is to individuals, the higher the rate of entrepreneurial activity among the youth in Mombasa County.

H₁: Physical infrastructure has no direct influence on the entrepreneurial activity among the youth in Mombasa County.

6. H₀: Government regulations have no effect on the entrepreneurial activity among the youth in Mombasa County.

H₁: Government regulations have effect entrepreneurial activity among the youth in Mombasa.

1.7 Significance of the study

This study provides the cosmopolitan, Mombasa County a better understanding of its entrepreneurial challenges and potential, which could lead to the creation of more conducive conditions to promote entrepreneurship. The research sought to explore the importance of institutions for entrepreneurial activity. In addition, this research could be tremendously useful at policy making level in initiating projects promoting new enterprise creation, not only regarding financial support but mainly regarding long-term policies that change beliefs about entrepreneurial behavior i.e. cultural-economic variables that can encourage entrepreneurial activities.

1.8 Limitations of the study

Comprehensive coverage of the study was a challenge courtesy of the vast Mombasa County, constraints of time and resources, limited documented information on the subject area and willingness of participants to give information.

The limitations were neutralized in the following manner. Coverage challenges were countered through employing research assistants to collect data across the constituencies concurrently to save time. Seeking information from the county offices in Mombasa regarding enterprises and finally use of native research assistants in addition to reassurance that the disclosed information will be purely for research and is confidential.

1.9 Basic assumptions of the study

This study was grounded on the basic assumption that the respondents gave the information honestly and objectively, data collection instruments were valid and reliable.

1.10 Delimitations of the study

The study was carried out in the cosmopolitan Mombasa County targeting the youth aged between 22-45 years who are running successful enterprises across the six constituencies.

1.11 Definition of significant terms

Entrepreneurial culture -a conglomeration of values, beliefs and attitudes that are identical in a society, which has the propensity to drive entrepreneurial inclination of that society both at the micro (individual) and macro (group) levels.

Entrepreneurial activity -the process of starting up and managing an economic unit otherwise known as enterprise.

Youth -an individual within the chronological age of 22-45 years

Family background- covers the number of parent(s) alive, their support towards establishing the enterprise and any history of owning an enterprise before.

Level of education- highest learning level

Past experience- experience earned from previous employment or entrepreneurship

Access to capital-ability to get startup capital either through debt or equity financing from lending persons or institutions.

Growth: number of new entrepreneurial units coming up/established.

Physical infrastructure-includes developed transport network e.g. roads, airports, railway system, communication network and technology.

Government regulations- processes which include property registration, construction permitting, tax payment and trading across borders.

1.12 Organization of the study

The study is organized into five chapters. Chapter one captures background of the study, statement of the problem, purpose of the study and objectives of the study. Included also in the chapter are research questions, research hypotheses, significance of study and limitations of the study. Besides, basic assumptions, delimitations as well as definition of significant terms of the study are also highlighted. Chapter two covers literature review whereas chapter three highlights research methodology. Data analysis, interpretation and presentation of results are captured in chapter four whereas chapter five highlights summary of findings, discussions, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review undertaken to cover areas of cultural-economic determinants and importance of entrepreneurship.

2.2 The concept of entrepreneurship

Margaret Miller (2008) outlines the general importance of entrepreneurship. Firstly, she acknowledges that entrepreneurship provides employment to many people majority of who are the youth, driving a nation towards better opportunities, with a significant input to the economy.

Secondly, entrepreneurship contributes towards research and development system whereby most of all innovations are due to the entrepreneurs. Without the boom of inventions the world would have been a much dry place to live in. Inventions provide an easier way of getting things done through better and standardized technology, Margaret Miller (2008).

Thirdly, it creates wealth for nation and for individuals as well; - all individuals who search business opportunities usually create wealth by entering into entrepreneurship. The wealth created by the same play a considerable role in the development of nation thereby contributing to the economy, may be in the form of products or services or boosting the GDP rates or tax contributions. Their ideas, thoughts, and inventions are also a great help to the nation, Margaret Miller (2008).

Fourthly, it helps the entrepreneur get maximum scope for growth and opportunity through earnings which is a real motivating factor for any entrepreneur as the knowledge and skills he develops while owning his enterprise are his assets for life time which usually, lacks when a person is under employment. The individual goes through a grooming process when he becomes an entrepreneur. In this way it not only benefits him but also the economy as a whole, Margaret Miller (2008).

Finally, entrepreneurship provides self sufficiency through provision of high standards of living to its employees. The basic factors which become a cause of happiness may be liberty, monetary rewards, and the feeling of contentment that one gets after doing the job. Therefore the contribution of entrepreneurs makes the economy an improved place to live in, Margaret Miller (2008).

2.3 Cultural factors influencing growth of entrepreneurial activity

Like entrepreneurship, defining culture has been slapped with challenges in getting a conclusive definition this perhaps is due to the pleomorphism of the construct. With the increasing interest in culture-entrepreneurship research, the focus has been on “entrepreneurial culture” as a potential cultural trait that could spur entrepreneurship development (Ajaekwe, 2008)

Entrepreneurial culture was defined by Gibb (1996) as a conglomeration of values, beliefs and attitudes that are identical in a society, which has the propensity to drive entrepreneurial inclination of that society both at the micro (individual) and macro (group) levels. Following this perspective, a number of cultural traits have been found to be crucial in developing entrepreneurship, in a given social setting.

2.3.1 Family background and entrepreneurial activity

Prevalence of enterprise notion in a family setting creates an environment where family members develop with the mindset that enterprise spirit is a desirable and entrenched way of life. Such setting provides natural incubation for enterprise development as the family network would reinforce the entrepreneurial activity by ensuring that members of the family have access to resources that would support their enterprise development efforts. For example, a research done by Oyeyinka (2001) in Nigeria revealed that communities with by strong family and ethnic ties which are as much embedded in geography as to historical and cultural roots are more entrepreneurial as opposed to communities with weak ethnic and family ties. Embeddedness means that information travels more quickly through networks not only of producers, but the interconnected networks of distributors and also of ethnicity and family.

Research has shown that support offered by family members to the entrepreneur affects positively the start-up decision (Chang et al, 2009). The family embeddedness perspective describes the impact and the importance of parents on the entrepreneurial career of their offspring (Aldrich and Cliff, 2003). Both the breadth and the quality of family business experience matter (Krueger, 1993). Parents act as initial role models and the parents active in a family business influence the future entrepreneurial intentions through changing attitudes and beliefs as for example self-efficacy (Shapero and Sokol, 1982, Krueger et al, 2000).

2.3.2 Level of Education and entrepreneurial activity

Education and its impact on entrepreneurial intentions and entrepreneurship, has also been widely studied (Peterman and Kennedy, 2003). Education, specialized entrepreneurial courses, and prior business experience can be collectively considered as personal human capital or the potential entrepreneur's knowledge capital. Knowledge as a critical resource can positively influence self-efficacy and eventually the intention to start a new business (Chang et al, 2009).

The empirical evidence of the Global Entrepreneurship Monitor project shows the existence of the relationship between education and entrepreneurial activities (Bosma and Harding, 2007). However, in theory, prior knowledge is a crucial antecedent of different dimensions of entrepreneurial propensity including innovativeness, proactiveness and risk taking (Knight et al., 2003). More specifically, acquisition and exploitation of knowledge, knowledge dissemination and responsiveness to knowledge have been identified as the components that have the most impact on a firm's ability to innovate, act proactively and take risks. Following this line of argument, the educational background of the entrepreneur plays a pivotal role in this endeavor.

Those who attain a higher level of education are better equipped to communicate with customers, gather market intelligence and develop proactive strategies, which then lead to higher growth (Casson, 1982). A study on Greek owned businesses in Sydney, Walker (1988) found that the businesses underwent expansion when university educated sons

joined the firms. Similarly, Peters (2002) discovered that the Greek Kailis brothers attributed their success as exporters of lobster and other seafood to their educational attainments.

Confirming the contrary, Levent et al. (2003) identified lack of education as an ethnic-based obstacle to entrepreneurship and argued that those entrepreneurs who are keen on breaking out into the mainstream market will need to attain higher levels of education. In addition, there are studies that revealed the influence of educational standards on risk taking propensities of entrepreneurs and business owners (Knight et al., 2003) According to these researchers, education leads to risk taking with confidence because critical thinking and reasoning skills acquired through education helps these individuals improve their understanding of what they know and more accurately predict the outcomes of their decisions.

2.3.3 Previous experience and entrepreneurial activity

Previous experience can also assist owners in identifying new market opportunities (Perez and Pablos, 2003). In particular, such experience contributes towards building up the entrepreneur's knowledge base, developing access to market information and business networks, improving managerial capability and thus diversifying products and services. Acquired experience by management has been found to be crucial to expansion by identifying trends and exploiting the opportunities (Mughan et al., 2004).

It is emphasized that individual experience is paramount in generating knowledge (Huber, 1996) and can engender and encourage innovativeness. Previous business experience in particular gained through dealing with customers/suppliers, and other stakeholders provide valuable feedback in the shaping, development of innovation strategies and a positive attitude towards business risks. (Grant and Romanelli 2001) argue that the prior experience of the founder of a firm is the source of the knowledge assets critical for the creation of new routines and capabilities to innovate new products. Prior business experience equips managers with the skills and knowledge of combining, organizing and exploiting resources for innovation.

However, (Rerup 2005) expressed a more critical view about the relevance of the experience accumulated by habitual entrepreneurs, suggesting that a past experience may not be always useful since what really matters is the type of accumulated experiences (Wright, Robbie and Ennew, 1997). Thus, several researchers suggest a more fine grained view of accumulated experience because “the value of prior experience depends less on its similarity to current activity than it does on the dimensions of similarity.”

2.3.4 Gender and entrepreneurial activity

It is generally accepted that men have stronger entrepreneurial intentions than women (Díaz-García & Jiménez-Moreno, 2010; Gupta, Turban, Wasti, & Sidkar, 2009). Empirical evidence also indicates that, in spite of growth in female entrepreneurship, there are still almost twice as many male entrepreneurs (Bosma & Levie, 2009).

Entrepreneurship has traditionally been a male-dominated field with men owning more businesses than women (Marlow, 2002). Commonly shared cultural beliefs about gender roles can therefore shape the opportunities and incentives that individuals experience in pursuing certain occupations. The fact that an entrepreneurial career is gendered can also shape the interaction between female entrepreneurs and various service providers and, as a result, limit women’s ability to access the necessary resources or receive necessary support to become successful entrepreneurs. This may cause women to perceive the environment to be challenging and unsuitable for entrepreneurial activity (Zhao, Seibert, & Hills, 2005) with insurmountable barriers like lack of support, fear of failure, and lack of competency

2.4 Economic determinants of entrepreneurial activity

The economic factors make part of the formal institutions surrounding entrepreneurial activity and encompass the following:

2.4.1 Access to capital and entrepreneurial activity

Availability of financial resources would determine the frequency of new business start-ups. Entrepreneurs need capital to start a business, either through family funds, a business loan or self. In this line, research evidence shows that policies that increase access to

bank credit, the creation of investment companies, credit with low interest rates and credit guarantee schemes contribute significantly to the promotion of new businesses (Gnyawali and Fogel, 1994).

Improving access to credit entails series of fundamental reforms to loosen conditions for getting credit. Secured transactions legislation must be formulated and enacted, allowing a wider range of assets to be used as collateral and permitting out-of-court enforcement proceedings. While poor access to credit is generally caused by the low level of development and underdeveloped markets, much could be done to ameliorate the situation for entrepreneurs, including support to microfinance institutions, saving clubs, and formulating policy instruments to regulate credit access. To promote a robust credit culture will also require the introduction of collateral and bankruptcy laws and well-crafted financing instruments targeting the lowest segments of the credit market. Poor access to credit has been identified as among the most important obstacles to the graduation of firms, (Ogbo 2009).

2.4.2 Government regulations and entrepreneurship

Good business regulations enable the private sector to thrive and businesses to expand their transactions network. But regulations put in place to safeguard economic activity and facilitate business operations, if poorly designed, can become obstacles to doing business. Therefore, inefficient government regulation may be perceived negatively, especially by those interested in starting new businesses (Gnyawali and Fogel, 1994).

Regulatory processes touch to a large extent areas like business start-up, property registration, construction permitting, tax payment and trading across the borders. Hand in hand with the above areas require strengthening legal institutions covering contract enforcement, insolvency regimes, credit information, legal rights of borrowers and lenders and the protection of minority shareholders. These regulations must be “SMART” – Streamlined, Meaningful, Adaptable, Relevant and Transparent. There ought to be a combination of efficient regulatory processes with strong legal institutions that protect property and the investor rights.

There is evidence that correctly applied tax policies may provide incentives for innovation and growth of firms (Keuschnigg 2004, Keuschnigg and Nielsen 2002 & 2004, Goldfarb and Henrekson 2003, Puffer and McCarthy 2001). Gentry and Hubbard (2000) argues that progressive marginal tax rates discourage entry by entrepreneurs with the most promising business projects and discourages entrepreneurship. Making tax payment an easy process through allowing self-assessment, online filing encouraging electronic business registration, offering of cadastre information, use of electronic database of encumbrances and setting of fixed transfer fees are some of SMART regulations that encourage entrepreneurship, Moussa Traoré, Adrian Gonzalez, et al (2013).

Empirical studies suggest two ways in which regulations impact on the entrepreneurial process. First, cumbersome regulations and delays in obtaining the necessary permits and licenses may increase the duration of the start-up process. This can reduce new business entry because the window of opportunity may have passed by the time all regulations are complied with. Regulations also enable officials to micro-manage industries by obstructing or delaying entry, either for personal or policy reasons (Maddy, 2004). Dreher and Gassebner, for example, reported a negative relationship between the number of licenses and permits required for entry and new firm formation rate (Dreher and Gassebner, 2007).

Similarly, Van der Horst, Nijsen and Gulhan (2000) found that regulatory policies on licensing influenced entrepreneurs' decisions to start business ventures. Second, unpredictable and strenuous application of regulations pushes up compliance costs, thereby increasing the cost of startup and negatively impacting profitability and the firms' ability to use their retained earnings to fuel growth.

2.4.3 Physical infrastructure and entrepreneurship

Physical infrastructure such as transportation, land or operating space, and communication facilities such as internet, telephone and postal services are vital for the successful operation of entrepreneurial activities and venture start-up and growth

(Trulsson 2002, Liao, Welsch and Pistrui 2001, Hansen and Seborá 2003). To set up a business, one usually needs access to physical infrastructure such as office and operating space, equipment and basic utilities. The availability of such utilities will encourage the start-up of new ventures (Carter, Gartner and Reynolds 1996, Dubini 1989). In some cases, incubators have provided operating space and facilities for entrepreneurs. Such incubators do not only bring together several entrepreneurs, but also facilitate the availability, awareness, accessibility and affordability of resources that are needed for entrepreneurial success (Allen and Rahman 1985).

Accessing physical infrastructure can be seen as one of the inputs that the entrepreneur must pull together in his or her role as economic “gap-filler” and an “input-completer. Access to physical infrastructure for entrepreneurs can vary widely from country to country and while it may be taken for granted in many high income countries, in others it can be a major issue (Bitzenis and Nito, 2005). Efficient and cost effective infrastructure plays an important role in facilitating a vibrant and competitive private sector.

2.5 Conceptual framework

The conceptual framework outlines independent variables, dependent variable and moderating variables as discussed in the literature review.

Independent Variables

Dependent variable

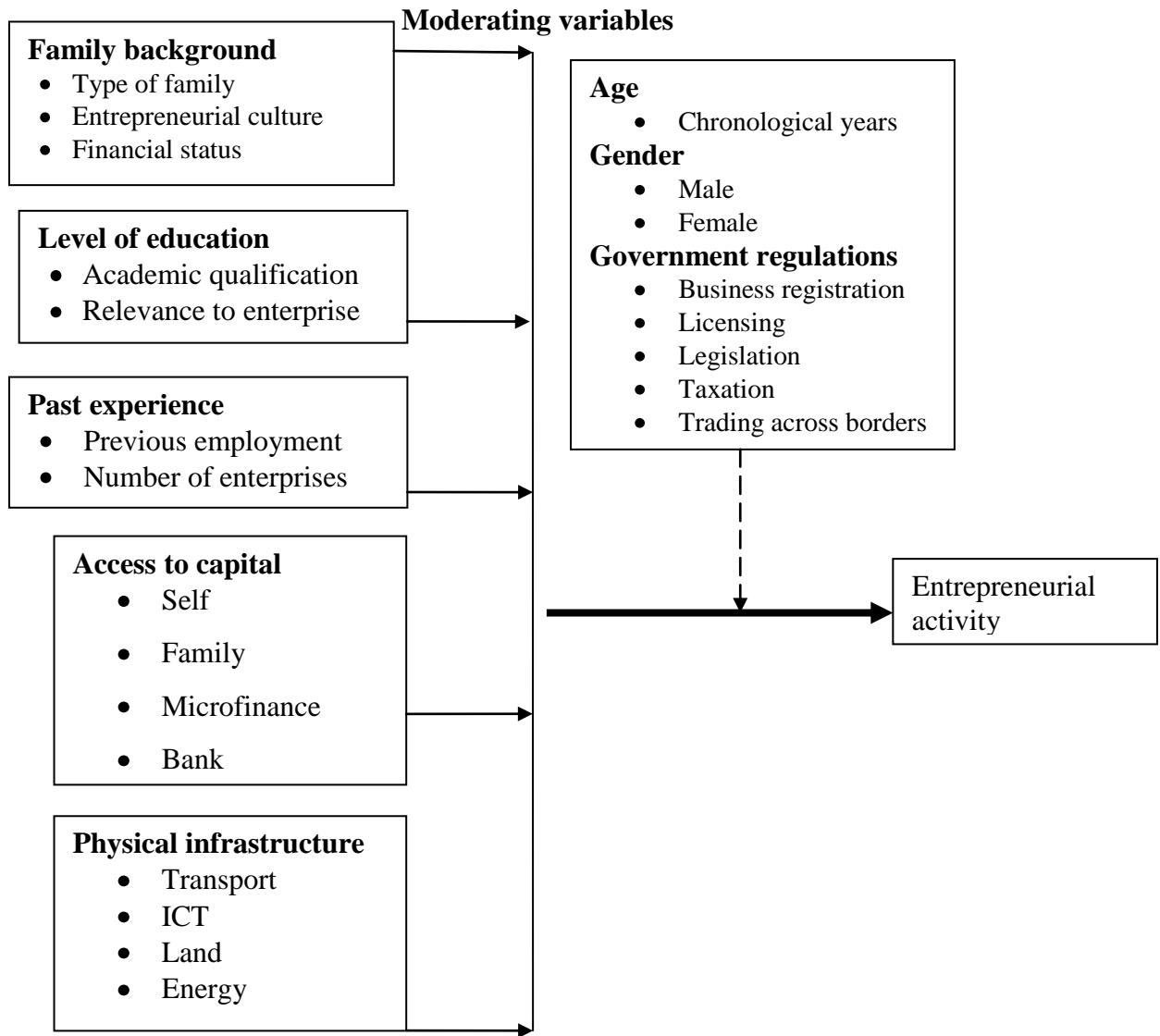


Figure 2 Factors Influencing Growth of Entrepreneurship Activity Among Youth

The conceptual framework above depicts the interconnectivity between the cultural-economic determinants presented as independent variables and establishment of an entrepreneurial activity. This relationship however, has influences from within and

without otherwise presented as moderating variables. The age and gender of an individual plus government regulations are major factors which cannot be wished away as the magnitude of their impact determines if the inception of the entrepreneurial activity is realized.

2.6 Summary of literature review

In summary the literature review undertaken was directed towards exploring the cultural-economic determinants of entrepreneurial activity in detailed form. The factors included family background, past experience, level of education, access to capital and physical infrastructure. In addition, the review touched on the moderating factors which include Gender and government regulations' influence on entrepreneurship. Worldwide research results from both developed and developing nations have been samples to give a complete picture of entrepreneurial activity amongst individuals. Most of the research studies acknowledge a direct relationship between cultural-economic factors and entrepreneurial activity though the rate of new enterprises varies from one region to the other. This review therefore, has laid in depth understanding preparing the ground to undertake this research study in Mombasa County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design, target population, Sampling procedure, data collection and data analysis techniques. In addition, the chapter touches on the ethical considerations, validity and reliability of data collection instruments and finally definition of terms.

3.2 Research design

According to (Best and Kahn 2007), “The term descriptive research has often been used incorrectly to describe three types of investigation that are different. Perhaps their superficial similarities have obscured their difference. Each of them employs the process of disciplined inquiry through the gathering and analysis of empirical data, and each attempts to develop knowledge. To be done competently, each requires the expertise of the careful and systematic investigator. A brief explanation may serve to put each one in proper perspective.” (Dr. Y.P. Aggarwal 2008) reaffirms that the method of research which concerns itself with the present phenomena in terms of conditions, practices beliefs, processes, relationships or trends invariably is termed as “descriptive survey study” which is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation. This type of research method is not simply amassing and tabulating facts but includes proper analyses, interpretation, comparisons, identification of trends and relationships.

Descriptive survey is concerned not only with the characteristics of individuals but with the characteristics of the whole sample thereof. It provides information useful to the solutions of local issues (problems). Survey may be qualitative or quantitative in verbal or mathematical form of expression; such studies are factual and hence supply practical information. The survey research employs applications of scientific method by critically analyzing and examining the source materials, by analyzing and interpreting data, and by arriving at generalization and prediction.

3.3 Target population

The target population for a survey is the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize. The study targeted running businesses licensed by the Mombasa County (formerly Mombasa city council) across the four constituencies as the newly created Jomvu and Nyali have not yet been updated in the system.

Table 3.1 Population of enterprises per constituency

Constituency	Total population
Kisauni	3533
Mvita	8867
Changamwe	4490
Likoni	3004

Source: Mombasa County offices 2013

In a descriptive research 10% (Mugenda, 1999) of the population is considered acceptable representative. The table below shows the target population which will be calculated directly from the population above.

Table 3.2: Target population in the four constituencies

Constituency	Target population
Kisauni	353
Mvita	887
Changamwe	449
Likoni	300

3.4 Sample size and sampling procedure

In this study stratified random sampling was used to calculate the sample size as shown below.

Sample Size - Infinite Population (where the population is greater than 50,000)

$$SS = \frac{Z^2 \times (p) \times (1 - p)}{C^2}$$

SS = Sample Size

Z = Z-value (1.96 for a 95 percent confidence level)

P = Percentage of population picking a choice, expressed as decimal

C = Confidence interval, expressed as decimal (0.05)

$$Ss=(1.96^2 \cdot .05)/0.05^2$$

$$=384$$

Sample Size – Finite Population (where the population is less than 50,000)

$$\text{New SS} = \frac{SS}{(1 + (SS - 1)/\text{pop})}$$

$$=384/(1+(384-1)/1989)$$

Sample size=322 enterprises

Table 3.3 Sample size per stratum

Constituency	Sample size
Kisauni	57
Mvita	144
Changamwe	72
Likoni	49

3.5 Data collection instruments

It is important that data collection instruments used for surveys ensure the ability to collect standardized information and do so in a way that would yield quantifiable results. The same instruments should be distributed to all subjects so that data can be summarized and compared. Although there are a variety of potential methods and instruments, questionnaire and individual interviews are the most common collection techniques used in survey research (Borg & Gall, 1989).

The questionnaire contained both closed and open ended questions to collect both quantitative and qualitative information respectively. Interviews provided deeper qualitative analysis (Kvale & Brinkmann 2009). Both instruments of data collection contained questions based on objectives and research questions of this study.

3.5.1 Instruments piloting

Choice of the study data collection instruments is based on their validity and reliability to achieve research objectives. Questionnaire and interview schedules were used as the main data collection instrument after being subjected to piloting.

3.5.2 Validity of the research instruments

According to (Joppe 2000), validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, the research instrument allows hitting "the bull's eye" of the research objectives. Validity is categorized into content validity, face validity, criterion-related validity (or predictive validity), and construct validity. In a nut shell, validity assesses whether the means of measurement are accurate and are actually measuring what they are intended to measure.

The data collection instruments have been structured in a manner to cover relevance of the research as outlined in the objectives and research questions. Review of the

questionnaire by colleagues for fine-tuning and finally pre-testing of the data collection tools to ensure validity.

3.5.3 Reliability of research instruments

(Joppe 2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. (p. 1). Kirk and Miller (1986) identify three types of reliability referred to in research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period.

Reliability was tested using the split-half reliability index whereby the test was divided into two parts (odd/even), the two forms were administered to the same group of individuals and the responses correlated. Coefficient alpha was used to compute the index as shown in the formula below:

$$\text{Coefficient alpha } \alpha = N / (N - 1) [1 - \text{sum Var } (Y_i) / \text{Var}(X)]$$

Where N = # items

Sum Var (Y_i) = sum of item variances

Var(X) = composite variance (Allen & Yen, 1979)

The study yielded a reliability value of 0.9. According to Nunnally and Bernstein 1994 reliability value of 0.70 or higher are considered adequate.

3.6 Data collection procedure

After securing permit to conduct the research, the researcher trained research assistants who delivered the questionnaires to the respondents wait till they are filled and collect them to increase response rate. Interview schedules also were administered face to face with the respondents. Data collection was carried out simultaneously due to time

constraint. Data collection exercise commenced right after being given a go ahead by the supervisor and served with an introductory letter which was shown to the respondents.

3.7 Data analysis techniques

Descriptive and inferential statistics was used to analyze collected data in conjunction with the Statistical package for social scientist (SPSS) for quantitative data. Qualitative data was analyzed based on thematic and content analysis approach. Results were presented in different formats including cross tables, frequencies among others. Findings were discussed; conclusions arrived at and appropriate recommendations made thereafter. *P*-value was used to test the hypotheses.

3.9 Ethical considerations

First and foremost, was working in sufficient consultation with the supervisor for guidance. Respondents consented first before participating in the study and their responses were confidential. Respondents were not required to indicate their names to enhance anonymity. Finally, participation in the study was entirely voluntary.

3.10 Operational definition of variables

Research objectives/questions	Type of variable	Indicators	Measure	Level of scale
To what extent does family background influence entrepreneurial activity?	<p>Independent</p> <p>Family background</p> <p>Education level</p> <p>Entrepreneurial past experience</p>	<p>Type of family</p> <p>Economic status</p>	<p>Single parent</p> <p>Both parents alive</p> <p>No. of family enterprises</p> <p>Net monthly income</p>	Nominal

To what extent does the level of education influences entrepreneurial activity?	Access to capital Physical	Academic level	Highest education attained	Ordinal
How does the past entrepreneurial experience affect entrepreneurial activity?	infrastructure Dependent Successful	Sector of enterprising	Similar sector Different sector	Nominal
How does access to capital affect entrepreneurial activity?	entrepreneurial activity	Start-up financing of the enterprise	Loans Grants Interest rates	Ordinal
How does physical infrastructure influence entrepreneurial activity?	Moderating Age Gender Government regulation	Land availability Developed communication system	Number of acreage owned Access to internet	Ordinal Nominal

Figure 1: Operational definition of variables

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter focused on the data analysis, interpretation and presentation of the findings. The main purpose of this research was to examine factors influencing growth of the entrepreneurial activity among the youth in Mombasa County. The study also sought to establish whether family background, education levels, past experience, access to capital and physical infrastructure influence entrepreneurial activity among the youth in Mombasa County.

4.2 Questionnaire Return Rate

The study sampled 322 respondents from the target population of 1989 in collecting data with regard to factors influencing growth of the entrepreneurial activity among the youth in Mombasa County. Table 4.1 shows the response rate of the study

Table 4.1 Response Rate

Rate Response	Frequency	Percentage
Responded	300	93
Non response	22	7
Total	322	100

Out of 322 copies of questionnaire distributed only 300 respondents completely filled in and returned the questionnaire, this accounted for 93%(300) response rate. The response rate conformed to Mugenda and Mugenda (2003) that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. The response rate was reached due to the data collection procedure adopted by the study, where researcher administered questionnaire and waited for respondents to fill in while kept reminding the respondents to fill in the questionnaire through frequent phone call and picked the questionnaire once fully filled. Additional any

clarifications needed by the respondents were accorded to. However, 7% of the respondents were reluctant to fill the questionnaire.

4.3 Demographic Characterization of the Respondents

The study found it crucial to ascertain the general information of the respondents since the analysis relied on this information so as to categorize the different results according to their knowledge and responses.

4.3.1 Age Bracket of the Respondents on Entrepreneurship Activity

The study requested the respondent to indicate the age bracket they fall. The findings of the study are as shown in table 4.2.

Table 4.2 Age Bracket of the Respondents

	Frequency	Percentage
21-30	105	35.0
31-40	151	50.3
41-50	41	13.7
Over 50	3	1.0
Total	300	100.0

According to the study findings, half 50% (151) of the respondents aged between 31-40, 35% (105) aged between 20-30years, 14%(41) were between 41-50years while the rest 1%(3) were over 50 years. This implies that most of the respondents were recognized as per the constitution interpretation of the individual to engage into commercial work. The study finding conferred with ILO (2007) that (30%) of the Kenya labour force is composed of youth between 16-35 years and who are openly unemployed).

4.3.2 Gender of the Respondent on Entrepreneurship Activity

The study aimed to investigate the gender of the respondents. Table 4.2 shows the summary of the findings of the study.

Table 4.3 Gender of the Respondents

	Frequency	Percent
Male	188	62.7
Female	112	37.3
Total	300	100.0

From the findings majority 63%(188) of the respondents were male while the rest 37%(112) of the respondents were females. This implies that men participate more in entrepreneurial activity compared to their counterpart women, hence the finding of the study and conclusions are based since opinion of gender equity is represented. The fact that an entrepreneurial career is gendered can also shape the interaction between female entrepreneurs and various service providers and, as a result, limit women's ability to access the necessary resources or receive necessary support to become successful entrepreneurs. This may cause women to perceive the environment to be challenging and unsuitable for entrepreneurial activity (Zhao, Seibert & Hills, 2005). The result of the study were contrary to ILO (2007) where its findings indicated that out of the 462,000 jobs created annually since 2000 in Kenya, 445,000 jobs have come from the informal sector, where 85% of women's businesses are found.

4.3.3 Number of Parents Alive

The study further requested the respondents to indicate whether their parents were alive. Table 4.4 shows the summary of the study findings.

Table 4.4 Number of Parents Alive

	Frequency	Percent
Two	119	39.7
One	96	32.0
None	85	28.3
Total	300	100.0

According to the findings, the study established that 40% (119) of the respondents had both parents alive, 32% (96) had only one parent alive while the rest 28% (85) had no parent alive. This implies that a majority of the entrepreneurs support their business through their effort without being provided moral or financial support from their parents.

4.3.4 Reason for Having one or None of Parent

The researcher was also inquisitive to establish the reason contributing to having one or none of a parent. Table 4.5 shows the summary of the study findings on the reason for the respondents having one or none of parents.

Table 4.5 Reason for Having one or None of Parent

	Frequency	Percent
N/A	131	43.7
Divorced	37	12.3
Orphaned	93	31.0
Single	39	13.0
Total	300	100.0

From the findings, 44% (131) of the respondents indicated that not applicable, 31% (93) of the interviewed respondents indicate they are orphaned, 13% (39) were single while the rest 12% (37) were divorced. The study found that most of the entrepreneurs with less than one parent were orphaned. The family embeddedness perspective describes the impact and the importance of parents on the entrepreneurial career of their offspring (Aldrich and Cliff, 2003). Additionally, research has shown that support offered by family members to the entrepreneur affects positively the start-up decision (Chang et al, 2009).

4.3.5 Parental Support

The study also requested the respondent to indicate whether they got parental support they required. Table 4.6 depicts the study findings.

Table 4.6 Parental Support

	Frequency	Percent
Father	53	17.6
Mother	41	13.7
Both	56	18.7
None	150	50.0
Total	300	100.0

According to the findings, half 50%(153) of the respondents' indicated that they had no one to give them parental support on their business, 19%(56) indicated that both parents provided parental support on their business, 18% pointed that their father gave support they required while 14%(41) indicated that their mother gave them support. This implies that most of the entrepreneurs in the county run their business without depending on external support from their parents or guardians. According to Storey (2008) the more assistance an entrepreneur obtains during the start up the better are her chances of creating a successful and sustainable business. However, young entrepreneurs often lack the support services that are key to transforming fragile one-person start-ups into successful small- and medium-sized businesses. Likewise, parents act as initial role models and the parents active in a family business influence the future entrepreneurial intentions through changing attitudes and beliefs as for example self-efficacy (Krueger et al, 2000).

4.3.6 Type of Support Given by Parents

The researcher further requested the respondents to indicate the support the parents gave to him or her. Table 4.6 shows the summary of the study findings. Parents act as initial role models and the parents active in a family business influence the future entrepreneurial intentions through changing attitudes and beliefs as for example self-efficacy.

Table 4.7 Type of Support Given by Parents

	Frequency	Percent
N/A	126	42.0
Financing	107	35.7
Mentorship	26	8.7
Networking	41	13.7
Total	300	100.0

From the findings, 42%(126) had not been given any support, 36%(107) received financial support, 14%(41) were being provided networking by their parent for the business growth while 9%(26) were being given mentorship programs. The finding indicates that though majority of the entrepreneurs do not have any support from the parents those happen to be offered support they are only provided financial support. The findings conferred to the Data from the FOBS survey (2005) show that lack of adequate start-up capital is a dilemma that faces entrepreneurs of all ages, but it is particularly difficult for young people due to their lack of security (substantive credit history, sufficient collateral or guarantees) and of credibility (lack of experience).

4.3.7 Family Ownership of Business

Table 4.8 shows the summary of the study findings on whether their family members own any business.

Table 4.8 Family Ownership of Business

	Frequency	Percent
One	54	18.0
More than one	20	6.7
None	226	75.3
Total	300	100.0

Majority 75%(226) indicated that their family had no any business, 18%(54) indicated that their family own one business while 7%(20) indicated that they family member

owned more than one business. According to the finding, it's clear that most of the entrepreneurs they are self-reliance and that their investment are independent from the family affairs. The finding of the study was contrary to Oyeyinka (2001) that communities with by strong family and ethnic ties which are as much embedded in geography as to historical and cultural roots are more entrepreneurial as opposed to communities with weak ethnic and family ties.

4.3.8 Involvement of the Respondent in Running Family Business

The study requested the respondent whether was or is involved in running the family owned business.

Table 4.9 Involvement of the Respondent in Running Family Business

	Frequency	Percent
N/A	212	70.7
Yes	63	21.0
No	25	8.3
Total	300	100.0

Majority 71%(212) indicated that their family did not run any business, 21%(63) were involved in running business while 8%(25) were not totally involved in running business. The study shows that family members were not involved in running of the business. The findings complied to Aldrich and Cliff (2003) that the family embeddedness perspective describes the impact and the importance of parents on the entrepreneurial career of their offspring.

4.3.9 Position held by Respondents Participating in Running Business

The study aimed to investigate position held by the respondents in running family business. The findings of the study are as shown in table 4.10.

Table 4.20 Position held by Respondents Participating in Running Business

	Frequency	Percent
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N/A	189	63.0
Management	40	13.3
Non-Management	71	23.7
Total	300	100.0

According to the findings, 63%(189) take no part in running family business or their family had no any business, 24%(71) were non management staffs while 13%(40) were management staffs. The study indicates that most of the employees were not holding any position in running business. The study findings did not adhere Carree et al, (2002) who argued that empowering people to take entrepreneurial initiatives and helping them to build formidable businesses skill has been one of the most effective ways of reducing monotony and putting the people's life into their own hands.

4.3.10 Parents Financial Outlook

Further the study requested to give their description on parent financial outlook. Table 4.11 shows the summary of the study findings.

Table 4.3 Parents Financial Outlook

	Frequency	Percent
Rich	30	10.0
Middle	191	63.7
Poor	79	26.3
Total	300	100.0

Majority 64%(191) perceived their parents are middle class people, 26%(79) perceived their parents are poor while only 10%(30) rate their parents as rich. The finding indicates that most of the entrepreneurs come from a middle class family while few of the rich family opt to invest on enterprises. According to Oyeyinka (2001) prevalence of enterprise notion in a family setting creates an environment where family members develop with the mindset that enterprise spirit is a desirable and entrenched way of life.

4.4 Highest Level of Academic Qualification

The study was also inquisitive to determine the highest level of the academic qualification that the respondent held.

Table 4.4 Highest Level of Academic Qualification

	Frequency	Percent
Certificate	121	40.3
Diploma	137	45.7
Degree	34	11.3
Postgraduate	8	2.7
Total	300	100.0

Most 46%(137) of the respondents had acquired diploma as their highest education level, 40%(121) had attained certificate in various courses as their highest academic qualification, 11%(34) had acquired degree as their highest education level, while 3%(8) had acquired post graduate degree. The finding implies that majority of entrepreneurs had acquired diploma and certificate as their highest level of education qualification. The findings complied with King and McGrath (2006) that those with more education and training are more likely to be successful in the sector.

4.4.1 Correlation of Academic Qualification with Business Activity

The researcher requested the respondent whether their academic qualification are tallying with the business activity they were running.

Table 4.13 Correlation of Academic Qualification with Business Activity

	Frequency	Percent
No	106	35.3
Yes	194	64.7
Total	300	100

According to the findings, majority 65 %(194) indicate that their academic qualification are in relation to their business activity while 35 %(106) indicated that their academic qualification they were not in any way in relation to their business activity. The study indicates that majority of people carrying out SME's in Kenya are quite well informed in terms of education and skills. Further, the study implies that entrepreneurs believe that education equips women with the knowledge and skills they need to more effectively manage and succeed in their businesses. The finding of the study conferred to ILO (2009) that an entrepreneur's level of education is directly correlated with his ability to make financial decisions of his business.

4.4.2 Education Contribute on Establishment of Enterprise

Table 4.14 shows the finding of the study on whether education contributed to establishment of enterprises.

Table 4.14 Education Contribute on Establishment of Enterprise

	Frequency	Percent
Yes	201	67
No	99	33
Total	300	100

From the findings, 67 %(201) indicated that education contributed to business establishment while the rest 33 %(99) indicated otherwise. According to King and McGrath (2002), those with more education and training are more likely to be successful in the sector. The finding of the study implies that ability to adopt skills and knowledge required in running an enterprise enhance establishment of enterprises. The literacy level was reflected in their ability to carry out managerial routines. The routine includes making decisions on financial investment and management. This affects the decision on the external funding of his enterprise

4.5 Employment status

The study aimed to investigate respondents' employment status. The findings of the study are as shown in table 4.5.

Table 4.15 Employment status

	Frequency	Percent
Yes	156	52
No	97	32
Employed up to date	47	16
Total	300	100

From the findings, majority 52%(156) were previously employed, 32%(97) have never been employed while 16%(47) are currently employed. The finding implies that majority of employers do not retain employees in their organization hence contributing to high level of unemployment. According to ILO (2007) Kenya's unemployment rate stands at 21%, while 65% of unemployed is youth among the highest in the world. Significantly, youth are engaged in the informal sector, which is largely unregulated and workers are subjected to low earnings and long working hours, without any formal contract.

4.5.1 Employment Relationship with Business activity of Respondents

Furthermore the study requested the respondents whether their employment is related to their activities they carry in their business.

Table 4.16 Employment Relationship with Business activity of Respondents

	Frequency	Percent
Yes	74	24.7
No	226	75.3
Total	300	100

Majority 75%(226) pointed that the work they conduct in their employment is not related to their business while the rest 25%(74) did conduct the same business as per their employment.

4.5.2 Position of Respondents in Previous Employment

Table 4.5.2 summarizes the study findings on position held by respondents in previous employment.

Table 4.17 Position of Respondents in Previous Employment

	Frequency	Percent
Management	52	17
Non-Management	248	83
Total	300	100

Majority 83%(248) were non management staffs while 17%(52) were management staffs in the business. According to the finding most of the respondent were non management thus implying that most of business requires less management staffs. The finding of the study reveals that most of respondents were not involved in management activities. The results were contrary to Mughan et al., (2004) acquired experience by management has been found to be crucial to expansion by identifying trends and exploiting the opportunities.

4.5.3 Contribution of Previous Employment on Business Establishment

The study further requested the respondent whether previous employment contributed to establishment of business.

Table 4.18 Contribution of Previous Employment on Business Establishment

	Frequency	Percent
Yes	157	52.6
No	142	47.3
Total	300	100

From the findings, majority 53%(157) indicated that previous employment contributed to the willingness of establishing the business while 47%(142) indicated that previous employment has not contributed to engagement in business activity. The study findings

imply that most of the employees believed that previous experience motivate individuals to invest in entrepreneurship activity. Grant and Romanelli (2001) argue that the prior experience of the founder of a firm is the source of the knowledge assets critical for the creation of new routines and capabilities to innovate new products. Prior business experience equips managers with the skills and knowledge of combining, organizing and exploiting resources for innovation.

4.5.4 Number of Enterprise Owned by Respondents

Table 4.19 shows the summary of the study findings on number of enterprises owned by respondents.

Table 4.19 Number of Enterprise Owned by Respondents

	Frequency	Percent
One	238	79.3
Two	38	12.7
More than two	16	12
Total	300	100

According to the findings 79%(238) indicated that they had one enterprise, 13%(38) had two businesses while 12%(16) had more than two businesses. The study finding indicates that most of the enterprises had one branches while few of them had managed to have more than one branch. Although any firm should be able to enter and exit a market, each industry often presents varying levels of difficulty, commonly driven by economics. Informal sectors such as SMEs are more difficult to enter than in any other industries (Andrews, 2001).

4.6 Source of Start-up Capital

Table 4.6 shows the finding of the study on the source of capital of the entrepreneurs’.

Table 4.20 Source of Start-up Capital

	Frequency	Percent
Bank	35	11.7
Family	65	21.7
Savings	194	64.7
Microfinance	6	2
Total	300	100

According to the findings, most 65%(194) sourced their capital from personal savings, 22%(65) sourced from family, 12%(35) sourced from banks while 2%(6) sourced from friends as shown in each case. From the finding, the study revealed that most of the entrepreneurs were relying on their saving. To promote a robust credit culture will also require the introduction of collateral and bankruptcy laws and well-crafted financing instruments targeting the lowest segments of the credit market. Poor access to credit has been identified as among the most important obstacles to the graduation of firms, (Ogbo 2009).

4.7 Factors Influence Decision to Engage in Business

Table 4.21 shows the physical infrastructures that influence respondent to engage in business.

Table 4.21 Factors Influence Decision to Engage in Business

	Mean	STDev
Transport network	2.93	.790
Information, Communication and technology network	2.97	.822
Land availability	2.52	.905
Power connection	2.77	.895

From the findings most of the respondents indicated that the Information Communication and technology network influence them to engage in business to a moderate extent as illustrated by mean score of 2.97, also respondent alluded that transport network influence their decision on engaging in business to a moderate as indicated by mean score of 2.93. Further respondents alleged that power connection influence their decision to

engage in business to a moderate extent as depicted by mean score of 2.77. Finally respondents opined that land availability influence their decision to engage in business to a moderate extent as shown in mean score of 2.52. The finding revealed that most of the factors influencing entrepreneurship decision availability of information, communication and technology network and transport network. According to McNulty (2005) problems and challenges that face entrepreneurship are enormous no doubt but it is curious to know that some entrepreneurs are able to overcome them such as infrastructure development.

4.8 Government regulation framework

4.8.1 Licensing of Business

Furthermore, the researcher requested the respondents whether their business or enterprises are licensed.

Table 4.22 Licensing of Business

	Frequency	Percent
Yes	273	91
No	27	9
Total	300	100

According to the findings, majority 91%(273) of the respondents indicated that their businesses are licensed while only 9%(27) had not licensed their business with most of them giving reason of high license fees as the main reason for not licensing their businesses. This finding reveals that majority of young entrepreneurs operate their business cognizant of regulation and policies set by the government. According to Keuschnigg (2004) pointed that regulatory processes touch to a large extent areas like business start-up, property registration, construction permitting, tax payment and trading across the borders. Hand in hand with the above areas require strengthening legal institutions covering contract enforcement, insolvency regimes, credit information, legal rights of borrowers and lenders and the protection of minority shareholders.

4.8.2 Duration Taken to License Business

The study further aimed to investigate duration taken to license business by the government.

Table 4.23 Company Registration

	Frequency	Percent
Yes	68	23.6
No	232	76.4
Total	300	100.0

According to the findings, majority 76%(232) of the respondents indicated that they had not registered their business while only 23%(68) had registered their business with most of them giving reason of long registration process as the main reason for not registering their businesses. Making tax payment an easy process through allowing self-assessment, online filing encouraging electronic business registration, offering of cadastre information, use of electronic database of encumbrances and setting of fixed transfer fees are some of SMART regulations encourage entrepreneurship (Moussa & Gonzalez, 2013).

4.8.3 Duration of Registration of Business Period on Entrepreneurship Activity

The study aimed to investigate how respondents perceive the duration of registering business is.

Table 4.24 Perceived Duration of Registration of Business Period

	Frequency	Percent
long	233	77.7
Short	39	13.0
Medium	28	9.3
Total	300	100.0

From the findings, 78%(233) of the respondents perceived that the time taken by government to register their business is short, 13%(39) perceived that the government

take longer time while 9%(28) perceived the time is average. The study revealed that most of the entrepreneurs get in time the required document. According to Maddy (2004) cumbersome regulations and delays in obtaining the necessary permits and licenses may increase the duration of the start-up process. This can reduce new business entry because the window of opportunity may have passed by the time all regulations are complied with.

4.8.4 Influence of Business Registration Process on Entrepreneurship Activity

Further the study aimed to establish the influence that business registration Process on entering in business.

Table 4.25 Influence of Business Registration Process on Entrepreneurship Activity

	Frequency	Percent
Positive	135	45.0
Negative	165	55.0
Total	300	100.0

From the findings, most 55%(165) were of the opinion that registration process influence their decision on entrepreneurship negatively while 45%(135) pointed that the business registration process influence their decision to enter in business positively. The finding of the study reveals that the ways in which regulations impact on the entrepreneurial process. The finding conferred to Van der Horst, Nijsen and Gulhan (2000) that regulatory policy on licensing influenced entrepreneurs' decisions to start business ventures. Second, unpredictable and strenuous application of regulations pushes up compliance costs, thereby increasing the cost of startup and negatively impacting profitability and the firms' ability to use their retained earnings to fuel growth.

4.8.5 License levy and its Influence on Entrepreneurship

Table 4.26 shows the study findings on the influence that levy have on entrepreneurship.

Table 4.26 Licence levy and its Influence on Entrepreneurship

	Frequency	Percent
Yes	121	40.3
No	135	45.0
Total	300	100.0

According to the findings, 45%(135) indicated that license levy does not influence entrepreneurship while 40%(121) opined that levy influence entrepreneurship. The finding reveals that taxes introduced to the business discourage entrepreneurship. The study findings conferred to Gentry and Hubbard (2000) that progressive marginal tax rates discourage entry by entrepreneurs with the most promising business projects and discourages entrepreneurship.

4.8.6 Influence of tax on Entrepreneurship

The study aimed to establish the influence tax on Entrepreneurship.

Table 4.27 Influence of tax on Entrepreneurship

	Frequency	Percent
Positive	106	35.3
Negative	194	65.0
Total	300	100.0

From the findings, most 65% were of the opinion that tax influenced entrepreneurship negatively while 35 %(106) pointed that tax influenced entrepreneurship positively.

4.8.7 Adequate Legislation to Promotion of Entrepreneurial Activity

The researcher requested the respondent whether there was adequate legislation to promote entrepreneurship in the county.

Table 4.28 Adequate Legislation to Promotion of Entrepreneurial Activity

	Frequency	Percent
Yes	139	55.8
No	110	44.2
Total	249	100.0

Most 56%(139) opined that there was adequate legislation to promote entrepreneurship while 44%(110) opined otherwise. The finding of the study depicted that there was adequate registration and promotion of entrepreneurship. The study finding conferred to ILO (2007) that promotion of youth entrepreneurship has been recognized in all over the world. One of its major significant benefits is that it contributes to the creation of self-employment among youth operating businesses amidst high level of unemployment.

4.9 Inferential Statistic

To establish the relationship between the independent variables and the dependent variable the study conducted inferential analysis which involved coefficient of correlation, coefficient of determination and a multiple regression analysis.

4.10 Coefficient of Correlation

In trying to show the relationship between the study variables and their findings the study used the Karl Pearson’s coefficient of correlation (r).

Table 4.29 Coefficient of Correlation

		Entrepreneurship	Family Background	Education Profile	Past Experience	Access to Capital	Physical Infrastructure	Government Policies
Entrepreneurship	Pearson Correlation Sig. (2-tailed)	1						
Family Background	Pearson Correlation	.501	1					

	Sig. (2-tailed)	.0032							
Education Profile	Pearson	.578	.3421	1					
	Correlation								
	Sig. (2-tailed)	.0021	.0014						
Past Experience	Pearson	.527	.1240	.0621	1				
	Correlation								
	Sig. (2-tailed)	.0043	.0120	.0043					
Access to Capital	Pearson	.541	.3420	.0000	.1660	1			
	Correlation								
	Sig. (2-tailed)	.0172	.0031	1.000	.0031				
Physical Infrastructure	Pearson	.518	.1240	.0621	.3420	.0120	1		
	Correlation								
	Sig. (2-tailed)	.0043	.0120	.0043	.0142	.0043			
Government Policies	Pearson	.521	.3420	.0475	.1660	.0310	.3120	1	
	Correlation								
	Sig. (2-tailed)	.0172	.0031	1.000	.0031	.0272	.0431		

According to the findings, it was clear that there was a positive correlation between entrepreneurship and family background as shown by a correlation figure of 0.501, it was also clear that there was a positive correlation between youth entrepreneurship and education profile with a correlation figure of 0.578, there was also a positive correlation between youth entrepreneurship and past experience with a correlation value of 0.527, also it was clear that there was positive correlation between youth entrepreneurship and access to capital with a correlation value of 0.541 there was also a positive correlation between youth entrepreneurship and physical infrastructure with a correlation value of 0.518 and that there was positive correlation between youth entrepreneurship and government policies with a correlation value of 0.521. This shows that there was a positive correlation between youth entrepreneurship and family background, education profile, past experience, access to capital, physical infrastructure and government policies.

4.11 Coefficient of Determination

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes. The coefficient of determination, r^2 is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the five independent variables (family background,

education profile, past experience, access to capital, physical infrastructure and government policies) to the dependent variable.

Table 4.30 Model Summary

Model	R	R²	Adjusted R²	Std. Error of the Estimate
1	0.742	0.551	0.641	0.0438

Of the four independent variables that were studied, explain only 55.1% of the entrepreneurship among youths as represented by the adjusted R². This therefore means that other factors not studied in this research contribute 44.9% of entrepreneurship among youths. Therefore, further research should be conducted to investigate the other factors that affect entrepreneurship among youths.

4.12 Multiple Regression

Multiple regression analysis was further conducted so as to examine cultural-economic determinants of the entrepreneurial activity among the youth in Mombasa County. The main purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable.

Table 4.51 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	1.279	1.316		1.451	.357
Family Background	0.506	0.310	0.172	4.242	.0276
Education Profile	0.613	0.322	0.067	3.452	.0201
Past Experience	0.525	0.156	0.210	3.382	.0285
Access to Capital	0.587	0.245	0.148	3.358	.0219
Physical Infrastructure	0.516	0.322	0.067	3.542	.0218

Government Policies	0.520	0.245	0.148	3.458	.0249
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The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. As per the SPSS generated table 4.20, the equation

$(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \epsilon)$ becomes:

$$Y = 1.279 + 0.506X_1 + 0.613X_2 + 0.525X_3 + 0.587X_4 + 0.516X_5 + 0.520X_6$$

The regression equation above has established that taking all factors into account (family background, education profile, past experience, access to capital, physical infrastructure and government policies) constant at zero, entrepreneurship uptake among youth will be 1.279. The findings presented also shows that taking all other independent variables at zero, a unit increase in family background will lead to a 0.506 increase in uptake of entrepreneurial youths; a unit increase in education profile will lead to a 0.613 increase in uptake of entrepreneurial youths; a unit increase in past experience will lead to a 0.525 increase in uptake of entrepreneurial among youths; a unit increase in access to capital will lead to a 0.587 increase in uptake of entrepreneurial among youths a unit increase in physical infrastructure will lead to a 0.516 increase in uptake of entrepreneurial among youths and a unit increase in government policies will lead to a 0.510 increase in uptake of entrepreneurial among youths. This infers that accessibility of education profile hamper uptake of entrepreneurial among youth followed by access to capital then past experience, government policies, and physical infrastructure while family background contributed the little to uptake of entrepreneurial among youths.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings, the discussions, the conclusions and recommendations of the study based on the objectives of the study. The chapter also presents the suggestions for further studies.

5.2 Summary of the Findings

On family background, the study established that 40% respondents had their both parents alive while those who did not have any parents were due to deaths and divorce. However those with a parent, both parents provide parental support on their business such as financial support and any other support. Further the study established that most of the entrepreneurs their family had no any business while only those family had business were not involved in running business while only 13% were involved in running business in management level. However, most of the respondent regards their parents as middle class.

To the education level, the study established that most (46%) of the respondents had acquired diploma as their highest education level. The academic qualifications were in relation to their business activity and this contributed to establishment of business.

On past experience, the study revealed that majority (52%) were previously employed though the work they conduct in their employment is not related to their business. Further Majority (83%) who were employed were non management staffs. However, majority (53%) indicated that previous employment contributed to the willingness of establishing with majority of youth entrepreneurs having one enterprise.

To access of capital, the study noted that most (65%) sourced their capital from personal savings. Additional, Information Communication and technology network influence them to engage on business.

On government regulation framework, the study established that majority (91%) of the respondents indicated that their businesses are licensed though government take more than a day to license the business which is a major challenge. However, majority (76%) of the respondents indicated that they had not registered their business though the process does not challenge them to engage in business. Further the study established that license levy and current taxation regime does influence entrepreneurship negatively. The study noted that many businesses were not registered due to tortuous registration process though its lack does not prevent people from establishing enterprises.

5.3 Conclusion

The study set out to examine cultural-economic determinants of the entrepreneurial activity among the youth in Mombasa County. From the study findings, the study concludes that family background influences entrepreneurship through parental support such as financial support and any other support. Additional, the study established that despite the support from the parents most of the entrepreneurs were not involved in running family business though their parents were middle class.

The study also sought to establish whether education influences entrepreneurial activity among the youth and it deduced from the findings that most entrepreneurs had acquired diploma as their highest education level. Further the study established that these academic qualifications were in relation to their business activity and this contributed to establishment of business

The study examined how past experience influences entrepreneurial activity among the youth. From the findings the study concluded that most of entrepreneurs were previously employed though the work they conduct in their employment is not related to their business. Likewise the study noted that most of employed entrepreneurs were non management staffs while previous employment contributed to the willingness of establishing with majority of youth entrepreneurs having one enterprise.

To determine whether access to capital influenced entrepreneurial activity among the youth, the study concluded that majority of the young entrepreneurs source their capital

of carrying out business from their own personal savings. Most respondents shy away from banks due to the high interest rates.

On government regulation framework, the study concluded that most of the businesses are licensed though government takes more than a day to license the business which is a challenge too. Most entrepreneurs have not registered their businesses though the status does not challenge them not to engage in business citing non-surveillance from Kenya revenue authority to check non-compliance. Further the study deduced that levy e.g. tax, license fees does influence entrepreneurship negatively. Likewise, the study noted that the long duration taken to register a company was not doing any good in promoting entrepreneurship.

5.4 Recommendation

5.4.1 Recommendation for Policy Formulation

On financial support, the study recommended that in order to deal with unemployment issue interest free or low interest financial support to be extended to the unemployed who cannot afford a saving due to joblessness in the first place enabling them to start more entrepreneurial activities. Likewise, the study recommended that interest rate accrued from the credit should be reviewed to be favorable to upcoming business such as owned by youth so as to ensure consistence in provision of service and production of goods.

Further, the study recommends review of business registration with the view of shortening the duration thus encouraging many entrepreneurs to register companies which will reflect in higher revenue collection to the county. The study is in the view that youths to be taught on any strategy that the business/enterprises may apply to ensure effective and efficient running of business as failure to that growth of enterprises will remain nightmare to them and unemployment issue will only increase randomly. Additionally, the study recommended that management and owners of business to set session of staff training in order to equip employees on ways of ensuring effective and efficient performance of the business for full realization of the organization objective.

To the objective of infrastructure, the study recommended that prior measures to be set to ensure that relevant ICT application to the business are enhanced in order to increase entrepreneurial activity, enhance innovation and increase market share as ignorance to this advancement will lead to low performance of business hence realization of insignificant growth. On the same the study recommended that youths to be taught on application of ICT practices so that all departments can have significant and uniform growth. In addition, the county to ensure ample power connectivity and improved transport network across the county to nurture the entrepreneurial activities.

On government policies, the survey recommended that government review the set policies concerning fair trade and more particularly in small-medium enterprises so as to ensure rapid investment in relevant sector so as to deal with youth unemployment issue. Inclusively, the study recommended that clear policies to be put in place to ensure increased entrepreneurial activities amongst the youth.

5.5 Recommendation for Further Research

This study investigated on factors influencing entrepreneurial activity among the youth in Mombasa County. The study suggests further research to be done on factors influencing the growth of youth owned enterprises in other areas to give a reliable information that depict real situation in all counties. Further, the study suggests a research to be done on challenges facing growth of Youth Enterprises to reflect both negative and positive impacts youth enterprises in economy growth.

Likewise, the study suggested that a study to be done on factors that has stifled the culture of entrepreneurship in Kenya. Most of young people graduate from school and tend to seek for ‘white color’ jobs which they do not get. In addition to this unfortunate thing, the educational system does not teach students entrepreneurship and how to start their own businesses after their cause of study. The academic environment is geared towards western philosophies which may not apply to the Kenyans environment.

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APPENDICES

Appendix II: QUESTIONNAIRE

I am MOUNDE MOKAYA student at the University of Nairobi pursuing masters in project planning and management. I'm conducting a research for partial fulfillment of the requirement for the award of the aforementioned masters' degree.

The research seeks to investigate **CULTURAL-ECONOMIC DETERMINANTS OF ENTREPRENEURIAL ACTIVITY AMONG THE YOUTH IN MOMBASA COUNTY**. Participation in the research study is absolutely voluntary. Any information you forward will be treated with utmost confidentiality and will not be used for any purpose other than study objectives.

Signature of the interviewer.....Date.....

Respondent agreement to participate in the research Yes No

1.0 Demographic information

Age 22-30 31-40 41-45

Gender Male Female

2.0 Family background

How many of your parents are alive? Two One None

If you answered *one* or *none* above. What is the reason? Divorced Orphaned
 Single

Whose support did you bank on in your entrepreneurial activity?

Father Mother Both None

If yes above what kind of support was offered?

Financing Mentorship Networking

Does your family own any enterprise(s)? One More than one None

(If answered *one* or *more than one* above), were you involved in the family business?

Yes No

What was your position in your family business? Management Non-management

How will you describe your parent(s) financial outlook? Rich Middle Poor

3.0 Educational profile

What is your highest academic qualification?

Certificate Diploma Degree Postgraduate

Is your academic qualification in the same line as your enterprises? Yes

No

Did your education contribute to the establishment of the enterprise? Yes No

4.0 Past experience

Have you ever been employed before? Yes No Employed up-to-date

If ever employed. Was your employment in the same sector as your enterprise(s)?

Yes No

What was your position in your previous employment? Managerial Non-managerial

Did your previous employment experience contribute in starting up your enterprise?

Yes No

How many enterprise(s) do you own? One Two More than two

5.0 Access to capital

i) Where did you get your start-up capital?

Bank Family Savings Microfinance Other. Specify.....

ii) Give reason for your source of capital choice.....

6.0 Physical infrastructure

What extent did the following factors influence your decision to enter this business?

	Factor	Not at all	Small extent	Moderate extent	Large extent	Very large extent
a	Transport network					
b	Information, Communication and technology network					
c	Land availability					
d	Power connection					

7.0 Government regulation framework

Is your business licensed? Yes No

If answered NO above, what is the main reason?.....

If yes in 22, how long did it take to get a license? Less than a day more than a day

Have you registered your company with registrar of companies? Yes No

If NO above, what is the main reason?.....

If YES in question 25 above, what is your comment regarding the entire process of business registration in Kenya? Long Short Medium

In your view, what was the influence of business registration process on the decision to enter this business? Positive Negative

Did the tax levy influence your decision to become an entrepreneur? Yes No

If YES above, how was the influence? Positive Negative

Do you feel there is adequate legislation to promote enabling entrepreneurial activity in the county? Yes No

THANK YOU FOR YOUR COOPERATION

INTERVIEW SCHEDULE

I am MOUNDE MOKAYA student at the University of Nairobi pursuing masters in project planning and management. I'm conducting a research for partial fulfillment of the requirement for the award of the aforementioned masters' degree.

The research seeks to investigate *CULTURAL-ECONOMIC DETERMINANTS OF ENTREPRENEURIAL ACTIVITY AMONG THE YOUTH IN MOMBASA COUNTY*.

Participation in the research study is absolutely voluntary. Any information you forward will be treated with utmost confidentiality and will not be used for any purpose other than study objectives.

Signature of the interviewer.....Date.....

Respondent agreement to participate in the research

Yes No

1.0 Demographic information

1. Your age 21-30 31-40 41-50
2. Gender Male Female
3. What motivated you to starting your business?
4. Did you get any family support is starting your business? Explain your answer
5. Is your being male/female influence financial support (if any) from your family?
6. Do you feel that education is vital for entrepreneurial activity? Explain please.
7. What would motivate you open another business?
8. Will your subsequent business be in the same sector as the current one? Why?
9. What was the source of the capital? Why that source?
10. Which other source would you opt to and why?
11. Does business registration process in Kenya influence your starting of this business?

THANK YOU