FACTORS INFLUENCING THE DEVELOPMENT OF YOUTH ENTREPRENEURSHIP IN ONGATA RONGAI TOWNSHIP, KAJIADO COUNTY, KENYA

BY
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2012
DECLARATION

This is my original work and has not been presented for award of a degree in any other university or any other institution of higher learning for examination.

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This research report has been submitted for examination with my approval as the University Supervisor

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DEDICATION

This project is dedicated to my Brother Cyrus Nderitu, wife Alice Wanjiru, daughter Faustina Njeri and my Boss Fr. Modest Inyaiti for their moral support, understanding and perseverance during my study period.
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ABBREVIATION AND ACRONYMS

CDE  Centre for Development and Enterprise
CEC  Commission of the European Communities
CYP  Commonwealth Youth Program
ERA  Economic Review Agency
EU   European Union
GYEC Global Youth Employment Council
IMF  International Monetary Fund
KIPPPRA Kenya Institute for Public Policy Research and Analysis
KNBS Kenya National Bureau of Statistics
MOYA Ministry of Youth Affairs
OECD Organization for Economic Co-operation and Development
PRSP Poverty Reduction Strategy Paper
SME  Small Micro Enterprises
UNDP United Nations Development Programme
WDP World Development Report
YBI Youth Business International
YDN Youth Development Network
YEDA Youth and Economic Development in Africa
YEDF Youth Enterprise Development Fund
ABSTRACT

Entrepreneurship is the engine of economic growth and development. Youth entrepreneurship has a greater potential to aid the achievement of Millennium Development Goal 8, target 16 which aims at providing decent and productive work for youth. Provision of employment among the youth will save them from social exclusion. This study was aimed at identifying those factors influencing the development of youth entrepreneurship. This study sought to; find out how access to credit, entrepreneurship education, market, business support services and social economic factors affect the development of Youth entrepreneurship in Ongata Rongai Township. A target population of 250 units was used and total sample size of 150 was picked as representative, in addition two Administrative officers working with credit institutions were also interviewed. A descriptive survey design was used. Probability and non-probability sampling techniques were used to create a sampling frame. Stratified sampling was one of the probability techniques used in order to ensure that various types of youth run enterprises were included in the survey. Data was collected using self-administered questionnaires, interview guide and observation method. The collected data was analysed using Statistical package for Social Scientist software. The results of the study were analysed using descriptive and inferential statistics and the results were presented using tables. The findings of the study revealed that a majority of the youth had poor credit access individually mainly from financial institutions as well as Youth Enterprise Fund. Access to entrepreneurship education and Business development services during the startup and growth phase also affected many young entrepreneurs. The socio economic factors such as unemployment led many youth to participate in business.
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Chapter one provides a background on entrepreneurship, youth entrepreneurship and also covers the statement of the problem, research objectives and research questions that the study looks forward to answering, purpose of the study, and significance of the study, delimitations and limitations of the study.

The definition of entrepreneurship has proved to be rather controversial. Not only have different scholars emerged with divergent views on entrepreneurship, but they have also tended to use different definitions when researching on entrepreneurship in different economic and social contexts.

This study will adopt the definition of Hisrich (2007) who has defined entrepreneurship as the process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction of independence. The study of youth entrepreneurship is still relatively recent.

Even though caution should be exercised so that entrepreneurship is not seen as a ‘mass’ or wide-ranging solution which can cure all society’s social ills, as suggested by Curtain (2000), it has a number of potential benefits. One of its major significant benefits is that it contributes to the creation of self-employment among those youth operating businesses amidst high level of unemployment. The global youth unemployment rate in 2003 reached the historical peak of 14.4 per cent. Cross to 2 million (14.6 per cent) of the
Kenya labour force is composed of youth between 16-35 years and who are openly unemployed (ILO, 2007).

The promotion of youth entrepreneurship is fundamental to the achievement of MDG 8, Target 16 which focuses on developing decent and productive work for youth. This has a significant effect of bringing back the alienated and marginalized youth into the economic mainstream thereby addressing some of the socio-psychological problems and delinquency which occur due joblessness (White and Kenyon, 2000).

Action on youth unemployment must be integrated as a central platform for achieving MDG 1 on poverty reduction and hunger as well as Kenya Vision 2030. The achievement of MDG 1 has a bearing to the achievement of other MDGs in particular MDG 3, target 11 which promotes an increase in the share of women on wage employment in Non agricultural particularly in Africa where socio-cultural constraints tend to affect the participation of female youth in self-employment.

According to Awogbenle and Iwuamadi (2010) youth entrepreneurship is critical in promoting innovation and resilience among the youth. Innovation is central to modern theories of growth and development (Verspagen (2005). In a broader sense youth entrepreneurship helps young women and men develop new skills and experiences that can be applied to many other challenges in life. Youth entrepreneurship also promotes the revitalization of the local communities by providing valuable goods and services.

Despite the numerous benefits, the development of youth entrepreneurship in many countries faces numerous challenges. These include unfavourable administrative and regulatory burdens, poor access to finance, market, entrepreneurship education and
business development services for the start-ups by young people in high-income and
developing countries (World Bank, 2002, 2005; Chigunta, 2002).

Unemployment and poverty are serious problems facing the youth in Ongata Rongai
Township. The promotion of entrepreneurship among the youth for self employment in
this area is derailed by credit inaccessibility and unavailability among other challenges.
The study was carried out in Ongata Rongai Township which is part of the Kajiado
County. The township falls between two divisions: Olekasasi and Ongata Rongai. The
Township has a population of about 50,000 youth.

1.2 Statement of the problem

The establishment of the YEDF in 2006 as one of the flagship projects of Kenya Vision
2030 under the Social pillar was meant to promote youth entrepreneurship as an
alternative source of employment. However, despite the introduction of this fund to cross
the financing gap, number of youth run enterprises in Ongata Rongai Township still
remains small in comparison with the high numbers of unemployed youth in the area.
According to the YEDF Status report (2011) the number of youth groups funded in 2011
in Kajiado County was only 198.

Across gender there are also significant differences in terms of funds distribution.
According to the same status report, 853 Males in comparison to 488 Females received
credit from the fund through intermediaries while 11 youth accessed credit from the fund
on individual basis. Moreover, the success rate of those youth run enterprises that have
already been funded in the township remains questionable going by their loans repayment
rates and hence there could be other factors hindering the development of youth run
enterprises in the area other than credit access.
1.3 Purpose of the study
The purpose of this study was to establish the factors hindering the development of youth entrepreneurship in Ongata Rongai Township.

1.4 Objectives of the study
This study was guided by the following objectives:

1. To determine how credit availability and accessibility influence the development of entrepreneurship among the youth in Ongata Rongai Township.

2. To examine how access to entrepreneurship education and training influence the development of entrepreneurship among the youth in Ongata Rongai Township.

3. To determine how access to Business development services influence the development of entrepreneurship among the youth in Ongata Rongai Township.

4. To establish how access to markets influence the development of entrepreneurship among the youth in Ongata Rongai Township.

5. To examine the social economic factors influencing the development of entrepreneurship among the youth in Ongata Rongai Township.

1.5 Research questions
The research questions of this study were:

1. How does credit accessibility and availability influence the development of entrepreneurship among the youth in Ongata Rongai Township?

2. To what extent does access to entrepreneurship education and training influence the development of entrepreneurship among the youth in Ongata Rongai Township?
3. How does the accessibility to Business development services influence the development of entrepreneurship among the youth in Ongata Rongai Township?

4. To what extent does market access influence the development of entrepreneurship among the youth in Ongata Rongai Township?

5. How do the social economic factors influence the development of entrepreneurship among the youth in Ongata Rongai Township?

1.6 Significance of the study

This study sought to generate useful insights that can be used by the government and Non-governmental organization to promote youth entrepreneurship as a viable alternative source of employment. The study also sought to offer useful recommendation and measures to aid in the realization of the Kenya vision 2030 as well as the Millennium Development Goals (MDG). The study was therefore necessary in identifying factors influencing the development of youth entrepreneurship and in solving the unemployment crisis among the youth.

1.7 Basic assumptions of the study

It was assumed that the respondents would be co-operative and provide accurate information when responding to the research questions. It was also assumed that the sample size chosen was adequate to enable the researcher draw a valid conclusion about the population.

1.8 Limitations of the study

Time constraint was a limiting factor because the study had to be concluded within a short time. Availability of funds was also a limiting factor to the study since the
researcher was self sponsored. There was no assurance that the respondents would return all the questionnaires duly completed, neither was there a guarantee that the interviewers would respond to all the questions put forward to them comprehensively.

1.9 Delimitation of the study

The study was restricted within Ongata Rongai Township. The study focused on youth entrepreneurs doing various types of legal businesses within the Township. The youth selected for the study were expected to be between 18 to 35 years of age.
1.10 Definitions of significant terms

Micro and Small Enterprises (MSE)- These are businesses operating in formal and informal sectors of the economy and employing between 5 and less than 20 employees.

Self-employment- Practice of owning and operating a small enterprise as a means of livelihood; working for one's own account, often in the informal sector.

Social economic factors- Participation of youth in business based on age, gender, marital status, economic and social status.

Under-employment- A situation in which an individual is employed, but not in the desired capacity, whether in terms of compensation, hours or level of skill and experience.

Unemployment- Situation where people who are willing and capable of working are unable to find suitable paid employment.

Youth Young people between ages 18-35 years of age.

Youth entrepreneurs. Young people who are engaged in any type of legal business.

Youth entrepreneurship. This involves acquainting young people and students with the realities and opportunities of small-business employment and ownership.
1.11 Organization of the study

Chapter one provides a background on entrepreneurship, youth entrepreneurship, statement of the problem, research objectives and research questions that the study looked forward to answering, purpose of the study, and significance of the study, delimitations and scope of the study. Chapter Two outlines the various schools of thought on what constitutes youth entrepreneurship and challenges facing it. Chapter three outlines the research design and methodology used for purposes of completing the study. It also describes in details, research design, target population, sample, sampling procedure and data collection instruments. Chapter four contains data analysis, presentation and interpretation while chapter five provides a summary of findings, discussion, conclusions and recommendations. This is followed by references and appendices sections.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter outlines the various schools of thought on what constitutes youth entrepreneurship as an emerging field. Secondly, it highlights the literature related to factors influencing the growth and development of youth entrepreneurship such as access to; credit, entrepreneurship education and training, Business development services, Markets and effects of socio economic factors. The chapter also analysed literature related to other aspects influencing youth entrepreneurship.

2.2 Youth Definition

Globally there is no commonly accepted definition of the term ‘youth’. The definition of the term youth seems to vary from country to country and agency to agency depending on country or agency specific circumstances. The UN Department of Economic and Social Affairs define the youth as that population in the age bracket of 15–24 years. The Youth Policy Act in India defines the youth as ranging from 15 to 35 years of age (Brown and Larson, 2002).

The African Youth Charter (2011) has defined young people as individuals between the ages of 15 and 35 years. This definition views young people within the African context and is based on Africa’s development realities. The Millennium declaration summit has defined the youth as persons between ages 15-28 years old. In South Africa, according to Curtain (2004) young people are historically defined as being between ages 15 and 35. In Uganda for instance the youth are classified as those individuals between ages 12 to 30 years, while in Nigeria, it is between 18 and 35 years (ILO, 2005).
The Kenya National Youth policy (2002) has defined Youths as those individuals aged between 15-30 years of age. This definition takes into account the physical, psychological, cultural, social, biological and political aspects, which explain the Kenyan youth situation. However, young people below 18 years have no legal capacity to contract. It is only those individuals who are 18 year and above under Kenyan law who can be permitted to enter into legal contracts.

2.3 The concept of Youth Entrepreneurship

There is need to understand the concept of ‘entrepreneurship’ before attempting to explain what is youth entrepreneurship as this will allow for a comprehensive debate on the factors affecting youth entrepreneurship. The concept of entrepreneurship is a pet subject in the world today. The development of small and medium enterprise sector (SMEs) forms the core of Entrepreneurship. Low levels of entrepreneurship come with consequences such as less innovation and fewer business start-ups. This has a negative consequence on employment and economic growth. According to Drucker (1985) entrepreneurship merely reflects the creation of a new organization and that any individual who starts a new business venture is an entrepreneur; even those that fail to make a profit. Entrepreneurship is a mindset and process to creating and developing economic activity through blending; risk-taking, creativity and innovation with sound management, within a new or an existing organization (CEC, 2003).

Youth entrepreneurship refers to the practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work and environment using the appropriate skills necessary for success in that environment and culture (Chigunta,
Youth entrepreneurship involves the development of entrepreneurial attitudes, skills and opportunities for young people, from middle school level through young adulthood.

2.4 Categorization of Young Entrepreneurs

Chugunta (2002) has suggested three broad classifications of entrepreneurs starting with Pre-entrepreneurs. These are entrepreneurs between 15-19 years of age. They are usually in their formative stage which serves as a probationary period. A great majority of youths in this category are referred to as pre-entrepreneurs and they have very low level of proprietary participation in the small enterprise sector. They are often in transition from the security of the home or education to the work place. However, Curtain (2000) observed that many young people are transitioning from education to work as a single step of leaving the educational system and entering the world of work.

The second category is that of ‘budding entrepreneurs’. These are entrepreneurs between ages (20-25) years. These entrepreneurs are usually in their growth stage. Most of them are likely to have gained some experience, skills and capital to enable them run their own enterprises. According to Chigunta (2002) they usually face three enterprise pathways: remaining stuck in marginal activities; going out of business; and; running successful enterprises. A majority of them remain trapped in marginal enterprise activities, with a considerable proportion of their enterprises collapsing.

The third category according to Chigunta (2002) is that of ‘emergent entrepreneurs.’ These fall under ages 25-29 years. They have a higher level of maturity than youth in their lower age groups and are also likely to have accumulated vital experience in
business or in other areas of life. Hence, they are more likely to run more viable enterprises than younger youth.

2.5 Types of entrepreneurship
Entrepreneurship has continued to evolve overtime into different forms of entrepreneurship. There are generally three main types of entrepreneurship as described below.

2.5.1 Economic Entrepreneurship
This is a type of entrepreneurship whose main value or outcome is wealth creation and profit generation to the enterprise owners (Schoof, 2006). A majority of young and old entrepreneurs engage in entrepreneurship of this type. According to Dees (1998) wealth creation is a way of measuring value creation for economic entrepreneurs. This is because economic entrepreneurs are subject to market discipline, which determines in large part whether they are creating value. If they do not shift resources to more economically productive uses, they tend to be driven out of business.

2.5.2 Social entrepreneurship
This entrepreneurship uses entrepreneurial activity to create social value; wealth creation is just a means to an end and a way of measuring value creation. According to Dees (2001) for social entrepreneurs, social mission-related impact is the central criterion and not wealth creation. Social entrepreneurs pursue both financial self-sustainability and a social return on investment.

It does not matter whether or not the venture is run by a nonprofit or a for-profit organization, as long as it is entrepreneurial in character and directed towards social problems or some public good (Schoof, 2006). Socially entrepreneurial ventures focus on
innovative approaches to social problems by pursuing financial self-sustainability and independence from the State. They set clear performance goals and apply proven managerial skills to ensure efficiency, effectiveness and accountability.

2.5.3 Public Entrepreneurship
This is the least recognized type of entrepreneurship. It has the same characteristics with economic entrepreneurship such as risk-taking, innovation, leveraging of resources, etc. However, according to Edwards et al (2002), its objectives and motivations are not purely financial, but rather social orientated.

Public entrepreneurship occurs within public institutions and organizations and is about helping them become more responsive to their customers, clients and communities (Heinonen, 2001). This type of entrepreneurship is increasingly attractive for young people, working as independent consultants or collaborators on the efficiency of a public institution or on the expansion of its services.

2.6 Status of Youth entrepreneurship and Self-employment
The rate of young people engaging in entrepreneurship and self employment globally seem to be on the rise worldwide. Williams (2004) revealed that self-employment rates amongst young people (16-24) in the US hover around 1% to 4% whereas that of all age groups it is 10%. According to Greene (2002) the rates of self-employment amongst young people in UK are one-third those of older individuals. A survey of OECD (2001) showed that self-employment among youth (15-24) in Canada rose rapidly in the 1990s. In 1996, it reached 7.0 percent as a percentage of the working population from 5.4 percent in 1989.
Data from same OECD source cited above showed that in Australia, 5.0 – 5.5 percent of the self-employed, on average, are aged between 15-24 years. However, the youth are involved in a limited range of enterprises. Nearly 70 percent of all the youth entrepreneurs operated in four main sub-sectors: construction, personnel and other services, retail trade property and business services. Although there is no accurate data on how many youth are engaged in entrepreneurial-related activities in developed countries, the few available studies show that young people are actively involved in running their own businesses.

Sharif (1998) observed that the tendency towards self-employment among youth is much greater in Sub-Saharan Africa than in other parts of the world. Chigunta et al (2001) revealed that (25.0 percent) of young people in Zambia are self-employed with most of them being concentrated in marginal trading and service activities especially the younger youth while that of those aged between 20-24 years is 34.3 and 57.7 percent for those aged between 26-29 years, respectively. Osei, et al (1993) observed 40 percent of the enterprises in Ghana were owned by young people. According to the same source those aged 15-25 owned only 5.5 percent of enterprises, while those aged between 26-35 years owned 33.8 percent.

The attitudes of young people towards self-employment however, vary from country to country, mainly depending on economic, social, political and historical factors. Motts (2000) observed that South Africa, with its relatively strong economy compared to other African countries and legacy of Apartheid, many young people see self-employment as a 'stop-gap’ measure as they look for formal employment.
2.7 Factors influencing the Development of Youth Entrepreneurship

2.7.1 Youth credit access

Chigunta (2002) maintained that lack of access to finance is one of the major challenges facing youth run enterprises worldwide. The Euro Barometer (2006) revealed that lack of finance was seen as a major obstacle in two of the original EU6 -Italy and France which are among the more developed nations. According to Chigunta (2001) credit programmes specifically targeting the youth present are an important alternative motivation for those seeking small affordable loans for starting up their own small businesses.

The Canadian Youth Business Foundation (CYBF) started in 1996 in Canada for instance runs a Specialized Youth Business Loan Programme designed to help young women and men, particularly those who are unemployed and under-employed (Wadell, 2001). Youth seeking loan funds from the foundation are not asked for collaterals other than just genuine commitment, appropriate business training, a valid business plan and an agreement to a mandatory mentor programme. Another credit programme that has improved youth access to funds according to White and Kenyon (2001) is the Bharatiya Yuva Shakti Trust (BYST) in India. The BYST provides low interest loans of up to Rs. 50,000, with repayments based upon projected business cash flows.

Although there are many credit programmes targeting women, young women seem to be underrepresented as a target group (ILO, 2008). In Asia, the credit programmes are more likely to target married women, as opposed to unmarried women, based on the assumption that they have a higher risk of default for loans as they might stop repaying their loans immediately they get married.
Chigunta, (2001) has suggested that youth enterprise support programmes in developing countries should consider socio-cultural constraints that limit the participation of youth in particular young women who want to engage in entrepreneurship and self-employment. However, the problem of credit access to youth run enterprises seem to be more pronounced in developing nations.

Developing countries have very few microcredit schemes targeting the youth. According to Curtain (2000) a review of 902 organizations in 96 countries listed under the Microcredit Summit’s Council of practitioners revealed that only 21 organizations had the term ‘youth’ in their title. A study carried out by Chigunta (2005) in Zambia, suggested that the majority of potential youth entrepreneurs (72.4 per cent) cited lack of capital as the major reason as to why they were not self-employed. Ayodele (2006) has also identified inadequate capital to be one of the principal factors hindering entrepreneurship in the Nigeria.

According to the World Youth Report (2003) many youth in developing countries relied on personal savings or turned to family and friends for start-up funding and expansion. Without such finances they had minimal chances of starting their own businesses. However, of late different African countries have set up special credit programmes to promote credit access among the youth.

The Umsobomvu Youth Fund (UYF) in South Africa formed in 2001 has promoted skills development for employment creation and provisions of capital among other services to address the growing youth unemployment problem. The UYF makes finance available to young people through partnerships with financial institutions and other providers of finance.
Zambians have a Youth Enterprise Promotion scheme established in 1994 through government initiative to enable young people become more aware of self-employment through entrepreneurship and take it as a potential and viable career option (Chigunta, 2001). Its main aim is to provide loans to various youth groups and individual youth who do not have their own properties use as collateral to secure funds from financial institutions.

The ‘Youth Enterprise Development Fund’ (YEDF) in Kenya started in 2006 as a state corporation focuses on enterprise development as a key strategy to increase economic opportunities for, and participation by Kenyan youth in nation building (YEDF Board Report 2009). Other than increasing capital access to young entrepreneurs, other mandates of the fund include; provision of business development services, facilitating linkages in supply chains, creating market opportunities locally and abroad for products and services of youth enterprises, and facilitating creation of commercial infrastructure to support growth of youth businesses.

The YEDF provides business capital to the youth individually or as entities mainly through Financial Intermediaries such as banks, Non Governmental (NGOs), Savings and Credit Cooperatives (SACCOs), and Micro Finance Institutions (MFIs). The second channel through which the YEDF disburses funds to the youth is the Constituency Youth Enterprise Scheme (C-YES). Funds provided by (C-YES) specifically target viable enterprises of youth groups within a given constituency.

A review of literature according to Chigunta and Mkandawire (2002) suggested that most state-sponsored youth credit schemes in Africa have suffered from a number of weaknesses, ranging from: poor programme design; poor implementation; poor loan
disbursement; poor loan repayment rates; lack of monitoring skills; lack of strong financial control systems; lack of youth training in business and loan management; and politicization as is the case with Youth Constituency Funds.

Schoof (2006) observed that due to lack of a substantive credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are viewed as a risky investment making them face difficulties in accessing finance. This is further supported by Essayed (2005) who has suggested that financial institutions in the formal sector generally regard youth as high-risk creditors and are reluctant to extend credit on favourable or concessional terms.

In addition, relatively higher interest rates and fees are often charged where a viable business plans form a basis of providing the funds. Schoof (2006) observed that lack of experience and business skills is a vital concern when lending money to young people. Due to their age factor young people are unlikely to have any type of business experience and track record or business skills that financial institutions require when assessing their creditworthiness.

Curtain (2001) identified a number of reasons to explain why micro credit programmes neglect young people. Curtain further observed that most credit programmes have an age requirement that clients should be at least 18 years old to ensure that they qualify to enter into a legal contract while other have minimum asset requirement for participation.

Many experts According to White and Kenyon (2000) however believe that programmes should help young people deal more directly with the problem of access to finance, rather than providing them with non-refundable funds or free money. Even though financing is
a major component of enterprise development, it is necessary to consider other factors that may hinder sustainable entrepreneurship development amongst the youth.

Blanchflower (2006) observed that effective promotion of youth entrepreneurship requires adequate funding. Curtain (2000) suggested that the success or failure of any micro-credit schemes in terms of financial viability and servicing the poor young people largely depends on the design of the programme. To promote effective micro credit programmes, there is need to reduce access barriers and design programmes that meet the needs of potential youth entrepreneurs and existing youth run enterprises (Blanchflower, 2006).

2.7.2 Entrepreneurship education and training

Sexton and Similor (1997) defined entrepreneurship education as a formal structured instruction that conveys entrepreneurial knowledge and develops focused awareness relating to opportunity, recognition and the creation of new ventures among students. The major objective of enterprise education is to develop enterprising people and inculcate an attitude of self-reliance using appropriate learning processes.

The role of entrepreneurship education is mainly to build an entrepreneurial culture among young people and in turn improve their career choices towards entrepreneurship (Deakins, et al. 2005). Entrepreneurship education should be mainly focused on starting a business and subsequent sustainability of such business. Entrepreneurship is not an easy option for everyone; it is only best suited to those with the necessary skills and acumen.

According to Schoof (2006) entrepreneurship education is not only a means to foster Youth Entrepreneurship; it also seeks to equip young people with entrepreneurial attitude and skills. Schoof (2006) further suggested that entrepreneurship education is crucial in
assisting young people to develop entrepreneurial attributes, behaviors and develop enterprise awareness to understand and realize entrepreneurship as a career option.

Since the 1990s, entrepreneurship education has grown substantially especially in countries already known to be entrepreneurial such as the US, Canada and Australia as well as in Nordic European countries (Schoof, 2006). According Charney and Libecap (2000) in the United States more than 1,500 colleges and universities offer some form of entrepreneurship training. More than 100 active university-based entrepreneurship centres were established and more than 270 endowed positions in entrepreneurship were created.

According to OECD (2001) many experts believe that entrepreneurial education and training should begin as early as possible for two main reasons; first in that it forms an essential component in the preparation of potential young entrepreneurs to go into business by themselves. Second is that it instills entrepreneurial habits in the mind and work skills which can serve equally well for successful employees in the new, globalised, post-industrial economy and those who actually choose to establish their own enterprises.

Entrepreneurship education has expanded gradually over the past few recent years. The European Commission (EC) in 2004 for instance proposed that all EU member states should introduce entrepreneurship education into their national curriculum and in all institution of learning. Lundström (2005) confirmed that there has been a rapid development in the area of enterprise education in the Nordic countries (Denmark, Sweden, Norway, Finland and Iceland) over the last decade.
However, a report by European Network on youth employment (2010) suggested that in many European countries entrepreneurship education is not yet sufficiently integrated into the curriculum of higher education institutions particularly in some of the Member States that joined the EU after 2004. Providing entrepreneurship training at secondary schools can be regarded as an element of life-skills education, but it also aimed at sensitizing young people to entrepreneurship as a career option (ILO, 2006).

In most developing and transition countries, enterprise education does not simply exist or has not been sufficiently adopted among in and out-of-school youth and where offered it is not applied on all different levels of education i.e. primary, secondary, technical and vocational and higher education (School, 2006). According to Vanguard (2004) while entrepreneurship education has continued to thrive in many societies, in Nigeria it has been neglected.

Literature from developing countries on the entrepreneurship education remains patchy. A study on Kenya, Botswana and Uganda by World Bank (2002) revealed that entrepreneurship education is essentially provided through technical and vocational training (TVET) and the pedagogy essentially remains limited to traditional classroom teaching even though the learning outcome is to teach students on how to start and run a business. At the secondary school level in Kenya, entrepreneurship education offered is very shallow and can hardly enable young people to start their own businesses after school.

According to Rasheed and Howard (2000) secondary school students with entrepreneurship training have higher achievement motivation, more personal control, and greater self esteem. Students who initiate a business venture have higher achievement
motivation, more personal control, greater self-esteem and more creativity. Research by Klein, Alisultanov and Blair (2003) have showed that individuals who completed entrepreneurship training increased employment/self employment levels by 28% and increased household incomes by 85% within 2 years.

2.7.3 Business Development services

According to schoof (2006) access to business support services such as mentoring, support networks, business clubs and incubators by young people enhances the chances of sustaining their enterprises beyond start up stage. However, young entrepreneurs often lack the support services that are key to transforming fragile individual start-ups into successful small and medium-sized businesses (World Bank, 2008).

White and Kenyon (2000) have suggested that Young people have limited business networks and contacts compared to older people, leading to isolation and increased pressure. Entrepreneurial isolation occurs as a result of not knowing anyone in the business. Business contacts are particularly crucial for young and inexperienced entrepreneurs. According to Street and Sykes (2003) young people with no business experience have no former customer base or on an already established supplier network to fall back to. They even do not know where to look for it and what will be expected from them by professional purchasers.

In Taiwan, one of the Ten SME Guidance Systems for which funding and support are provided is the promotion of mutual cooperation (Ahwireng, 2002). The Dutch Ministry of Economic Affairs has also adopted a policy to encourage networks among growth-oriented entrepreneurs in order to minimise the search costs incurred by Dutch firms in establishing peer networks.
Mentor support and coaching is very crucial to young men and women who are starting business. Formal mentoring involves assigned relationships designed to provide young entrepreneurs with advice and guidance from experienced professionals (World Bank, 2008). Governments, NGOs and trade associations in many countries have launched formal mentoring programs. Another short coming is that there are fewer relevant role models of successful young men and women in business. This often makes self-employed young people see themselves as abnormal or “a bit strange” compared to others in their age.

Countries such as UK, the US, Australia, The Netherlands, Finland, Ireland and Taiwan have all launched mentoring programmes that link experienced entrepreneurs and business leaders with newcomer entrepreneurs (Ahwireng, 2002). Mentoring support is of great value to young people because it helps them to overcome the problems of limited life and business inexperience and the lack of networks and contacts as they engage in business.

Schoof (2006) has suggested that Business incubators are a powerful tool for supporting the entrepreneurial process and for helping to increase survival rates of young innovative start-up companies. Evaluations of business incubators in Europe and the US suggested that 90 per cent of incubated start-ups were active and growing after three years of operation, which is a much higher success rate than that observed in start-ups launched without assistance.

Business incubators according to II.O (2006) can be found in very different forms and can be private, public or based on a Public-Private-Partnership initiative involving many partners at national, regional and local levels. In the last twenty years, many governments
have successfully launched systems of public business incubators to encourage and assist young enterprises. However, the success of an incubator depends upon providing the right package of services for the entrepreneur.

Another challenge faced by young entrepreneurs’ borders on the lack of tailor-made business training and advice for the start-ups. According to School (2006) young entrepreneurs require tailor-made training and counselling pertinent to their particular start-up situation, their business and the sector in which they operate. This is well supported by a study undertaken by Darby (2004) in the UK who found out that young entrepreneurs tend to be attracted to more unusual sectors and would therefore need support services to be tailored to their needs.

Young entrepreneurs lack trained counselors, development workers and adequate support agencies to help them deal with their specific and unique challenges which face their businesses. According to White and Kenyon (2001) young entrepreneurs depending on their age, limited life and work experience, require different treatment in terms of training and counseling.

Street and Sykes (2003) observed that enterprise and support agencies are often not responsive to these circumstances. They often design their services to serve the more mature SME: companies rather than cash-poor youth business start-ups. Generally, there are very few enterprise agencies or centres which provide business advice, training, guidance and specialist access to finance exclusively people.

The provision of Business Development Services and Entrepreneurship Training in Kenya has also been wanting. The YEDF since its inception has so far only been able to
train 2,500 youth in 24 constituencies on how to access procurement from the public sector.

2.7.4 Challenges of Market Accessibility

Chigunta (2002) has suggested the one of the key problems facing youth run enterprises is related to limited prospects for value addition especially for those in poor countries concentrated in low value local markets. The youth also lack access to information on product and input markets. Promoting the viability of youth run enterprises according to the source cited above requires facilitating the access of youth to information on product, input markets and linking them to global value chains.

According to Chigunta (2002) this requires encouraging young entrepreneurs to explore existing global initiatives aimed at promoting trade between Developing countries and Less Developed countries. The African Growth and Opportunity Act (AGOA) is a perfect example of global trade initiatives which should be exploited to help potential youth entrepreneurs and existing youth enterprises access International markets.

Another challenge which seems to affect Youth entrepreneurs is what (Philip, 2002) calls 'copycat entrepreneurship'. It involves one successful enterprise being copied by everyone else, until all other similar enterprises collapse under the weight of their own competition. This is largely a reflection of lack of diversity in the local economies.

The National youth policy of 2009 in South Africa revealed that programmes geared for market access are still yet to benefit youth enterprises and contribute to the growth of the sector. Entrepreneurs in Nigeria face serious stiff competition from foreign producers. The local entrepreneurs are not protected at and the situation seem to be further worsened
by the apparent lack of faith in the Nigerian Patent Law which many entrepreneurs feel offers them little protection against piracy.

According to (Jajah, 2009) market research is vital to any business, but in Ghana the cost of research in terms of money and time is huge. Market research is necessary before and after establishing the enterprises in order to come up with better competitive and cost cutting strategies. There are virtually no available statistics in Ghana to help aspiring entrepreneurs cut costs.

The Kenyan government has committed to support youth run enterprises through deliberate policy of buying their goods/services. Through this initiative the government has planned to acquire at least 10% of its procurement needs from youth enterprises (YEDF status report, 2011). This volume of goods procured by government from youth run enterprises is still small judging by the high level of competition in the market.

According to the YEDF status report (2011) the Youth Fund has so far supported only 1,800 youth enterprises to market their products through trade fairs and another 32 youth to exhibit their goods in Egypt, Tanzania, Burundi and Rwanda. It has also engaged the City Council of Nairobi and Local Authorities to partner with the Fund in establishing market infrastructure appropriate for youth enterprise needs. However, despite this commitment the youth still face serious marketing challenges.

2.7.5 Influence of Social Economic Factors on Youth Entrepreneurship

The World Economic Forum (2005) revealed that the motivations to start business among youth in different parts of the World seem to be driven by several factors. It has been observed that young people become entrepreneurs for the same reasons as adults; sometimes out of necessity and sometimes to capitalize on an opportunity. Gray, et al
(1995) observe that youth in North America, Europe and Japan cited the following reasons: to be one's own boss, with more control over one's own work and life; to obtain an alternative route for advancement from a dead-end job; to obtain additional money; and to provide products not available elsewhere.

When comparing the motivations given, it appeared that in all EU Member States the main motivations reported by entrepreneurs included the desire for new challenges and to be one's own boss (Flash Barometer, 2007). The prospect of earning more money is also an important aspect when starting up one's business: this motivation was most often cited in Bulgaria, Portugal, Romania, Slovenia and Slovakia.

According to the source cited above, avoiding unemployment can also encourage young people to set up their own business, as this seems to be a main driver of entrepreneurship in Bulgaria, Portugal and Slovakia. A survey by OECD (2001) observed that youth in UK, especially the graduates, are motivated primarily by desires for independence and flexibility and not necessarily money.

However, youth in developing countries in contrast tend to go into business out of economic necessity or need to survive, or out of failure to find productive work. According to Chigunta (2001) a survey carried out in Zambia shows that the overwhelming majority (92.3 percent) of the respondents cited socio-economic problems as the major reason for starting the business while close to half (46.2 percent) cited lack of employment, a third (30.8 percent) the need to supplement household income; and 15.4 percent poverty.

From the same data source only 7.7 percent of the respondents cited the need to accumulate wealth as the major reason for starting the business. Kambewa, et al (2001)

A World Bank (2007) report has revealed that there are continuing problems with most government support programmes in this area. Ugwu (2006) argued that most entrepreneurship related policies and programs in Nigeria fall short of appropriate development frameworks. The taxation policies in certain countries have also been found to have an effect on the business profits made by entrepreneurs especially when they are unfavourable.

The risk of losing one’s property right is one of the second most important financial risks for young people when starting a business. World Bank (2005) revealed that in many countries, property rights are neither adequately defined nor protected. Registering property can be a highly time and cost consuming effort. The World Banks’ Doing Business Database (2005) showed that the time needed to register property can range from 1 day in Norway up to 956 days in Croatia.

According to World Bank (2005) poor enforcement of copyright, patent and trademark regulations can greatly disadvantage young people who are often not sufficiently familiar with this issue. As a consequence, they do not appropriately protect their business and they may find themselves caught up in litigation with companies in the same sector or industry for copyright infringement. Having in place policies tailored to the needs of youth is an important ingredient in the promotion of youth entrepreneurship.
2.9 Impact of Entrepreneurial Traits and Attitudes

The role of personality traits, the decision to start a business and maintain it successfully is discussed controversially in entrepreneurship research. Personality traits are defined as dispositions to exhibit a certain kind of response across various situations (Caprana and Cervone, 2000). According to Shane (2003) entrepreneurs are required to detect and exploit opportunities, make rapid decisions under uncertainty and in a resource constraint environment, work harder than most employees, and possess a wide variety of skills, knowledge, and abilities such as leadership, management, marketing, and innovating.

Successful entrepreneurs irrespective of their age should exhibit the following traits; need for achievement, innovativeness, proactive personality, generalized self-efficacy, stress tolerance, need for autonomy, internal locus of control, and risk taking. According to Knight (1921) entrepreneurs risk losing their investments in contrast to managers and are therefore high in risk taking. Risk taking is an important trait because entrepreneurs are required to take decisions in an environment full of uncertainty.

The need for achievement requires individual entrepreneurs to choose tasks of moderate difficulty, accepts responsibility for results and seeks feedback on action outcomes. According to McClelland (1961) entrepreneurs exhibit higher achievement motivation than managers. In order to perform well, entrepreneurs must be interested in what they are doing.

Stevenson and Jarillo (1990) have suggested that entrepreneurial orientation has been recognized as one of the most important factors for a firm's growth and profitability. Research has shown that high growth correlates with a firm's entrepreneurial orientation.
Hence, growth can be associated with innovativeness, pro-activeness and risk-taking behavior of the firm, which refers to an entrepreneurial orientation dimension. Patchen, 1965 has revealed that innovativeness assumes a person's willingness and interest to look for novel ways of action. The trait of innovativeness helps entrepreneurs to foster innovations in their firms (Ileunks, 1998). In current business environments, where product and business model life cycles are shortened, innovativeness is positively associated with better performance, (Hamel, 2000).

Successful entrepreneurs need to be proactive. According to Frese and Fay (2001) proactive personality is a personal disposition for personal initiative behavior. This personality is important for entrepreneurs because it enables them to be self starting and influence their environment by establishing new organizations and by identifying and acting upon opportunities.

Need for autonomy is another trait exhibited by successful entrepreneurs. It is associated with avoidance of restrictive environments. Entrepreneurs prefer to make decisions independent of supervisors and set their own goals and develop their own plans of actions in order to control goal achievement themselves. According to Cromie (2000) people high in need for autonomy want to be in control, they avoid the restrictions and rules of established organizations.

Entrepreneurs should have internal locus of control. Rotter (1966) has observed that business owners must believe in their own actions to determine the rewards (business outcomes) they obtain. People with a high internal locus of control feel that they are able to control outcomes. They exert more effort and persistence toward intended outcomes which, in turn, helps them to start an enterprise and to maintain it successfully.
The Youth Entrepreneurship Barometer (2007) survey of young people in Europe showed that a majority of young people cautiously hold favorable attitudes toward entrepreneurs, with 12 percent having a “very favourable” and 87 percent a “somewhat favourable” opinion.

The same survey revealed that young people in Germany are very idealistic about the possibility of becoming entrepreneurs themselves with three quarters of school-age youth expressing a general openness to the idea of establishing their own company and going into business for themselves. Fifteen percent of them “definitely” considered that option, 61 percent “maybe.” Forty-four percent regard themselves essentially as “entrepreneur types,” while 57 percent considered themselves at least capable of developing entrepreneurial skills.

Another important determinant of being self-employed which has been identified in the literature is that of having a self-employed parent. The probability of self-employment in the USA is substantially higher among the children of business owners than among the children of non-business owners (Dunn and Holtz-Eakin, 2000).

Although some youth still exhibited a negative attitude towards self-employment, as Motts (2000) suggested in the case of South Africa, recent survey evidence from Rwanda, Malawi and Zambia suggested that there is a positive change in attitudes towards self-employment among youth (Chigunta 2005; Chigunta and Mkandawire, 2002).
2.10 Conceptual Framework

The conceptual framework of this study is represented by Figure 1.
2.11 Knowledge gap Identified in Literature Review

Reviewed literature revealed that there has been little effort to look at the contribution of entrepreneurship from a youth perspective. Unavailability and inaccessibility of credit among youth has also been a major problem for those intending to engage in entrepreneurship as an alternative source of self employment. The number of credit programmes targeting the youth in developing countries have also been quite few thereby creating a major financing gap for youth run enterprises (Curtain, 2000). The youth enterprise support programmes in place have also failed to consider socio-cultural constraints limiting youth participation and in particular young women who want to engage in entrepreneurship.

Administrative and regulatory burdens on youth entrepreneurship according to reviewed literature are key barriers for business start-ups by young people in developing countries and needs to be reformed. The provision of entrepreneurship education at primary and high school level is also inadequate and needs to be addressed. This study shall therefore seek to find and recommend measures of mitigating the above shortcomings for effective development of youth entrepreneurship.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology which was used in the study. The following topics were discussed; research design, target population, sampling procedure, data collection method and instruments.

3.2 Research Design

A descriptive survey design was used in this cross sectional study. The survey design is well suited to studies in which individuals are used as a unit of analysis in order to measure generalizations (Borg and Gall, 1999). The survey design was best suited for this study because the data required for analysis was to be collected from a large population, in which it might be hard to observe the features of each individual. According to Mugenda and Mugenda (2003) a descriptive research determines and reports the way things are, and attempt to describe possible behaviour, attitude, values and characteristics of such things.

Schindler and Cooper (2003) observed that descriptive studies are structured with clearly stated questions to be investigated. The descriptive design was selected in this study because it would allow the researcher to gather numerical and descriptive data to assess the relationship between the variables. This would make it possible for the researcher to produce statistical information on factors influencing the development of youth entrepreneurship.
3.3 Target Population

The population of interest in this research consisted of 250 youth entrepreneurs between (18-35) years from Ongata Rongai Township, Kajiado County engaged in various business activities which are licensed and have a permanent physical location. The study focused on micro and small enterprises owned and operated by youth entrepreneurs involved in the provision various goods and services. The main financial institutions of focus were; Micro Finance Institutions, Commercial banks with special emphasis on Youth Enterprise Development Fund. Given the diversity and nature of the data required to answer the research questions, the use of several target groups was adopted. The target population therefore consisted of out of school youth who are self-employed. In addition one administrative official from Youth Enterprise Fund and one official from a financial institution were also interviewed.

3.4 Sampling Size and Procedures

The study used both probability and non-probability sampling techniques to create a sampling frame for youth run enterprises. Stratified sampling was one of the probability techniques used in order to ensure that various types of youth run enterprises were included in the survey. The study population was stratified into: Service Businesses e.g. Cyber cafés, M-pesa, Saloons/Hair cut, Matatu transport, Repairs and Maintenance; Retail businesses e.g. Bars and Butcheries, Cosmetics, Retail shops, Mitumba vendors, Bookshops, Electronics/Accessories and Fruit/Vegetable Vendors; Wholesale distribution e.g. Hardwares and wholesale premises.

Non probability sampling was employed once the strata were identified. This included the use of purposive sampling to select one administrative officer in charge of Youth
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Non-probability sampling was employed once the strata were identified. This included the use of purposive sampling to select one administrative officer in charge of Youth
Enterprise Development Fund within the district and another officer from a micro finance institution involved in loan extension to the youth in the area.

A sample size of 150 youth entrepreneurs was selected from the target population using systematic random sampling technique where every business in each of the strata had a chance of being selected. Table 3.1 describes the number of respondents who were selected from each of the strata in order to form the study population.

<table>
<thead>
<tr>
<th>Strata</th>
<th>Number</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybercafés</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>M-pesa shops</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Hotel and restaurants</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Saloons/Kinyozi</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Matatu transport</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Electronics and accessories</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Retail shops</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Wholesale premises</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Bars and Butcheries</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Bookshops</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Hardwares</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Mitumba dealers</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Fruit and Vegetable vendors</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>250</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

The researcher used a sample size of 60% out of the accessible target population was picked. In addition an Administrative officer from YEDF in district and another officer
from a financial institution were also interviewed. According Krijeie and Morgan (1970) Table of determining sample sizes, for a target population of 250, a sample of 150 was found desirable for this study as computed in Table 3.1.

3.4.1 Methods of Data Collection

Questionnaires and interviews were used for collecting information from youth entrepreneurs. The questionnaires had structured open and closed ended questions. The open ended questionnaires were used to collect qualitative data while the close ended ones were used to get quantitative data. The questionnaires were divided into three sections. The first section of the questionnaires sought to ask personal information about the respondents and their businesses. The Second sought information on factors affecting the development of youth enterprises.

The variables in the questionnaires were mainly developed based on the themes in the literature review section and research objectives. The researcher collected the questionnaires after two weeks from date of issue in order to give enough time to the respondents to fill them. Interviews were also conducted on an officer from the Youth Enterprise Fund in the district and one another officer from a financial institution.

3.4.2 Pilot study

A pilot study was conducted to test the reliability and validity of the questionnaires. The aim of the pilot survey was to test whether the design of questions was logical, if questions were clear and easily understood whether the stated responses were exhaustive and how long it would take to complete the questionnaire. The pre-test would also allow the researcher to check on whether the variables collected could easily be processed and
analyzed. The pre-testing was carried out on a sample consisting of 10% of the respondents. Any questions found to be interpreted differently during the pre-testing were rephrased so that they could have the same meaning to all respondents. Views given by the respondents during pre-testing were analyzed and used to improve the questionnaires before actual collection of data.

3.4.3 Validity of instruments

This is degree to which an instrument measures what it is supposed to measure (Kothari, 2004). A content validity test was used to measure instrument validity. This type of validity measured the degree to which data collected using a particular instrument represented a specific domain of indicators or content of a particular concept (Mugenda and Mugenda, 1999). An expert in the field of entrepreneurship was given the instruments to assess the degree to which they could measure and determine the content of a particular concept.

3.4.4 Reliability of instruments

This was measured through test-retest technique by administering the questionnaires to a group of individuals with similar characteristics as the actual sample size. The test was repeated after two weeks. Scores obtained from both tests were correlated to get the coefficient of reliability. A Spearman’s correlation coefficient of 0.7 was found acceptable.

3.5 Data Collection Procedure

The researcher collected both primary and secondary data for purpose of making conclusion and recommendations. Primary data was collected using structured
questionnaires, structured interview guide and observation method. The questionnaires were administered to the respondents directly by the researcher because most businesses in the study area were in close proximity to each other.

The interviews were also conducted by the researcher personally at a time and place convenient to the respondents. The observation was carried out at the same day when the questionnaires were administered to the respondents at their place of work or business premises. The secondary data was collected from Business text books, economic surveys, Government reports, journal and periodicals.

3.6 Data Analysis

This began with pre-processing of collected data through editing to detect errors and omissions and making of corrections where possible. This involved a careful analysis of the completed questionnaires in order to ensure that collected data was accurate and consistent with other information gathered. The collected data was coded by the researcher for efficiency in order to reduce the replies given by the respondents to a small number of classes. After the coding was completed, the data was classified on the basis of common characteristics and attributes.

The raw data was then assembled and tabulated inform of statistical tables to allow for further analysis. This facilitated the summation of items and detection of errors and omissions. Descriptive statistics was used to analyse the data. This entailed use of measures of central tendency such as the mean, mode, median and measures of normal distribution. The Statistical Package for Social Sciences (SPSS) was used to aid the statistical analysis of the data. Content analysis was applied for the qualitative data in
order to identify patterns, themes and biases. Finally all data was stored in soft and hard copies in form of Tables.

3.7 Ethical Issues

The researcher endeavoured to obtain an informed consent from the respondents before undertaking to collect data from the field. The researcher informed and explained the objectives of the research in order to solicit informed consent from the respondents. High level of confidentiality on the information provided by respondents through interview or questionnaires was maintained.

3.8 Operationalization of Variables

The measurement of the various variables in this study will be undertaken as shown in Table 3.2.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Variable/Indicator</th>
</tr>
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<tbody>
<tr>
<td>To find out the extent to which credit availability and access influence the development of youth entrepreneurship in Ongata Rongai Township.</td>
<td>Independent</td>
</tr>
<tr>
<td>To examine how access to entrepreneurial education and training influence the development of youth entrepreneurship in Ongata Rongai Township.</td>
<td>- Loans borrowed</td>
</tr>
<tr>
<td>To determine how access to Business development services influence the development of youth entrepreneurship.</td>
<td>- Qualification of entrepreneur education and training</td>
</tr>
<tr>
<td></td>
<td>- Business development services</td>
</tr>
<tr>
<td>Measure</td>
<td>Measurement Scale</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Number of youth who accessed credit</td>
<td>Ratio</td>
</tr>
<tr>
<td>Number youth who accessed entrepreneurship education</td>
<td>Ordinal</td>
</tr>
<tr>
<td>Number of support services</td>
<td>Ordinal</td>
</tr>
</tbody>
</table>
To establish how access to markets influence the development of youth entrepreneurship in Ongata Rongai Township.

To examine the social economic factors affecting the development of youth entrepreneurship in Ongata Rongai Township.

<table>
<thead>
<tr>
<th>Market access</th>
<th>Number of youth with market access</th>
<th>Ordinal</th>
<th>Mean Percentages</th>
<th>Descriptive statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social economic factors</td>
<td>Number of youth in business in gender terms</td>
<td>Nominal</td>
<td></td>
<td>Descriptive Statistics</td>
</tr>
</tbody>
</table>

43
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1: Introduction

This chapter presents the Data analysis, presentation and interpretation of findings on the data collected from youth run enterprises in Ongata Rongai Township, Kajido County Kenya based on factors influencing the development of youth entrepreneurship in the area. The study sampled 150 youths operating businesses funded by the Youth Enterprise Development Fund and other financial institutions. The data was interpreted as per the research questions. The analysis was done through descriptive and inferential statistics. The findings were presented in form of frequency tables, and percentages. The researcher also interviewed the district youth enterprise development fund coordinator and another officer from Faulu Kenya.

4.2 Questionnaires Return Rate

Out of the 150 questionnaires issued to the youth entrepreneurs in the study 145 were returned giving a 97% response rate.

4.3 Composition of respondents by Gender and age

Table 4.1 Composition of respondents by Gender and Age
Table 4.1 displays the youth participation in business according to their gender.

<table>
<thead>
<tr>
<th>Age</th>
<th>Male</th>
<th>Percentage</th>
<th>Female</th>
<th>Percentage</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-21</td>
<td>6</td>
<td>4.1</td>
<td>4</td>
<td>2.7</td>
<td>10</td>
<td>6.8</td>
</tr>
<tr>
<td>23-26</td>
<td>20</td>
<td>13.8</td>
<td>10</td>
<td>6.9</td>
<td>30</td>
<td>20.7</td>
</tr>
<tr>
<td>27-30</td>
<td>24</td>
<td>16.6</td>
<td>12</td>
<td>8.3</td>
<td>36</td>
<td>24.9</td>
</tr>
<tr>
<td>31-35</td>
<td>40</td>
<td>27.6</td>
<td>29</td>
<td>20</td>
<td>69</td>
<td>47.6</td>
</tr>
</tbody>
</table>

The data in the Table 4.1 shows that Male youth are likely to start up their own enterprises at an early age than their female counterparts. At an older age there are also more males (27.6%) who own enterprises compared to females (20%). The highest percentage of respondents (47.6%) was between age 31-35 years while the lowest was between 18-21 years and stood at (6.8%). This is an indication that older youth engage more in entrepreneurship than younger youth.

### 4.4 Compositions of respondents by Marital Status

Table 4.2 shows the participation of youth in entrepreneurship according to marital status.

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>33</td>
<td>22.7</td>
</tr>
<tr>
<td>Married</td>
<td>92</td>
<td>63.4</td>
</tr>
<tr>
<td>Divorced</td>
<td>20</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Table 4.2 shows that (63.4%) of the respondents were married while (22.7%) were single and 13.8% were divorced.
4.5 Composition of respondents by level of education

Table 4.3 Composition by level of education
Table 4.3 shows the levels of education that youth entrepreneurs had attained before starting business.

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>25</td>
<td>17.2</td>
</tr>
<tr>
<td>Secondary</td>
<td>75</td>
<td>51.7</td>
</tr>
<tr>
<td>Technical/Vocational</td>
<td>30</td>
<td>20.7</td>
</tr>
<tr>
<td>University</td>
<td>5</td>
<td>3.4</td>
</tr>
<tr>
<td>None</td>
<td>10</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Entrepreneurs' level of education was measured to determine whether education plays a role in influencing the development of youth entrepreneur. Table 4.3 illustrates the data on respondents' level of education. The data from this table reveals that a majority (51.7%) of young entrepreneurs engage in business after completion of secondary education and Technical/Vocational training at (20.7%). The percentage of those who engage in business after completion of university education (3.4%) is relatively small.

4.6 Type of business activity
The percentage of Youth enterprises engaged in the provision of services was 52.9% and 39.8% for those engaged in provision of goods on retail basis and 6.8 % for wholesale distribution. The percentage of youth engaged in retail business is higher compared to those who are wholesalers. A majority of youth seem to be concentrated in services businesses in comparison to retail business as shown in Table 4.4.
Table 4.4 Composition of business by type

Table 4.4 shows the various types of enterprises that the youth were engaged in.

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services Businesses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cybercafé</td>
<td>9</td>
<td>6.2</td>
</tr>
<tr>
<td>M-pesa shops</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Hotel and restaurant</td>
<td>15</td>
<td>10.3</td>
</tr>
<tr>
<td>Saloons/Kinyozi</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Repairs/Maintenance</td>
<td>14</td>
<td>9.6</td>
</tr>
<tr>
<td>Matatus/Taxes</td>
<td>11</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Retail businesses</strong></td>
<td>52.9</td>
<td></td>
</tr>
<tr>
<td>Electronics/Accessories</td>
<td>6</td>
<td>4.1</td>
</tr>
<tr>
<td>Retail shops</td>
<td>5</td>
<td>3.4</td>
</tr>
<tr>
<td>Bar and Butchery</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>6</td>
<td>4.1</td>
</tr>
<tr>
<td>Bookshops</td>
<td>6</td>
<td>4.1</td>
</tr>
<tr>
<td>Mitumba dealers</td>
<td>9</td>
<td>6.2</td>
</tr>
<tr>
<td>Fruit /Vegetable vendors</td>
<td>14</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Wholesale distribution</strong></td>
<td>39.8</td>
<td></td>
</tr>
<tr>
<td>Wholesalers</td>
<td>4</td>
<td>2.7</td>
</tr>
<tr>
<td>Hardware</td>
<td>6</td>
<td>4.1</td>
</tr>
</tbody>
</table>

4.7 Credit access

The availability and access of credit is critical to the development of youth entrepreneurship as it enables the young people to acquire start up capital as well as expansion capital. The ease with which start up capital can be raised is key in determining the rate at which new businesses can be established and existing ones
The researcher wanted to find out the extent to which credit access and availability can influence the development of entrepreneurship among the youth.

### 4.7.1 Source of startup capital
Table 4.5 shows the different sources from which the respondents acquired their startup capital.

<table>
<thead>
<tr>
<th>Source of capital</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal savings</td>
<td>60</td>
<td>41.4</td>
</tr>
<tr>
<td>Family support</td>
<td>92</td>
<td>63.4</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>8</td>
<td>5.5</td>
</tr>
<tr>
<td>Youth Fund</td>
<td>15</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Table 4.5 shows that 41.4% of the youth raised their startup capital from personal savings while 63.4% raised it through family support. From the results of Table 4.5 it is evident that a majority of youth raised their startup capital either from personal savings or through family support. It is only 5.5% raised their startup capital in form of Bank loan. The Percentage of individual youth who acquired their startup capital from the Youth enterprise fund was 10.3%.

### 4.7.2 Hindrances of obtaining credit
Table 4.6 shows how some of the hindrances experienced by the youth in their effort to access credit to establish businesses were ranked. 70.3% of the youth showed that cumbersome procedures in the acquisition of credit were the greatest hindrance while 67.5% cited lack of securities/collaterals to secure loan as the second most serious challenge. Lack of a business plan was the least serious hindrance with a percentage of 48.3%.
Table 4.6 Rating of hindrances of obtaining credit

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Interest rate</td>
<td>90</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>62</strong></td>
</tr>
<tr>
<td>Lack of security</td>
<td>98</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>67.5</strong></td>
</tr>
<tr>
<td>Lack of Business plan</td>
<td>70</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>48.3</strong></td>
</tr>
<tr>
<td>Low amount loan</td>
<td>79</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>54.5</strong></td>
</tr>
<tr>
<td>Cumbersome procedures</td>
<td>102</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>70.3</strong></td>
</tr>
</tbody>
</table>

4.7.3 Measures to improve credit availability and access

A majority of the respondents were of the view that the procedures and requirements of accessing credit on individual basis from the youth enterprise fund should be relaxed. Others suggested that the amount of loan extended to individual borrowers should be increased. Some suggested that viable business plans should be accepted as guarantee to secure funds from financial institutions instead of actual collaterals.

4.8 Role of entrepreneurship education and training

The acquisition of entrepreneurial education and training prior to starting business is critical to help in the identification of the business opportunity as well as its implementation. The promotion of entrepreneurial education among the youth during their learning in school has been taunted as being key in the development of youth entrepreneurship.
Table 4.7 Role of entrepreneurship education

Table 4.7 shows whether the respondents had received any form of entrepreneurship education prior to starting the business.

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>40</td>
<td>27.6</td>
</tr>
<tr>
<td>No</td>
<td>105</td>
<td>72.4</td>
</tr>
</tbody>
</table>

Majority of the respondents (72.4%) confirmed that they had not received any form of entrepreneurship education prior to commencing their businesses while only 27.6% confirmed they had received it.

4.9 Access to entrepreneurship training programmes

Table 4.8 Access training programmes

Table 4.8 shows the percentage of the respondents who had been through entrepreneurship training programmes after starting their businesses.

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>55</td>
<td>37.9</td>
</tr>
<tr>
<td>No</td>
<td>90</td>
<td>62.1</td>
</tr>
</tbody>
</table>

The percentage of respondents who revealed to have been through an entrepreneurship training programme was 37.9% while 62.1% had not. This could perhaps be due to the existence of fewer training programmes within the study area.
4.10 Commencement Level of entrepreneurship education

Table 4.9 Level of Education

Table 4.9 shows the opinions of the respondents regarding the level at which entrepreneurship education should start in institutions of learning.

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>52</td>
<td>35.9</td>
</tr>
<tr>
<td>Secondary</td>
<td>44</td>
<td>30.3</td>
</tr>
<tr>
<td>College</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>University</td>
<td>20</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Most respondents proposed that entrepreneurship education in Kenya should be start mainly at the primary level (35.9%) while 30.3 % at secondary school level. It is only 20% of the respondents who were of the opinion that it should begin at university level.

4.11 Access to Business development services

Access to business development services such as mentoring, support networks, business clubs and incubators by young people enhances the chances of sustaining their enterprises beyond start up stage.

Table 4.10 Access to Business development services

Table 4.10 indicates the percentage of the respondents who had received Business development services prior and after starting business.
A majority of the respondents (73.8%) had not received any form of business development services prior and after starting business. This could have been due to limited availability of these services in the region. It is only 26.2% who confirmed to have received business support services prior to starting their business.

### 4.11.1 Type of organizations/institutions providing Business development services

**Table 4.11 Organizations/Institutions providing Business development services**

Table 4.11 shows the organizations/institutions from which respondents received Business development services prior and after starting business.

<table>
<thead>
<tr>
<th>Organizations/institutions</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>106</td>
<td>73.1</td>
</tr>
<tr>
<td>Chamber of commerce</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NGO,s</td>
<td>15</td>
<td>10.3</td>
</tr>
<tr>
<td>Business club</td>
<td>18</td>
<td>12.4</td>
</tr>
<tr>
<td>Bank</td>
<td>14</td>
<td>9.7</td>
</tr>
</tbody>
</table>

Table 4.11 reveals that 73.1% of the respondents received their Businesses development services from the government while 10.3% received them from NGO’s and 12.4% from the Business clubs. Those respondents who received support services from the bank were the least and comprised about 9.7%.
4.11.2 Fields of business development services

Table 4.12 Fields of business support

Table 4.12 shows the different fields of Business development services that the respondents had gone through.

<table>
<thead>
<tr>
<th>Field of business development services</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>64</td>
<td>44.1</td>
</tr>
<tr>
<td>Marketing</td>
<td>52</td>
<td>35.8</td>
</tr>
<tr>
<td>Information Communication Technology</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Accountancy</td>
<td>17</td>
<td>11.7</td>
</tr>
</tbody>
</table>

The field in which most respondents had received their Business development service was Management (44.1%) while those trained on marketing was 35.8%. ICT was the field of training where respondents had least Business development with a percentage of 8.3%.

4.11.3 Value of Business development services

A majority of the respondents felt that Business development/support services were important during the Start up and growth phase of business. However, many respondents were of the opinion that they would have preferred to acquire business support services before the start up phase.

4.12 Market accessibility

The accessibility of markets by products from youth run enterprises is critical to ensure the sustainability of these enterprises. Young people often lack the required information
4.11.2 Fields of business development services

Table 4.12 Fields of business support

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<td>44.1</td>
</tr>
<tr>
<td>Marketing</td>
<td>52</td>
<td>35.8</td>
</tr>
<tr>
<td>Information Communication Technology (ICT)</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Accountancy</td>
<td>17</td>
<td>11.7</td>
</tr>
</tbody>
</table>

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<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>64</td>
<td>44.1</td>
</tr>
<tr>
<td>Marketing</td>
<td>52</td>
<td>35.8</td>
</tr>
<tr>
<td>Information Communication Technology (ICT)</td>
<td>12</td>
<td>8.3</td>
</tr>
<tr>
<td>Accountancy</td>
<td>17</td>
<td>11.7</td>
</tr>
</tbody>
</table>

The field in which most respondents had received their Business development service was Management (44.1%) while those trained on marketing was 35.8%. ICT was the field of training where respondents had least Business development with a percentage of 8.3%.

4.11.3 Value of Business development services

A majority of the respondents felt that Business development/support services were important during the Start up and growth phase of business. However, many respondents were of the opinion that they would have preferred to acquire business support services before the start up phase.

4.12 Market accessibility

The accessibility of markets by products from youth run enterprises is critical to ensure the sustainability of these enterprises. Young people often lack the required information
and knowledge in order to market the goods and services from their enterprises strategically.

4.12.1 Marketing challenges

Table 4.13 Type of Market challenges

<table>
<thead>
<tr>
<th>Market challenges</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low demand</td>
<td>15</td>
<td>10.3</td>
</tr>
<tr>
<td>stiff competition</td>
<td>45</td>
<td>31</td>
</tr>
<tr>
<td>Poor location</td>
<td>23</td>
<td>15.9</td>
</tr>
<tr>
<td>Unfair tender allocation</td>
<td>62</td>
<td>42.8</td>
</tr>
</tbody>
</table>

Table 4.13 shows the different types of market challenges experienced by respondents when selling products from their enterprises. Table 4.13 shows that 42.8% of the respondents found unfair tender allocation as the most serious marketing challenge while 31% indicated stiff competition and 23% poor competition. Low demand for products from youth enterprises was the least marketing challenge.

4.12.2 Business connections

Table 4.14 shows the percentage of respondents who had some business connections to assist in marketing products from their enterprises.

Table 4.14: Business connections

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>25</td>
<td>17.2</td>
</tr>
<tr>
<td>No</td>
<td>120</td>
<td>82.8</td>
</tr>
</tbody>
</table>
A majority of respondents 82.8% confessed not to have any business connections to help them in marketing their goods and services. It is only 17.2% of the respondents who admitted to having business connections for marketing products from their businesses.

4.12.3 Marketing organization/institutions

Table 4.15 shows the type of organizations which assisted the respondents to market their goods and services.

<table>
<thead>
<tr>
<th>Organization/Institution</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>18</td>
<td>12.4</td>
</tr>
<tr>
<td>Marketing association</td>
<td>3</td>
<td>2.1</td>
</tr>
<tr>
<td>NGO</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>None</td>
<td>124</td>
<td>85.5</td>
</tr>
</tbody>
</table>

Table 4.15 shows that a majority of the respondents (85.5) had no organization or institution assisting them to market their products while only 2.1% were getting assistance from marketing associations. Another 12.4% received some marketing assistance from the government while none received this assistance from the NGO's.

4.12.4 Marketing support required

A majority of the respondents hinted that they would want to see the government doing more to link them to markets locally and abroad. They also wanted to see government increasing the consumption of their products across all ministries.
4.13 Government policies and regulations

Favourable government policies and regulations such as reduced tax rate, provision of subsidies and relaxed licensing regulations for youth enterprises can enhance the development of youth entrepreneurship a great deal.

4.13.1 Government policies and regulations

Table 4.16 Opinion on Government policies and regulations

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>104</td>
<td>71.7</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>28.3</td>
</tr>
</tbody>
</table>

The data from Table 4.16 shows the opinions of the respondents in relation to whether they found it difficult to comply with government policies and regulations. The data analysed in this table shows that 71.7% of the respondents found it difficult to comply with government regulations and policies while 28.3% indicated they did not. This is a clear indication that government policies and regulations are a great challenge to the development of youth entrepreneurship.

4.13.2 Impact of government policies and regulations

Table 4.17 shows how the respondents ranked different government policies and regulations impacting on their enterprises.
4.13 Government policies and regulations

Favourable government policies and regulations such as reduced tax rate, provision of subsidies and relaxed licensing regulations for youth enterprises can enhance the development of youth entrepreneurship a great deal.

4.13.1 Government policies and regulations

Table 4.16 Opinion on Government policies and regulations

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>104</td>
<td>71.7</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>28.3</td>
</tr>
</tbody>
</table>

The data from Table 4.16 shows the opinions of the respondents in relation to whether they found it difficult to comply with government policies and regulations. The data analysed in this table shows that 71.7% of the respondents found it difficult to comply with government regulations and policies while 28.3% indicated they did not. This is a clear indication that government policies and regulations are a great challenge to the development of youth entrepreneurship.

4.13.2 Impact of government policies and regulations

Table 4.17 shows how the respondents ranked different government policies and regulations impacting on their enterprises.
Table 4.17 Ranking of government policies and regulations

<table>
<thead>
<tr>
<th>Government policies and regulations</th>
<th>Very serious</th>
<th>%</th>
<th>Serious</th>
<th>%</th>
<th>Less Serious</th>
<th>%</th>
<th>Not serious</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing Laws</td>
<td>70</td>
<td>48.3</td>
<td>39</td>
<td>26.9</td>
<td>30</td>
<td>20.7</td>
<td>6</td>
<td>4.2</td>
</tr>
<tr>
<td>Taxation laws</td>
<td>83</td>
<td>57.2</td>
<td>50</td>
<td>34.5</td>
<td>8</td>
<td>5.5</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td>Subsidy policies</td>
<td>38</td>
<td>26.2</td>
<td>69</td>
<td>47.6</td>
<td>24</td>
<td>16.5</td>
<td>14</td>
<td>9.7</td>
</tr>
<tr>
<td>Patent/copyright laws</td>
<td>53</td>
<td>35.6</td>
<td>80</td>
<td>55.2</td>
<td>10</td>
<td>6.9</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td>Competition regulations</td>
<td>47</td>
<td>34.4</td>
<td>56</td>
<td>38.6</td>
<td>35</td>
<td>24.1</td>
<td>7</td>
<td>4.8</td>
</tr>
</tbody>
</table>

According to the data analysed in Table 4.17 Taxation laws were ranked as the most serious challenge to youth run enterprises with 57.2% while licensing regulations were ranked second. Subsidy policies were ranked as the least serious challenge with 26.2% and competition laws with 34.4%.

4.13.3 Proposed on government policies on youth entrepreneurship

Most respondents proposed for adjustment of taxation laws on youth run enterprises in order to make them more favourable. Respondents also revealed that they would like to see the government relaxing licensing regulations for youth enterprises in order to reduce the number of days required to register a business.

4.14 Influence of social economic factors

A social economic environment in which entrepreneurship is respected and valued will act as catalyst for the development of youth entrepreneurship. Such an environment is conducive for business startups especially where the purchasing power of individuals in a
CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents summary of the findings, discussion, conclusions reached and recommendations following the objectives of the study. Youth entrepreneurship has been taunted as a major source of employment in the right of high youth unemployment. This study set out to examine the effect of credit availability and accessibility, access to entrepreneurship education and training, Business development services, Market access and social economic factors influence the development of youth entrepreneurship.

5.2 Summary of the findings
Relying on the responses given by the respondents, the researcher came up with findings which were used to make conclusions and give recommendations. The main findings are based on the results of data analysis in chapter four as shown in Table 5.1.
population is high. A favourable economic environment guarantees the sustainability of young businesses.

4.14.1 Perception on social economic environment
Table 4.18 discloses the opinions of the respondents in relation to their social economic environment and youth entrepreneurship.

Table 4.18: Respondents perception on social economic environment

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encouraging</td>
<td>60</td>
<td>41.4</td>
</tr>
<tr>
<td>Discouraging</td>
<td>85</td>
<td>58.6</td>
</tr>
</tbody>
</table>

According to the data analysed in Table 4.18, a sizeable proportion of the respondents (58.6%) revealed that their social economic environment was not encouraging with 41.4% disclosing it was encouraging.

4.14.2: Influence to start business

Table 4.19 Influence to start business

Table 4.19 below shows the factors that influence young people to start business.

<table>
<thead>
<tr>
<th>Influence to start business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of job</td>
<td>84</td>
<td>57.9</td>
</tr>
<tr>
<td>Personal choice</td>
<td>26</td>
<td>17.9</td>
</tr>
<tr>
<td>Parent motivation</td>
<td>20</td>
<td>13.8</td>
</tr>
<tr>
<td>To supplement income</td>
<td>15</td>
<td>10.4</td>
</tr>
</tbody>
</table>

Table 4.19 shows that a majority of the respondents (57.9%) were in business due to unemployment while 17.9% it was out personal choice 13.8% was due to parent motivation with 10.4 % being motivation to supplement their incomes.
4.14.3 Social perception of young entrepreneurs

A majority of the entrepreneurs revealed that they were not highly valued in comparison to their counterpart in formal employment. They revealed that their parents would have preferred them to be in formal employment instead of doing business.

4.15 Summary

Most of the respondents 5.5% and 10.3% had challenges of credit access from financial institutions and YEDF respectively. Access to entrepreneurial education by entrepreneurs before starting business was poor especially at Primary and Secondary schools levels. 72% of youth entrepreneurs had no access to entrepreneurship education before starting business. A majority of youth (73.8%) had no access to Business Development services prior and after commencing business. Most youth 82.8% had serious problems with market access because they did not have market connections to market goods and services from their enterprises. A majority (57.9%) of respondents were in business due lack of employment and economic pressures.
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Findings</th>
</tr>
</thead>
</table>
| 1. To determine how credit availability and accessibility from various institutions influence the development of youth in Ongata Rongai Township. | • Youth access of credit from Banks was 5.5% which is quite low due to high interest rates.  
• Individual access of funds from YEDF was 10.3% and quite low due to stringent requirement. |
| 2. To examine how access to entrepreneurship education and training influence the development of entrepreneurship among the youth in Ongata Rongai Township. | • Most youth (72.4%) had no access to entrepreneurship education prior to starting business  
• Provision of entrepreneurship education at primary and secondary level was quite poor. |
| 3. To determine how access to Business development services influence the development of entrepreneurship among the youth in Ongata Rongai Township. | • Most youth (73.8%) had no access to business support services prior and after starting business.  
• Most preferred to have received these services prior to starting business. |
| 4. To establish how access to markets influence the development of entrepreneurship among the youth in Ongata Rongai Township. | • Most youth had problems accessing markets due to unfair tender allocation (42.8%) and stiff competition (31%).  
• Majority of youth (82.8%) had no business connections to market their goods and services. |
| 5. To examine the social economic factors influencing the development of entrepreneurship among the youth in Ongata Rongai. | • Rate of entrepreneurship of among the youth increases with age.  
• 58.6% of the youth revealed that the socio economic environment was not supportive.  
• Most youth (57.9) were in business due to lack of employment and economic pressures. |
5.3 Discussion of findings

This section gives a detailed discussion of the findings from this study.

5.3.1 Credit availability and accessibility

Chigunta (2002) maintained that lack of access to finance is one of the major challenges facing youth run enterprises worldwide. Although most respondents had access to some funding, there was a problem in accessing credit from Banks and the Youth Enterprise Development Fund. It is only 5.5% of the youth respondents who had accessed startup funding from Banks and 10.3% from the Youth Enterprise Fund. Essayed (2005) observed that financial institutions in the formal sector generally regard the youth as high risk creditors and are reluctant to extend credit to them on favourable terms. Those who could not obtain funding from the Youth Enterprise Development Fund on individual basis blamed it on the stringent conditions laid down while other complained of high interest rate and lack of collateral as the reason behind their inability to obtain credit from financial institution.

5.3.2 Entrepreneurship education and training

The provision of entrepreneurship education and training is a critical for the growth and development of youth entrepreneurship. Schoof (2006) has suggested that entrepreneurship education is crucial in assisting young people to develop entrepreneurial attributes and behaviors for them to recognize entrepreneurship as a career option. The provision of entrepreneurship education as revealed by the findings of the study was still quite low as only 27.6% had access to it before commencing their businesses.
This can perhaps be attributed to the fact that entrepreneurship education is not offered at primary school level whereas in secondary school it is offered as an optional subject and is more theoretical as opposed to being a bit practical. The World Bank (2002) observed that the pedagogy of entrepreneurship education remains limited to traditional classroom teaching even though the outcome is on how to teach students start and run business. Most respondents proposed for the provision of entrepreneurship education in Kenya mainly at the primary level (35.9%) and 30.3% at secondary school level.

5.3.3 Business development services

The study revealed that only 26.2% of the respondents had access to Business development services prior to starting their enterprises. This can perhaps be due to the fact that there are few players in the private sector involved in the provision of these services. According to the findings of the study 73.1% of Business development services provided to the youth came from the Government. The business development services provided were in form of Management, ICT, Marketing and Accountancy. According to Schoof (2006) access to Business development services such as mentoring, support networks, business clubs and incubators by young people enhances the chances of sustaining their enterprises beyond start up stage.

However, young entrepreneurs often lack the support services which are fundamental to transforming fragile individual start-ups into successful small and medium-sized businesses. Schoof (2006) further suggested that Business incubators are a powerful tool for supporting the entrepreneurial process and increasing the survival rates of young innovative start-up companies. Lack of Business development services can greatly affect the development of youth entrepreneurship.
5.3.4 Market availability and accessibility

According to this study the youth experienced different type of challenges when marketing their goods and services with unfair tender allocation taking 48.2% perhaps due to corruption and nepotism. Stiff competition was the second serious challenge with 31%. Even though the Kenyan government according to YEDF Status report (2011) has committed to support youth run enterprises by acquiring at least 10% of its procurement needs from them, this is still too little bearing in mind the stiff competition existing in the market. In terms market access assistance, the government effort in this regard are still wanting. According to the YEDF status report (2011), the government has so far only been able to support 1800 youth to market their goods in local trade fairs and another 32 youth exhibit their goods at international trade fairs.

5.3.5 Government Policies and Regulations

Unfavourable government policies and regulations can be a great hindrance to the development of youth entrepreneurship. In this study 57.2% of the youth respondents revealed that taxation laws were a very serious hurdle to youth run enterprises while licensing regulations was second with 48.3 %. According to Schoof (2006) unfavourable tax systems can lead to collapse of start up businesses in the startup phase and in their first years of existence. High taxation rates leads to a reduction in business profits thereby increasing the cost of doing business. A study conducted by the World Bank in 2005 concurs with the findings of this study that business registration processes and costs involved are still cumbersome in most developing countries for youth run enterprises.
5.3.6 Social Economic Factors

There are different influences that social economic factors can have on the development of youth entrepreneurship. Based on the results of the study it is evident that participation in entrepreneurship activities increases with age with most youth entrepreneurs being (47.6%) between ages 31-35 year. Those between 18-21 years were 6.8% perhaps because most youth at this age bracket are likely to be in school or are yet to choose their career path.

Finding from this study revealed that 57.9% of youth respondents were in business due lack of jobs while 10.3% were in business to supplement their incomes. This findings concur with those Chigunta (2001) in survey carried out in Zambia which revealed that overwhelming majority (92.3%) of the respondents cited socio-economic problems as the major reason for starting the business while close to half (46.2%) cited lack of employment, a third (30.8 %) the need to supplement household income; and 15.4% poverty.

5.4 Conclusions

The following conclusions were made from the findings of this study.

To promote the development of youth entrepreneurship effectively, there is need to factor in the special needs of the youth when government policies on economic activities are being crafted in order to realize the full potential of SME sector as an equal employment contributor in the economy. Poor credit access and unavailability is likely to slow down the development of youth entrepreneurship if there are no favourable credits schemes to promote youth entrepreneurship. State-sponsored youth credit schemes should be designed in manner to overcome the numerous challenges they face such as corruption.
The provision of entrepreneurship education and training should be also be enhanced across all levels of learning especially at the primary and secondary levels where it is either lacking or inadequate.

Another factor which needs to be enhanced for effective development of youth entrepreneurship is the provision of Business development services such as mentoring, business counseling and training. The development of youth entrepreneurship can be affected by poor market accessibility of products from youth run enterprises. The existence of unfavourable government policies such as; taxation, patenting laws and licensing regulations is also a great hindrance to the development of youth entrepreneurship. These calls for the introduction of favourable business regulations and policies for youth run enterprises as well as assisting them get market for their products.

5.5 Recommendations

Based on the findings of this study, the researcher came up with several recommendations to promote the development of youth entrepreneurship. State sponsored micro credit programmes should be redesigned to overcome the weaknesses that hinder their effectiveness. The barriers faced by the youth when accessing credit on individual basis from financial institutions and these programmes should be addressed.

Entrepreneurship education and training programmes should be introduced at primary and secondary school levels where they are either nonexistent or inadequate. These programmes should be tailored in a manner that can equip the youth with skills to start their own enterprises and not just passing examinations.

The provision of Business development services by the government should be spread out across the various parts of the country. The private sector should supplement government
efforts in the provision of Business development services. The range of Business
development service should be extended to include business incubation and business
counseling.

The government policies and regulations in relation to business activities should be made
more favourable for youth run enterprises through provision of tax holidays for startups
as well as relaxing licensing regulations and the cost of business registration.

The government should increase its consumption of products from youth run enterprises
from the current 10% to 50% across all its ministries and parastatals. The government
should improve its tendering system by making it easier for youth enterprises to win
government tenders.

5.6 Suggestions for Further Research

This study proposes the following areas for further study;

1. The impact of Youth Enterprise Development Fund on the growth of youth
entrepreneurship in Ongata Rongai Township.

2. An assessment of the effectiveness of state sponsored credit programmes for
youth run enterprises towards promotion of youth entrepreneurship in other
parts of the country.

3. An investigation into the effect of entrepreneurship education on the
development of youth entrepreneurship in other parts of the country.


Ahwireng Fred (2002). Entrepreneurship skills development and business support needs of potential and existing young entrepreneurs, Umsobomvu Youth Fund. South Africa.

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OECD (2001). Putting the Young in Business: Policy Challenges for Youth Entrepreneurship, the LEED Programme, Territorial Development Division, Paris.


OECD (2001). Putting the Young in Business: Policy Challenges for Youth Entrepreneurship, the LEED Programme, Territorial Development Division, Paris.


Ann


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Rotter, J. B. (1966). Generalized expectancies for internal versus external control of


APPENDICES

APPENDIX 1: LETTER OF TRANSMITTAL

Samuel Waweru Maina,
P.O BOX 7879-00200,
Nairobi.

Dear Respondent,

I am a student of the University of Nairobi pursuing a Masters of Arts Degree in Project Planning and Management. I am conducting academic research on the Assessment of Youth Entrepreneurship on Economic Development in Ongata Rongai Township. This questionnaire has been prepared to obtain information on Youth entrepreneurship faced by you individually.

Please note that all the information provided for this study will be treated with utmost confidentiality. Your ability to answer all the questions comprehensively and to the best of your knowledge will be highly appreciated.

Thank you for your co-operation and precious time.

Yours faithfully,

Samuel Waweru Maina

E-mail:sammaish@ymail.comPhone: 0721 585298.
APPENDIX 2: QUESTIONNAIRES FOR YOUTH ENTREPRENEURS

Instructions

Please tick in the appropriate box and also fill in the blank spaces provided for those questions where elaborate answers are required. You are requested to complete this questionnaire as honestly and objectively as possible. Use the space at the back of this questionnaire if you need more space for your responses.

1. Profile of youth entrepreneur

i) Age;

18-21 years □
23-26 years □
27-30 years □
31-35 years □

ii) What is your Gender? Male □ Female □

iii) What is your marital status?

Single □
Married □
Divorced □

iv) Level of education attained

None □ Technical and Vocational □
Primary □ University □
Secondary □

v) Type of business activity engaged in?
2. Credit accessibility

a) Where did you get the initial capital to start your business?

Personal savings □  Bank loan □
Family □  Youth Fund □
Others □

Specify ..................................................

b) Was it difficult for you as a young person to access start up credit?

Yes □
No □

c) How would you rate the challenges you experienced when trying to access credit? Tick your opinion on a scale of 1-4; where 1= ‘Serious’ and 4 for ‘Not serious’

<table>
<thead>
<tr>
<th>Problems/Hindrances</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of collateral</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of business plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
d) What measures would propose to improve credit access and availability from the Youth Enterprise development Fund?

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

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

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

d) In your opinion, what measures should be taken to improve credit access from other financial institution to young entrepreneurs?

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

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

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

3. Entrepreneurship training and Education

a) Prior to starting you business, had you received any form Entrepreneurship education at any academic institution?

Yes □  No □

c) Have you ever been through any kind of entrepreneurship training program since you began your business?

Yes □  □  No □
d) In your own opinion, at what level of schooling do you think it is appropriate to introduce entrepreneurship education?

- Primary □  Secondary □
- College Level □  University □

4. Business development services

a) Have you ever received any business development services?

i) Before starting business
   - Yes □  No □

ii) After starting business
   - Yes □  No □

b) What kind of institutions/organization provided this business Development services?

- Government □  NGO □  Business club □
- Chamber of commerce □  Bank □
- Others (specify) .............................................................

c) What particular fields were you trained, mentored or counseled on?

- Management □  ICT □
- Marketing □  Accountancy □
- Others (specify) .............................................................

e) How valuable were these Business development services to you

i) During the start up phase?
ii) During the growth Phase?

5. Market accessibility

a) What kind of challenges do you experience when to marketing goods and services? 

Tick appropriately in the boxes.

Stiff competition □  Poor location □

Unfair tender allocation □  Low demand □

b) Do you have any business connections that you rely on in order to market your goods and services?

Yes □  No □

c) What kinds of organizations have been assisting you to market your goods and services?

Government □  Marketing associations □  NGO □

Others (specify).................................................................

d) What kind of market support would you propose as necessary in order to market the goods and services from youth enterprise? Please specify
6. Effects of government policies and regulations

a) Are there any government regulations which you found difficult to cope with when starting your business?

Yes □  No □

b) How would you do rate the regulatory challenges you faced when starting your business as young entrepreneur. Please indicate with a tick the scale of these challenges as very serious, serious, according to the table below.

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Very serious</th>
<th>Serious;</th>
<th>Less serious</th>
<th>Not serious</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing laws</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition laws</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation laws</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patent, copy right laws</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidy policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

c) What changes are needed in government policies and regulations in order to make them friendly to youth entrepreneurs?
7. **Effect of social economic factors**

a) How do you perceive the social economic environment around you in as far is youth entrepreneurship is concerned?

   - Encouraging □
   - Discouraging □

b) What motivated you to start your business?

   - Lack of job □
   - To supplement income □
   - Personal choice □
   - Parent motivation □

c) What is the perception of your social environment in relation to young people who are in formal employment and those who are entrepreneurs? Briefly explain
APPENDIX 3: IN-DEPTH INTERVIEW GUIDE FOR THE OFFICERS OF YOUTH ENTERPRISE DEVELOPMENT FUND AND MICRO FINANCE INSTITUTIONS.

Please tell me your name, designation and the organization you work for.

Credit access

1. What is the major handle for youth seeking funding for start ups in your organization?

2. In your opinion do you see the youth enterprise fund as having the capacity to solve all funding difficulties for start up?

3. What measures do you think should be taken to improve credit access to young people?

Access to entrepreneurial education and training

4. In your opinion do you perceive the entrepreneurial education offered at lower levels of our education system as adequate?

5. What measures would you propose to improve the level of entrepreneurial education and training in our education system?

Effect of Business development services

6. Do you offer any kind of Business development services to young entrepreneurs in your financial institution?

7. At which stage of business do you offer these services to young entrepreneurs?

8. Do you think the services offered by your institution are adequate to promote young people business?
Market accessibility

9. In your organization, do you assist the youth to find market for their goods and services?

10. What measures do you think should be taken to help the youth compete effectively with other business?
<table>
<thead>
<tr>
<th>$N$</th>
<th>$S$</th>
<th>$N$</th>
<th>$S$</th>
<th>$N$</th>
<th>$S$</th>
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<td>1200</td>
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<td>297</td>
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<td>19</td>
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<td>155</td>
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<td>230</td>
<td>3600</td>
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Note.—$N$ is population size.
$S$ is sample size.