

**INFLUENCE OF YOUTH ENTERPRISE DEVELOPMENT FUND ON THE
GROWTH OF ENTERPRISES; A CASE OF YOUTH ENTERPRISES IN BUTULA
CONSTITUENCY, BUSIA COUNTY**

BY

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DECLARATION

This research project is my original work and has never been presented for the award of any degree in any University.

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DEDICATION

This research project is dedicated to my beloved family who have always supported me to see to it that I succeed in this undertaking, my beloved husband, my children and lastly to my parents Mrs. Catherine Nyongesa and Walter Nyongesa.

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LIST OF ABBREVIATIONS

CEED	- Centre for Entrepreneurship and Development.
CIF	- Centre Innovation Finance
CYBF	- Centre for Youth Business Finance.
C-YES	- Constituency Youth Enterprise Scheme
E-YES	- Easy Youth Enterprise Scheme
IG	- Imprenditorialita Grovanile
ILO	- International Labour Organization
KAYEC	- Katura Youth Enterprise Centres.
KWFT	- Kenya Women Finance Trust.
KYBT	- Kenya Youth Business Trust.
MBA	- Masters in Business Administration
MFI	- Micro Finance Institutions
NGO	- Non Governmental Organization
OAYEC	- Ontario Association of Youth Employment Centre.
PSYBT	- Princes Scottish Youth Business
SACCOS	- Saving and Credit Co-operatives.
SAYES	- South Australian Youth Entrepreneur Scheme.
UK	- United Kingdom
YEDF	- Youth Enterprise Development Fund

ABSTRACT

Kenya is among the countries of the World that is currently experiencing a youth bulge. The Ministry of Youth Affairs and Sports came up with the Youth Employment Marshal Plan which highlights various initiatives geared towards creating employment opportunities for the Kenyan youth. The Youth Enterprise Development Fund is a key component of this marshal plan. It was established 2007 with the overall purpose of creating employment for the youth of Kenya through enterprise development and was designed to address the challenges of youth run enterprises. Its importance is confirmed by its transformation into a state corporation in the year 2007 and government continued allocation of resources. So far the fund has disbursed over Kshs. 2.8 billion to over 87,000 youth run enterprises and trained over 150,000 young entrepreneurs. The study sought to establish and recommend the kind of relationship that should exist between the Youth Enterprise Development Fund and the Youth Enterprises. This is in view of the fact that various interventions have been employed by the government to curb unemployment among the youth but the situation has remained fairly the same. The research was conducted through descriptive research survey. A total of 150 youth enterprises selected from a target population of 250 youth enterprises that are on the list of beneficiaries at the Youth Enterprise Development Fund for the period spanning 2007-2012 were interviewed and questionnaires administered to them as data collection instruments. The data was then analyzed using percentage distribution techniques and presented in tables and a conclusion drawn from the findings. The findings indicate that the startup loan has enabled the youth, establish enterprises, increase their income and create employment. Entrepreneurship training has enabled the youth operate and manage their enterprises better thus increasing their profits. The researcher recommended that for better results the startup loans should be increased and be made easily accessible by the youth. Entrepreneurship training should be provided continuously to enable the youth operate and manage their enterprises.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The definition of the youth varies from country to country and agency to agency depending on the country or the agency specific circumstances. According to the United Nations (1990), a Youth is defined as a person between 15 and 24 years. African Youth charter (2011) defines a youth as an individual between the age of 18 years and 35 years. This definition views young people within the African context and based on the African development realities. In Kenya, the national youth policy defines youths as those individuals aged between 15 and 30 years of age. The definition takes into account the physical, psychological, cultural, social, biological and political aspects which explain the Kenya youth situation. Young people represent about 18% of the global population which is nearly 1.2 billion people. 87% of the youth live in developing countries, 62% in Asia and 17% in Africa. The works youth report (2003) states that of 160 million unemployed people in the world, 40% of them are youths. The unemployment crisis requires an affirmative action in order to give the youth a chance.

Moreover, Samboja (2005) points out that the challenge therefore is to design integrated employment generating macroeconomics policies that create decent opportunities for the youth who have become a center of attention. The researcher further acknowledges the fact that the youth are faced with a myriad of challenges but emphasizes that as members of the society the youth deserve full access to education, adequate health care, employment, financial services and participation in public life. Several countries in the world have therefore put in a lot of effort to address issues that affect the youth and ensure that they are involved in the planning, implementation and evaluation of development projects.

In Britain, according to Prince's Scottish Youth Business Trust Annual Report (2004), the Prince Trust Business program is an all-round promoter of business startups in the United Kingdom and was founded in 1986 by the Prince of Wales to help the young people fulfill their potential. Since then the Trust has become the UK leading youth charity offering a range of opportunities including training, personal development, business startup support,

mentoring and advice. It targets persons aged between 18 and 30 who are unemployed or underemployed and have been denied banking finance allowing them to set up their own business under the guidance of a volunteer business mentor. In India, Bharatiya Yuva Shakti Trust, a public non-profit organization helps the young people establish their own business by providing low interest loans training and mentor support.

In Malawi, according to the International Labor Organization (2002), the Youth Enterprise Development Fund in Malawi was conceived by his Excellency the state President Ngwazi, Professor. Binguwa Mutharika as a vehicle to address challenges facing youth in Malawi by providing them with knowledge, essential skills competencies and opportunities to engage in micro-small and medium enterprises as a self-employment mechanism. Funding is required for lending to the youth, for their working capital needs, procurement of tools and equipment, training of youths in artisans and business management skills and re-equipment of training institutions. The Business leaders forum report (2012) points out that Uganda has one of the highest youth unemployment figures in the world with job creation lagging significantly below the 300,000 who join the labor force, so the government of Uganda through the Ministry of finance, planning and economic development did launch a youth venture capital fund on 1st February 2012. The fund was meant to target startup businesses and small to medium size enterprises. It was meant to expand the existence of business ventures owned by youths who were defined as persons aged between 18 and 35 years.

Christina (2010), points out that in Tanzania a youth development revolving fund was launched in 1994 with the aim of helping the youth in the informal sector to create formal employment and reduce youth unemployment. The government issued a directive that all local government authorities must allocate 5% of their revenue for youth development mainly in employment and income generating activities. The national youth revolving fund was established to support youth income generating activities in organized economic production brigades and small entrepreneurs. Edwards (2007), states that in Kenya youth represent 30% of the population and their unemployment is twice the country's average. Youth in Kenya face serious challenges including high rate of unemployment and underemployment. Murugu (2009) notes that the violence in early 2008 highlighted the critical importance of addressing the problem of poverty, inequality and particularly the

increasing problem of the idle youth. The researcher further indicates that unemployment among the youth has become a matter of serious policy concern in the country and lack of action on the challenges that affect youth will escalate both the social and economic costs of development in Kenya. Moreover, the Kenya national youth policy (2006) defines a youth as a person resident in Kenya within the age bracket of 15 and 30 years.

On the same vein the Kenya national youth policy (2006), estimates the youth in Kenya number about 1.9 million and account for 30% of the population while forming 60% of the total labor force. It further states that although the majorities are unemployed due to the country's high unemployment level 92% of the unemployed youth have no job training other than formal schooling. Hence unemployment is not caused by lack of jobs but also a lack of job skills due to inadequacy of the training infrastructure as well as the means to acquire skills due to poverty. It is in recognition of the above fact that the government conceived the idea of institutional financing as a way of addressing unemployment among the youth. The Youth Enterprise Development concept is based on the premise that micro, small and medium enterprise development initiatives are likely to have the biggest impact on job creation. According to the Busia District Gender and Social Services Report (2009), there has been a significant increase in the number of youth groups being registered by the government since the inception of the Youth Enterprise Development Fund. It further states that youth groups form the basis for the development of youth run enterprises, therefore an increase in the registration of youth groups promotes a similar reaction to the establishment of the youth run enterprises.

Youth Enterprise Development Fund (YEDF) Report (2010), points out that the Youth Enterprise Development Fund activities which mainly involve the financing of youth enterprises came legally into operation on 8th December 2006 through legal notice number 167. It was officially launched by President Mwai Kibaki on 1st February 2007. It was then transformed into a state corporation on 11th May 2007 through legal notice number 63. The fund focuses on enterprise development as a key strategy that will increase economic opportunities for and participation by the Kenyan youth in national building. It further states that the mandate of the fund is not only increasing access to capital by young entrepreneurs but also provide business development services, facilitates linkages in supply chains, create

market opportunities locally and abroad for products and services of youth enterprises, and facilitate creation of commercial infrastructure to support growth of youth business. The report explains further that in realization of the fact that not all young people are interested in entrepreneurship the funds mandate includes facilitating employment of semi-skilled and skilled young people in external labor markets and entails facilitating travel documentation and financing cost of relocation. The government has so far released over 2.6 billion to the fund.

Furthermore, the Youth Enterprise Development Fund booklet (2010), points out that the fund facilitates marketing of products and services of youth enterprises both in domestic and the international markets and provides business development services to young entrepreneurs and facilitates the employment of youth in the international labor market. It further states that the fund through its objectives has developed different products for young entrepreneurs, loans through financial intermediaries, the constituency youth enterprise scheme and the easy youth enterprise scheme, market products and market linkages, enterprise development services, jobs abroad and commercial infrastructure. The Constituency Based loan products brochure (2011), indicates that the on lending component of the fund mainly works through financial intermediaries such as the banks, non-governmental organizations (NGOs), saving and credit cooperatives (SACCOs) and micro finance institutions (MFIs) from which youth access funds to start or expand viable businesses. It further explains that the financial intermediaries manage funds allocated to the district from which the youth will access fund directly either as individuals or as organized entities. The fund has so far entered into partnership with thirty three financial intermediaries.

The Youth Enterprise Development Fund Board Report (2009) indicates that second component is the Constituency Youth Enterprise Scheme (C-YES) that funds enterprises of youth groups in all constituencies. It further explains that the Divisional Youth Enterprise Development Fund committees (Divisional YEDFC) have been formed to effectively identify and recommend viable youth group enterprises for loans. It states that the (C-YES) which has an allocation of two million per constituency targets viable enterprises of youth groups within the constituency and the money will continuously revolve at the constituency level. It indicates that the C-YES was introduced to cater for youth especially those at the lowest

levels who have no experience in business and in dealing with financial institutions. The report further notes that since decisions about the C-YES are made at the grass root level it was envisaged and rightly so, that this component and information about it will reach the youth at the lowest levels. It notes that the committees that preside over the C-YES are essentially community structures with representation from government, faith based organizations, youth and other community leaders and sensitizes youths on their role and obligation, receive and vet applications in accordance with regulations and act as a meeting point between the community and the fund.

According to the Constituency Based Loan Products brochure (2011), the Easy Youth Enterprise Scheme (E-YES) product was launched in April 2009 and targets individual youth members within a group, relying on the group members for guarantee purposes and has initially targeted members in groups that have completed repayment of the C-YES and was meant to graduate them into taking bigger loans for individual enterprises. The brochure further notes that the fund targets constituencies that have recorded an impressive C-YES repayment rates. The entrepreneurship training and the provision of appropriate business development services by the fund has ensured that the youth have adequate skills and has assisted them in identifying and tapping into business opportunities while embracing modern business management techniques. YEDF Booklet (2010) indicates that through organized trade fairs hundreds of youth entrepreneur's drawn from across the country show case their products and services to the public. The booklet further notes that the fund has also lobbied the government to support the youth enterprises through deliberate policy of buying goods and services and has committed 10% of its procurement needs to be sourced from youth enterprises. The fund has made tremendous effort in providing complete entrepreneurship support package to the youth in lending and capacity building of the youth entrepreneurs and also in providing market support throughout the country.

1.2 Statement of the problem

According to the Republic of Kenya Report (1964), a number of policy interventions have been formulated and variously implemented, since independence, to address the growing employment problem in Kenya. Key among these policies is the growth-oriented development strategy augmented by a high wage and Kenyanization policies adopted at independence. The government also undertook to engage in direct employment creation,

regulate wages, operate employment exchange programmes, improve labour market information systems, and re-orient education and training systems to vocational and technical training areas as a means of promoting employment creation. Other measures also implemented to address the country's employment problem included promotion of growth and development of the informal and jua kali sector, adoption of fiscal policies, and short-term measures such as tripartite agreements (Republic of Kenya, 1969; 1973).

In the 1990s and early 2000s, government employment interventions targeted enhancing the acquisition and promotion of efficient use of labour market information, reliance on market forces to mobilize resources for sustained growth, provision of public infrastructure, industrialization, enhancement of private sector investment and participation in the economy, promotion of industrial harmony and productivity, and liberalization of the labour market (Republic of Kenya (2002). In 2003, the government of the National Rainbow Coalition (NARC) formulated a five-year development strategy (Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007). This strategy put a case for empowerment of the people through creation of employment and other income earning opportunities.

The dream of most young Kenyans is to get a white collar job after completing education in order build self and the nation. To most, achieving their career goals after the 8-4-4 education system is the most critical thing hence they will not settle for anything less than what they have trained for. However reality dawns on them immediately they step into the overcrowded realm of unemployment that has characterized the Kenyan scene. Youth unemployment is a growing problem in Kenya. It is devastating to note that youth unemployment constitutes 70% of total unemployment in the country. The informal sector remains the major employer accounting for over 75 % of total employment in Kenya. This puts small business enterprises at the centre of job creation in Kenya. The drawback to these strategies is that they are long-term in nature. This means that in the short to medium term Kenya will continue to experience rampant youth unemployment. The main medium-term solution intervention employed by government is the Youth Enterprise Development Fund operational over the last seven years. According to the Kenya National Youth policy (2006), Youth in Kenya are about 1.9 million and account for 30% of the total population. Youth form 60% of the total labor force yet majorities are unemployed due to the country's high unemployment rate.

The Kenyan government has acknowledged that majority of the youth are unemployed and therefore established a Youth Enterprise Development Fund state cooperation to create economic engagements for the youth. The population of the youth continues to increase day in day out and although the government has implemented various interventions of addressing the youth unemployment the situation has continued to get worse and this calls for the need to determine the extent to which the various interventions have succeeded. The Youth Enterprise Development Fund was established in 2007 with the overall purpose of creating employment for the youth of Kenya through enterprise development and was designed to address the challenges of youth run enterprises. It is against this statement that the researcher would like to carry out a study to access the influence of the Youth Enterprise Development Fund on the growth of the youth enterprises.

1.2 Purpose of the Study.

The purpose of this study was to investigate the influence of the Youth Enterprise Development Fund on the growth of youth enterprises in Butula constituency, Busia County and propose desirable best practices that could be inculcated within the funds operations to make it better.

1.3 Research Objectives

The study was carried out with the following objectives:

1. To examine the extent to which startup loans from the Youth Enterprise Development Fund has influenced the growth of youth enterprises in Butula Constituency.
2. To establish the level at which entrepreneurship training from the youth enterprise development fund has influenced the growth of youth enterprises in Butula Constituency.
3. To determine to what extent access to business mentorship program from the Youth Enterprise Development Fund has influenced the growth of youth enterprises in Butula Constituency.
4. To investigate the extent to which market linkage services from the Youth Enterprise Development Fund have influenced the growth of enterprises in Butula Constituency.

1.4 Research Questions

1. To what extent does the startup loan influence the growth of youth enterprises in Butula Constituency?
2. To what level does the entrepreneurship training influence the growth of youth enterprises in Butula Constituency?
3. To what extent does provision of market linkage services influence the growth of youth enterprises in Butula Constituency?
4. To what extent does the business mentorship program influence the growth of the youth enterprises in Butula Constituency?

1.5 Significance of the Study

The Study will yield data and information that will be useful in proper planning and development of policies that will assist the youth to establish and sustain enterprises. Moreover, it will enable the management of the Youth Enterprise Development Fund come up with programs that will promote the growth of youth enterprises. The findings of the Study will also enable managers and the administrators of the Youth Enterprise Development Fund manage the fund effectively and efficiently. Lastly the Study will provide relevant literature that will be useful for this area of Study.

1.6 Basic assumption of the Study.

The study was influenced by the following basic assumptions; It was assumed that there would be a 100% return rate of the questionnaires distributed and the respondents would be cooperative and provide accurate information when responding to the research questions. It was also assumed that the researcher would have enough time and finances to carry out the study and that the sample size chosen was adequate to enable the researcher draw a valid conclusion about the research. Finally, the weather condition would be friendly and the security level would be high enough to enable the researcher to move freely to collect data.

1.7 Limitation of the Study.

The study was carried out based on the following delimitations; Time constraint was a limiting factor because the study had to be conducted within a limiting 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 dully completed, neither was there a guarantee that the interviewees would respond to all the questions put forward to them comprehensively.

1.8 Delimitation of the Study.

This study was concerned with the influence of the Youth Enterprise Development Fund on the growth of youth enterprises within Butula constituency only. The youth selected for the study were expected to be between 18 and 35 years of age. The Study findings would then be generalized to youth enterprises in other counties since they are operating under the same organizational structure

1.9 Definition of significant terms used in the Study.

Youth Enterprise Development Fund A state corporation established to create economic engagements for youths most of who are unemployed.

Startup Loan Money that is being made accessible to the youth by the Youth Enterprise Development Fund to be used as capital for enterprises.

Youth Enterprises Business enterprises that are owned and managed by young people between 18-35 years.

Entrepreneurship Trainings Trainings which are offered to young people to enable them acquire business strategies that will enable them manage their business.

Business Mentorship Programme

Are opportunities that are offered to young people to enable them share knowledge skills perspectives that will enable sustain their enterprises.

Market Linkage

The market support offered to the youth so that they are able to identify opportunities locally and internationally.

1.10 Organization of the Study

The Study was organized in five chapters. Chapter one consist of the introduction and the background of the Study, the problem statement, the research objectives, the research questions, the significance of the Study, the basic assumptions of the Study, the limitation of the Study, the delimitation of the Study, the definition of the significant terms and the organization of the Study. Chapter two consist of the literature review which has the startup loans, entrepreneurship training, market linkage and the business mentorship program restated as a title followed by a summary, the concept of the youth enterprise development Fund, the theoretical framework, and the conceptual framework. Chapter three consist of the Research Methodology which entails the research design, the target population, the sample size and the sampling technique, the operationalization of variables, the data collection instruments, the reliability and validity of the instruments, the data analysis and the ethical considerations. Chapter four consists of data interpretation, presentation and discussions where the startup loans, entrepreneurship training, market linkages and business mentorship program are restated as a title. Chapter five consists of the summary of the findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter the researcher reviews literature related to the Youth Enterprise Development Fund and the growth of youth enterprises. The review is conceptualized under the objectives of the study and focuses mainly on start-up loans, entrepreneurship training, market linkage and business mentorship programs which are services provided by the Youth Enterprise Development Fund and the relationship with the growth of youth enterprises. These are the main issues in the Study.

2.2 The Concept of the Youth Enterprise Development Fund.

The Youth Enterprise Development Fund (YEDF) was established in year 2006 with the sole purpose of reducing unemployment among the youth who account for over 61% of the unemployed in the country. The target of the fund is young people within the age bracket of 18 to 35 years who number 13 million. The Fund was gazette on 8th December 2006 and then transformed into a State Corporation on 11th May 2007. The strategic focus is on enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building. The government has so far released Ks. 3.8 billion to the Fund. In 2008 the Fund developed a 3 year strategic plan to address varied needs and aspirations of the youth, and to address the challenges it has faced in the past. The Fund is currently working on a 5 year strategic plan in line with the Medium Term Plan (MTP) of the Vision 2030. It is the Fund's intention to evolve and be able to meet the dynamic needs of the youth, who are its *raison d'être*. The fund is constantly reviewing its operational mechanisms from time to time in order to make it responsive to needs and expectations of the target clients.

Youth Enterprise Development Fund was established in December 2006 by the government as an initiative that is hoped to address the unemployment rate among the youth. The twin strategic pillars of this initiative are enterprise development and externally focused

employment creation through Youth Employment Scheme Abroad (YESA). To date the Fund has financed over 157,000 youth enterprises to the tune of KS. 5.9 billion. Many of the youth the Fund supported at inception are today big employers. Helped thousands of youth build their enterprises through market support and entrepreneurship training. The Fund has trained over 200,000 young entrepreneurs and has supported thousands of youth to take up jobs overseas through the Youth Employment Scheme Abroad (YESA) program. It has helped create over 300,000 jobs in the five years and has continued to diversify its product base by focusing on interventions that are more responsive to the needs of the youth and are geared towards addressing specific challenges facing young entrepreneurs. It has established a component that will enable it advance big loans directly to youth whose enterprises demonstrate capacity to create many jobs for young people.

2.3 Start-up Loans and the growth of enterprises.

Ontario Association of Youth Employment (2000), statistics show that 46% of new business ventures were financed through personal savings, 38% through money from friends and family and only 28% through loans of lines of credit and 9% through business loans. According to Youth Entrepreneurship Paper (2002), specific loan schemes like soft loans are increasingly superseding traditional grant schemes. It further explains that the soft loan approach involves the provision of no or low interest rates usually some form of revolving loan fund to young entrepreneurs. It explains that there are generally no collateral requirements but eligibility criteria like having a business plan, demonstrating commitment and responsibility, having reasonable equity participation and demonstrating the ability to repay the loan are required. Some programs even address one of the key concerns while lending to young entrepreneurs- that is the lack of experience and business skills as part of their loan programs. The provision of competitive loans is based to hands on business training component that the young entrepreneur can pay for in some cases. According to Najagaran (2005), skepticism exists regarding the viability of youth related micro finance programs. He, however further states that evidence is now emerging to show that youth clients are bankable and that creativity of approach differing only slightly from adult focused micro finance is required.

According to Making Cents International (2009), financial services play an integral role in building the lives of young people. Providing young clients with financial services at the right time in their lives and with the right support network can help them improve their livelihood in the short time and position themselves for more sustainable productive lives in the long term. Further the researchers assert that the provision of financial services to young people can help ensure that the vulnerability faced by so many young people today does not turn into a crisis. Najaragan (2005) points out that microfinance for youth is a complex activity requiring long term commitment and adequate microfinance capability. The researcher further states that the involvement of microfinance institutions or organizers aware of both microfinance best practices and youth issues is critical for the success of the program. He insists that for effective use of micro finance by the youth especially below 20 years of age programs should consider combining entrepreneurial skills training with basic life and financial education. Von (1991), states that microfinance services mainly refer to small loans: saving, mobilization and training in micro enterprise investment services extended to poor people to enable them undertake self-employment projects that generate income. He further asserts that microfinance came into being from the application that micro entrepreneurs and some poorer clients can be “bankable” that is they can repay both the principal and interests on time and also make savings.

Curtain (2000), indicates that access to micro credit to the young people is a major constraint to the growth of youth run enterprises. The researcher further asserts that while potential youth entrepreneurs and existing youth run enterprises generally lack access to credit in both developing countries and less developing countries but the problem is particularly acute in the latter. The researcher continues to explain that not only are they few micro finance institutions in many countries but those specifically targeted at the youth are even fewer. He points out that a review of 902 organizations in 96 countries listed under micro summit council of practitioners revealed only 21 organizations with youth in their title. He further insists that it is important to note that micro credit schemes have failed in many countries and the overall message from the failure of this schemes suggests that success or failure in terms of financial viability and servicing the poor and in this case the young people largely depends on the design of the program. Lidgerwood (1999) and Christen and

Rosenberg (2000) asserts that microfinance is perceived as the provision of financial and non-financial services by the microfinance institutions to low income groups without tangible collateral but whose activities are linked to income generating ventures. However, Roth (2002) states that this financial services include savings, credit, payment facilities, remittances and insurance. The researcher further notes that the non-financial services mainly entail training in micro-enterprises investments and business skills. He also believes that micro-finance encompasses micro-credit, micro-savings and micro-insurance.

Zeller (1999) states that access to microfinance has the potential to assist the poor in earning the income from micro-enterprises smooth their income and consumption. According to Wright (2005), access to financial services has allowed many families throughout the developing world to make significant progress in their effort to escape poverty. Hossain (1988), further points the provision of credit has increasingly been regarded as an important tool for raising the income of youths mainly by mobilizing resources to more productive uses. He further asserts that as development takes place one question that arises is the extent to which credit can be offered to the youth to facilitate their taking advantage of developing entrepreneurial activities for example the required investment in working capital. However he further notes that the accumulation of such capital may be difficult but by providing loans to increase family income can help the youth to accumulate their own capital and invest in employment generating activities. According to Butula Constituency End of Year Report (2012) there has been a steady increase in the number of enterprises being established by the youth at an average increase of 30% since the inception of Youth Enterprise Development Fund in 2007 compared to an increase of an average of 10% in the previous years. It further states that this has been attributed to the fact that the youth can now access funds without collateral and at a low or no interest rate

Dondo (1991), states that the vision of microfinance is to promote the growth of micro enterprises, microfinance institutions and other financial intermediaries who have experienced rapid growth to support the youth financial requirements. He further asserts that institutions such as the Kenya Rural Enterprise Program (K-REP) a non-governmental organization that started in 1984 under the funding of USAID are now a micro-finance

institution. It is fully licensed as a bank and offers a wide range of banking services in addition to its microfinance specialty. According to Kioko (1995), K-REP operates two major loans products for micro and small entrepreneurs, Jihudi and Chikola. Each Jihudi group consists of three to eight individuals. The Chikola loan program works through the existing rotating savings and credit self-help groups (ROSCAS) that comprise of individual micro entrepreneurs. Simayo et al (2009) points out that a number of microfinance institutions and financial intermediaries including K-REP, Equity Bank, Kenya Women Finance Trust (KWFT), and Faulu among others provide financial services to the low income groups with the purpose of starting or developing income generating activities. These groups include the youth and women. He further explains that the micro and small enterprises access to credit has increased greatly from 7.5% in 2006 to 17.9% in 2009. On the other hand, Mushimiyimana (2008) insists that lack of collateral and high interest rates are an impediment to access to loans from microfinance institutions by the youths. He further asserts that the youth who secure funds from such institutions spend the bulk of their returns on investment in paying the cost of capital thus leaving them with none or little saving for reinvestment. As a result majority of the youth in the youth investment fail to grow into small and eventually medium enterprises.

However, The Youth Enterprise Development Fund (2009), argues that in order to bring the youth on board the government of Kenya with the support of development partners in 2006 established a Youth Enterprise Development Fund that channels funds to microfinance institutions and other financial intermediaries for onward lending to the youth without collateral. The fund attracts a greatly reduced cost of capital which stands at 8% per annum as a strategy to make the fund affordable to the youth who in many cases do not have the collateral and therefore an ideal find for start-ups. Eurobarometer survey (2004), points out that the lack of adequate start-up finance is one of the most prominent impediments to young people seeking to create their own business. It further explains that young people aged between 15 and 24 seem to be the strongest supporters of the perception that the lack of financial support is an obstacle of setting up a business. About 78% of the respondents aged between 15 and 24 compared with 73% of all other age cohorts agreed to this affirmation. The lack of finance was also considered to be a more severe barrier than administrative

procedures or unfavorable economic climate. Ontario Association of youth employment centers (2000) conducted a survey on youth self-employment in Ontario. When a group of young entrepreneurs were asked what resources they were missing when they started their business the most likely response, lack of capital and financing, was given by 40% of them. Other barriers such as high competition or lack of experience were thought to be less important.

Curtain (2001), identifies a number of reasons to explain why micro credit has neglected young people. These include the age requirement in most programs for the clients to be at least 18 years old to ensure that they can sign a legal contract. He further asserts that many programs at least in Asia are more likely to target married women. The assumption is that there is a high risk of loans to unmarried girls who might stop repaying their loans once they get married. He continues to explain that some programs have minimum assets requirements to qualify for participation and this excludes adolescents for the most part. According to Ombok (2007), the government of Kenya has proved that it is committed to empowering the youth because six months after the establishment of the Ministry of Youth Affairs and Sports the finance minister announced the creation of the Youth Enterprise Development Fund and allocated Kshs. 1 billion in his budget to be disbursed as loans to the youths to enable them establish enterprises at concessionary rates and without collateral.

Masa (2009) asserts that the Youth Enterprise Development Fund was created in 2007 as part of the Ministry of Youth Affairs and Sports to promote holistic development of youth to make them self-reliant, productive and fully integrated into the society. According to the YEDF Booklet (2010), the board of the fund comprises of eight members drawn from the public and the private sector. 75% of the boards are professionals drawn from the private sector with diverse background in key mandate areas of the fund. It further explains that these members are appointed by the Minister of Youth Affairs and Sports and will hold office for a period of three years with eligibility for re- appointment for one term. The Chief Executive Officer is the secretary to the board. It further asserts that the board is vested with the responsibility for the overall management of the funds functions. It clearly states that the funds objective is to provide loans to existing micro finance institutions, registered non-

governmental organizations involved in micro financing and saving and credit co-operatives societies for on-lending to youth enterprises and attracts and facilitates investment in micro small and medium enterprises oriented commercial infrastructure such as business and industrial parks, market or business incubators that will be beneficial to youth enterprises. It supports youth oriented micro, small and medium enterprises to develop linkages with large enterprises.

Youth Enterprise Development Fund Board Report (2009), states that the objective of the fund includes the provision of loans to youth oriented micro finance institutions: support for youth oriented enterprises: investment in economic opportunities beneficial to youth: and stronger marketing of products and services of youth enterprises. It further reports that the fund has disbursed Kshs1.53 billion to finance 57,075 youth enterprises through the financial intermediaries in reaching thousands of youth across the country. However, the report further notes that areas with poor financial infrastructure have registered low uptake of the funds and new loan products have been developed to substantially increase funding to constituencies to enable more youths to access credit individually. At the constituency level the report says the constituency based disbursement channel was purposeful designed to inculcate entrepreneurial culture among the youth in all parts of the country. The fund has through its disbursement channel been able to reach young people in all areas of the country including those with poor financial infrastructure. However the report does not pinpoint the state of the enterprises that were started or expanded by the youth who accessed financial services from the Youth Enterprise Development Fund.

2.4 Entrepreneurship training and the growth of enterprises

Harper, et al (1996) and Marsden (1992), notes that entrepreneurship has long been recognized as a performing central role in the process of development. They further assert that economic development is not only or mainly a matter of physical resources and capital or even of technically trained personnel but without entrepreneurship which is the indefinable but often the transient quality that leads people to assemble and manage resources productivity nothing much can be achieved. According to Marris and Sommerset

(2002), entrepreneurship is a practical creativeness which combines resources and opportunities in new ways. They further note that it is enshrined in the originality and the techniques of production, the market served, the labor used, the organization of the firm and the use of materials that were previously neglected or wrestles them from established less productive uses.

However, Stevenson (1989) describes entrepreneurship as the process where individuals become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of a business. Youth Entrepreneurship Paper (2002), points out that the two of the most successful programs for promoting youth entrepreneurship are the Imprenditorialita Giovanile (IG) in Italy and the Prince Trust Business in United Kingdom. It further asserts that the effectiveness of youth entrepreneurship programs can largely be attributed to clear objectives, commercial orientation, adequate funding, well trained and properly supported staff, flexible and adopted operation style and reliance on appropriate micro delivery mechanisms. It further defines youth entrepreneurship as the practical application of enterprising qualities such as initiatives, innovation, creativity, and risk taking into the work environment using the appropriate skills necessary for success in that environment or culture. It notes that the importance of promoting youth entrepreneurship is that it crates employment opportunities for both self-employed youth and other young people. It brings back the alienated and marginalized youth into the economic main stream and addresses social psychological problems and delinquency that arises from joblessness. It promotes innovation and resilience and reutilization of the local community. It encourages young people responsiveness to new economic opportunities and trends. It further concludes that it gives the young people especially those marginalized a sense of meaning and belonging and help young men and women develop new skills and experiences that can be applied to many other challenges in life.

McGrath (1999), observes that countries have their own culture of knowledge and skills and diverse multiple traditions of work and of enterprise which are experienced differently among different social groups and regions among in the country. He further suggests that

successful interventions are likely to be those that are built upon a sensitive appreciation of the obtaining socio-economic situation of the local youth and the enterprise activities especially with regard to developing countries. The youth enterprise support programs should also consider socio-cultural constraints that limit the participation of youth in general and young women in particular in entrepreneurship and self-employment.

Corter (1996), points out that there is need to clearly identify and treat separately survival oriented poverty alleviation micro-enterprises and business growth projects, target different entrepreneurs, focus on different projects and should use different conceptual tools for assessing their divergent impact. Practitioners need to develop appropriate performance indicators to monitor and evaluate this very different types of project intervention otherwise they will continue making inaccurate assessment of poverty alleviation and business growth programs effectiveness based on unrealistic impact assessment. This highlights the need to strike a balance between poverty and growth. The Youth Entrepreneurship Paper (2002) emphasizes on the fact that the potential youth entrepreneurs and the existing run youth enterprises need more than just access to credit. Youths need to know how to develop a business plan, business management, management of business finances, time management, reducing costs, debt recovery techniques, stock control techniques, marketing and recruitment. It suggests the need for an integrated package for the promotion of youth entrepreneurship thus there is need for skills training, business counseling, mentor support, access to working space and business expansion support. The Youth Entrepreneurship Paper (2002), in recent years the promotion of entrepreneurship as a possible source of job creation empowerment and economic dynamism in a rapidly globalizing world has attracted increasingly policy and scholarly attention. However despite this attention there has been no significant attempt to look at it from a youth angle. This has resulted into lack of an adequate understanding of the potential benefits of youth entrepreneurship as a means of improving youth's livelihood.

According to Curtain (2000), it is now widely accepted there are many good reasons to promote entrepreneurship among young people while caution should be exercised so that entrepreneurship is not seen as a "mass" or wide ranging solution which can cure all social

ills as many experts warn it has a number of political benefits. White and Kenyon (2000), state that entrepreneurship creates employment for the young person who owns the business. They further state that new small firms tend to raise the degree of competition in the product market there by bringing gains to consumers. In addition the enterprise may create linkages between youth entrepreneurs and other economic actors such as through sub-contracting, franchising and so on. Entrepreneurship promotes innovation and resilience as it encourages young people to find new solutions ideas and ways of doing things through experience based learning. They further assert that this is especially important given the ongoing globalization process and it is increasingly accepted that youth entrepreneurship can present alternative to the organization of work, the transfer of technology and to a new perspective to the market. Organization for economic co-operation and development report (2001), states that the popularization and democratization of entrepreneurship can allow the disadvantaged to succeed regardless of social and family background. According to the center for Youth Entrepreneurship Education, effective youth entrepreneurship education prepares young people to be responsible enterprising individuals who become entrepreneurs or entrepreneur thinkers and contribute to economic development and sustainable communities.

OECD (2000) observes that there is need for programs to train young people for self-employment and help them to achieve and enhance what must be done to attack youth unemployment in general. This is based on the recognition that not all young people can become entrepreneurs in a business sense, enterprise skills therefore can help youth adapt well to other non-entrepreneurial career. It further emphasizes that the success of the new economy is dependent on the promotion of a culture of entrepreneurship. It has been observed that the youth have the capacity to understand it and to be its pioneers and this can be reflected in the high youth participation in the internet business startups.

International Labor Organization (2000), states that although the crucial role played by entrepreneurship is increasingly understood they have been little effort to look at it from the youth perspective. Young people are often treated as part of the general adult population while their specific needs and particular entrepreneurial potential as well as their contribution to the economic and social progress are underestimated. It notes that there is a general lack of

in depth research and concrete data on youth entrepreneurship especially as it related to different entrepreneurial framework conditions and to the creation of new firms. Youth Entrepreneurship Paper (2002) argues that the motivation to engage in business and the decision to become an entrepreneur is closely linked to the level of awareness about knowledge of and familiarity with the concept of entrepreneurships being a viable career path. It emphasizes that among other social institutions education has probably the most important impact on raising awareness and attractiveness to the characteristics and attributes of entrepreneurship because it helps to arm young people with an understanding of and some of the skills necessary for entrepreneurship. It further notes that in order to promote an entrepreneurial culture among young people it is crucial to know about young people's attitudes, awareness and aspirations towards entrepreneurship and business before targeting them with particular interventions and initiatives to raise their entrepreneurial profile appropriate research and testing are necessary.

Chinguta (2002), states that successful social or private entrepreneurs are probably the best ambassadors of promoting entrepreneurship among young people by delivering an image of independence success and achievement they can motivate young people to consider and explore entrepreneurship and self-employment. He further notes that, the more a young person knows a successful entrepreneur the more likely he or she can become interested in starting a business because they have a role model to follow. Moreover, he observes that when supported by the media campaign, credible role models can have an influence on young people personal environment so that parents and relatives change their attitude to entrepreneurship as well as encourage their children to engage in the field. He further emphasizes the importance to note that the role models are most effective in reflecting the image of the group whose behavior is to be influenced.

Youth Entrepreneurship Paper (2002) emphasizes that the initiatives and policies promoting youth entrepreneurship should focus on the factors that stimulate and facilitate or hinder or impede the entrepreneurial activity of young people. It further observes that every country has to find an appropriate policy mix of initiatives that correspond to the most important barriers and constraints that exist in their country. Therefore, a tailor made holistic

approach that responds to different economic social and cultural situations as well as to particular entrepreneurial framework conditions is required. It further emphasizes that successful programs and better practices from other countries can rarely be simply adopted and replicated one to one but they serve as highly valuable orientations. Nagajaran (2005) argues that the effective use of micro finance by the youth training programs should consider combining entrepreneurial skills with basic life and financial education. He further notes that pushing the youth to become independent entrepreneurs without proper training is a recipe for failure. Reese (2008) observes that job and skill development can enhance an employment base. She goes on to say that local job training especially those that emphasize creativity type of employment will facilitate development of small business.

OECD (2000) argues that programs to train young men and women for self-employment and help them to achieve it can enhance what must be done to attack youth unemployment in general. White and Kenyon (2000), indicate that recognizing the various reasons why young people decide to start a business is important for the promotion of youth entrepreneurship as a genuine career alternative for young people especially as a way to achieve greater financial reward and work satisfaction rather than focusing on self-employment as a way to escape the negative circumstances of unemployment and poverty. However, Youth Entrepreneurship Paper (2002), indicates that the Centre for Entrepreneurship and Development (CEED) in Nova Scotia has since 1995 worked to promote an entrepreneurial culture among young people. It further mentions another program called Qulosque do investidor managed by the youth foundation which helps young entrepreneurs to establish business and to identify business opportunities through better access to world markets. Esceula Taller program in Spain which started which started in 1994 and is financed mainly by the Spanish National Labor Institute and the European Social Fund which tries to reach the unemployed youth aged between 18 and 25 years with limited professional skills. It further mentions the South Australian Youth Entrepreneur Scheme (SAYE) which aims to provide young South Australians aged between 18 and 30 the skills and confidence to develop and implement their business idea and make self-employment a viable and worthwhile option.

In developing countries Katura Youth Enterprise Centers (KAYEC) a community based organization in Namibia provides training, information, workspace and support to young people who aspire to start their own business. In Kenya, according to the Youth Enterprise Development Fund (2009), the provision of continuous and relevant business development services to young entrepreneurs is key to the success of enterprise development initiatives in creating long term employment. It further notes that the provision of enterprise training to sensitize and inculcate entrepreneurial culture among the young people is therefore crucial to identifying emerging business talent. It further indicates that over 120,000 youth have been trained on entrepreneurship and the beneficiaries of these trainings have managed to access financing through the financial intermediaries and the constituency component. Over 400 Ministry of Youth Affairs officers have undergone entrepreneurship training course to enable them to equip young people at the grassroots with relevant skills. The fund has built the capacity of selected youth officers to act as Enterprise Development Agents to facilitate localized approach to the business development services.

Nafukho Machuma and Muyia (2000), indicate that it is important for the youth to be empowered and that the development of entrepreneurial spirit and competencies should be a lifelong process. They further note that in Kenya for instance the government has created a youth entrepreneurial fund with the belief that this will stimulate the creation of business enterprises. With hardly any expected growth in jobs in private and public sectors it is therefore essential to look towards entrepreneurship as a means to productive work. There is need for an integrated package for the promotion of youth entrepreneurship. This could explain the government of Kenya's deliberate effort to establish the Youth Enterprise Development Fund with the youth as the target.

2.5 Market Linkages and the growth of enterprises

Youth Enterprise Development Fund Booklet (2009) argues that enterprise development must work alongside market linkage to ensure that youth run enterprises receive complete market support based on their produce and services while improving on the skills of youth entrepreneurs in terms of identifying and targeting sustainable market opportunities globally

and pursuing them competitively. It further notes that the fund hopes to achieve a market driven production trend or culture among youth enterprises so that no youth entrepreneur will engage in any production process for profit being goods or services without a planned and well analyzed market. On the other side, Will Power Incubation and Research (2009), states that most small businesses whether formal or informal suffer from one major problem which is the lack of market for their goods and services making them undersell their wares thus the sequel to this being poor capital formation which reflects in unending poverty. It further notes that market linkage is therefore important because it links people with those that have funds to use with those that have the products and those that have excess of one product and may need another product that may be in the possession of others who may need to produce a product through barter. The Youth Entrepreneurship Paper (2002), emphasizes that the youth employment programs and the youth enterprise development programs should be linked to market opportunities because in an increasingly global economy many products are outside the producing country. Programs can assist the young entrepreneurs develop an understanding of market opportunities and link them to value chains.

Faida (2000), points out that market linkage approach is a tool for bringing together the supply side and the demand side under the objective of developing a specific enterprise. Furthermore they note that the facilitators work is to introduce the parties to each other assist in obtaining relevant information, providing tailor made training and is instrumental in developing the enterprise as a whole. It emphasizes the importance of a facilitator to focus on facilitating the process and not to engage in any other activities. It agrees that market linkage is a good way of promoting and strengthening groups. Vijay (1988) states that market linkage is often referred to in literature for rural development and imply a physical connection between the producer and the ultimate consumer. He further notes that institutions are meant to facilitate the flow of produce between the different levels of the marketing systems such that if the market systems can be more efficient it will be more competitive will facilitate economic growth and will maximize benefits to the youth. The market process needs to be undertaken as efficiently as possible at the lowest cost and within the minimum losses occurring at each stage. Nevertheless he observes that the relationship among producers wholesalers and retailers play an important role in the marketing of products and services.

Such linkages can create different functionalities in the marketing system but may also cause a dependency relationship between parties and make it difficult for new comer to enter the marketing process.

Making cents International (2002), states that youth programs should be oriented to market opportunities and should stimulate a local market response to provide services to the youth It further explains that in the past many enterprise development projects focused on the supply side of the market by identifying the existing suppliers of business development and helping them improve and expand the services they were offering. However, it cautions that the best practices today is to assess what the actual needs and opportunities are from the current and potential entrepreneurs and once that is done develop programs to stimulate the business development market to respond with sustainable products services and solutions that meet those needs. Practitioners should encourage market mechanisms to respond to young people's needs by being facilitators or stimulators of local market responses rather than being temporary direct service providers.

According to Zimbabwe Youth Council (2009), market linkage programs are a marketing support tool for the young entrepreneurs where online virtual market place has been created in the form of a website where they can log in and register for free to assess this service. The website has the capacity to host thousands of advertisements in about eight sectors of the economy where the youth can either seek or sell services. Business Leaders Forum (2002), emphasizes on the importance of public policy measures in supporting competitive and responsible enterprise development by establishing a sound investment climate, addressing both the macro stability and micro economic impediments to the mobilization of domestic capital and investing in physical, social and institutional infrastructure. It further explains that it is important for the government to ensure that the framework conditions, consultation structures and delivery mechanism for finance and business development services enable rather than exclude small enterprises, help informal enterprise move into formal economy and high potential entrepreneurs upgrade into broader vale chains. It notes that implementing the necessary regulations, funding mechanisms, market incentives, and training and

certification programs to encourage the adoption of sound labor, environmental practices and anti-corruption measures in both small and large enterprises.

Tia (2012) asserts that value chain is a full range of activities involved in getting the products from the inception to the final consumers. He further states that by linking young entrepreneurs to value chains that are competitive and growing they will have the opportunity to expand their business in line with the growing demand for the product or service. The researcher cites the examples of the World Cocoa Foundation which is with youth to expand the capabilities and opportunities cocoa communities in Ghana and the Ivory Coast. Plan International new livelihood development Project in West Africa known as “Making financial services and business development skills available to the African Children and Youth” which is also planning to use participatory value chain analysis to identify viable economic activities for the youth. He explains that when young entrepreneurs focus is not linked to the market and value chain but it is simply driven it is much more difficult for the business to succeed.

The researcher mentions the Centre innovation Financier (CIF) and Appui Development Autonomous who work with young artisans in Senegal and Burkina Faso found out that when young people have no previous professional experience when they start up a business in a saturated market it is very difficult for the business to become viable. Constraints limiting Bangladesh small and medium enterprises growth in the leathers sector is the lack of exposure to buyers and limited access to markets. In addition owing to limited information from buyers’ manufacturers often find themselves producing goods that are not trendy or appealing to the public thus limiting demand for their products. With this in mind price identifies promising entrepreneurs and assist them through product development workshops, market linkages and creating access to finance through networking and meeting events.

In an initiative to foster business linkage price established a dialogue with one of the Bangladesh most prominent retailer to explore potential of linking the producers to the popular retailer. It goes ahead to explain how it organized a networking event with a group of small and medium enterprises to meet with the retailers. The linkage workshops were then

followed with a show casing of the small and medium enterprises products. Seven enterprises were assisted in preparing for the event and were provided with support to develop a product catalogue to distribute. It facilitated the sample development process of two enterprises that were selected to be contract suppliers. Vrutti Resource Centre Report (2002), points out that rural producers groups and enterprises find it hard to reach markets. Producers are distressed due to non-access to right markets and non-realization of proper returns. It further explains that enterprise enabling and marketing platforms can improve returns to large numbers of these producers' goods. It mentions Idobro as a technology solution that can reach up to 75 million enterprises a transformational idea which addresses the missing links between enterprises and the market. The technology leverages support for social and green enterprises for these large numbers of enterprises and its partners are producer groups who may be self-help groups, rural and urban small producers and enterprise and non-governmental organizations supporting such produce groups.

It further explains that the technology is an exclusive three thousand six hundred shillings platform for buyers and the sellers of social and eco-friendly products to connect communicate and collaborate and covers various categories which include handicrafts, jewelry apparel, furniture, home decor, gift articles, ceramic articles, stationery, food recycling, clima painting, day lighting, greenbelt and waste land restoration, health and eco-tourism and many more. It offers its members networks and partners and resource engagement through an e commerce portal to build profitable business relationship worldwide through community activities such as corporate events, exhibitions cum sales, trade shows and conferences, collaborative services such as communication and promotion strategies for marketing on line and offline, connect through media outreaches, training and networking in sales and business collaborations.

Youth Entrepreneurship Report (2002), argue that the key problems facing the youth run enterprises is limited prospects for value addition because the youth run enterprises in poor countries are concentrated in low value local markets and as a result the youth lack access to information on product and input market. It further observes that the promotion of the viability of the youth run enterprises will require facilitating the access of youth to

information on product and input market and linking them to global value chains which requires that the young people to explore the existing global initiatives aimed at promoting trade between developed countries and less developed countries. Philip (2002) asserts that youth run enterprises in both developed and developing countries largely rely on the local market, He further notes that the critical advantage for producing for the local market is that the entrepreneurs knows and understands the local needs and opportunities as well as the quality standards and the expectations of that market. He says that in many developing countries government and the domestic company market is extremely limited. Chinguta (2001) observes that in many poor countries informal sector virtually does not have foreign consumers among its clients and so the heavy reliance on the local market is a key constraint on earning. He further states that the consumers are poor and generally buy a limited range of products. The challenge then is to come up with a supportive policy and institutional framework that could link young proprietors to high value markets or enable them to engage in value adding enterprise activities.

According to the Youth Enterprise Development Fund (2009), access to market is one of the biggest challenges that face the youth enterprises because the youth lack the sophistication and network to penetrate the market. It further explains that it is for this reason that the fund organizes trade fairs to give youth entrepreneurs a fighting chance. Youth exhibitors with very outstanding enterprises are then sponsored to attend national and international fairs where they are linked to the export market. YEDF (2010), states that one of the mandates of the fund is to facilitate marketing of the goods and services of youth enterprises. The fund has been able to organize three national trade fairs for hundreds of youth entrepreneurs who were drawn from across the country to showcase their products and services to the country.

The report points out that during these events the youth exhibitors make critical contact for selling their products and services. It has supported young entrepreneurs to exhibit their products at Cairo International Trade fair as well as the Dar es Salaam International Trade Fair and the young people have used this as an entry point to the export market. It says that the fund has been supporting youth trade to enable young entrepreneurs at the grass root to

showcase their products and services. It further notes that the fund lobbied the government to support youth enterprises through deliberate policy of buying goods and services. The government has committed at least ten percent of its procurement needs to be sourced from youth enterprises. Finally the booklet notes that the fund is developing a Youth Enterprise Directory to be distributed to all public entities at district and national levels. The fund is also exploring partnership with several private sectors to support youth entrepreneurs in subcontracting, outsourcing and franchising. It is therefore important to analyze the influence the fund has had on the youth run enterprises so as to determine how much has been achieved or what needs to be done to support the youth run enterprises through the provision of market.

2.6 Business mentorship program and the growth of enterprises

According to Hunter (2002), mentoring is a partnership between a more experienced person (the mentor) and someone who is less experienced (the mentored). She further explains that many mentoring relationships are informal infrastructure, while others are more formally structured for a limited time, sometimes support by an organization and that the two different types are often described as “natural mentoring” and ‘planned mentoring’ where the program required prospective mentorees to approach a potential mentor, apply for a place in the starburst program, attend an induction session and report to their mentoring process. The researcher further emphasizes that mentoring is not a replacement for training and education and industrial participation but describes the benefits of mentoring as a link between formal education and industrial participation. Mentorships according to her as opposed to traineeships or University degree offers flexibility, individual case management and a broader “scoping list skills” and ideas to address.

Heathwood (2011) believes that planned mentorship is incredibly valuable for young people and that grant mentorship is essential. She further asserts that the formal mentorship arrangement provides young people with access to professionals in the industry, and offers an insight into possible carrier paths within the industry and increased confidence. According to the Canadian Youth Business Foundation Report (2003), the Canadian Youth Business Foundation has assisted over 1400 new Business foundation owners across Canada. Nearly

900 volunteers are engaged to help deliver the program in 62 Locations which in turn reaches out to 970 Local communities. As a result CYBF claims to be the national leader in youth entrepreneurship through mentorship and financial support resulting into sustainable economic development. Prince's Scottish Youth Business Trust Annual Report (2004), states that the PSYBT provides a unique package of support to young people as a lender of last resort. It was launched in 1989 and has invested \$23 million, enabling 7,800 young people to start their own business in Scotland. It has volunteers who number around 600 who are panel members who assess business plans and after care advisors who mentor business. The report further asserts that indicators show that 100% of clients have an after care advisor with, 62% receiving visits and 80% of the loans repaid.

According to the International Journal of Evidence Based Coaching and Mentoring (2006), a mentor or advisor is a growing asset to a growing company. They can warn of problems on the horizon, help craft solutions to problems and be a sounding board for the entrepreneur. It further states that a mentor's many years of experience can be able to save a business from major errors and costly mistakes with just a few words. Deakins (1997) observes that intervention at pre-start and start up stages of a business is beneficial in reducing the known high failure rates. He further asserts that the entrepreneurs through experience acquires the ability to learn and rarely is this learning process planned but it is the result of a series of reactions to critical events in which the entrepreneur learns to process information, adjust strategy and take decisions. Beresford and Saunders (2003) who evaluated MBA graduates project found that whilst academic skills were initially identified as essential requirements, it was the interpersonal skills such as listening which were considered to be more important.

Pegg (1999), in his application of his mentoring model which helps people to focus on challenges, choice, consequences, creative solutions and conclusions. He further asserts that in discussions between mentor and mentee two main methods are used; pulling and pushing. Pulling calls on the ability to offer a sanctuary; to offer a safe place where the mentee feels able to share their agenda, interests and goals and to offer support by listening, asking the right questions and drawing out mentee's own answers to problems. Pushing on the other

hand calls on the ability to offer stimulation: to offer creative ideas, challenges, knowledge, success stories, models and tools leading to edge thinking and wisdom.

Hall (2003), argues that successful mentoring requires screening of prospective mentor, matching of mentors and youth on relative criteria of mentors and youth on relative criteria, pre-match and ongoing training and frequency of contact. He further notes that mentioning is danger of being unsuccessful when there is social distance and mismatch between the aim of the mentoring scheme and the needs of the person being mentored and conflict of roles so that it is not clear whether the mentor is to act on behalf of the person being mentored or is present as an “authority.” and whether the relationship should be formal or informal. Cox (2005), states, that the rapport between mentors and mentees in informal mentoring relationships frequently challenges the organizers of many formal mentoring schemes. Clutter buck (2004), notes that in many cases when people come together without guidance and without clarity about the mentoring role it becomes a hit or miss affair. He says not only is the relationship highly variable, but the paring tends to exclude people who don’t fit the mold by virtue of their gender, race, culture or some other differentiating factors. It is the view of Clutterbuck that such an environment would contain some elements of structure and concludes that mentoring packages that will give organization the greatest value is one that integrates the formal and informal mentoring.

Barrera Associates (2003) found that organizations engaged in mentor – protégé repeatedly cited as critical as the time required for relationship building. Notably they reported that more time invested in the mentoring relationship contributes to the relationship’s growth but a long mentoring program is not required for achieving results if the mentor and mentee are focused on goal or a business issues. It further states that the paring of mentors and client in formal relationship is an important issue and has a substantial bearing on the success of the relationship. A mismatch can cause discomfort to the mentor but more importantly for the mentee, this can be disastrous. Cox (2005), suggests that compatibility can only be developed from within a relationship; it cannot be anticipated beforehand. Mc Very (1997) studied the impact of role models within mentoring relationships and suggested that the presence of an entrepreneur role model can positively affect the level of entrepreneur’s success. A role model can also help entrepreneurs who may

rely too much on personal experience to guide decision making. He further observes that although taking risks is important, the presence of role models, mentor and networks can provide a moderating effect on the overconfidence of the entrepreneurs.

According to the International Journal of Evidence based coaching and mentoring (2006) young entrepreneurs' feel that recognition is important, as well as meeting financial needs. They want enough money to live on comfortably and run a business that is well respected. They want to be positive role models by helping and inspiring others to become entrepreneurs. On the other hand mentors suggest that clients measure success through their ability to grow and sustain business and ultimately create the possibility to sell their business to a bigger firm. The journal further suggests that honesty is important in the relationship between the mentor and mentee and it is important to the mentee to listen to what the mentor says and not to get defensive when receiving advice. However, the mentor should not be involved in the business but must be dispassionate; instead they should be uplifting and keep reminding the youth entrepreneurs why they are doing. It notes that for the young entrepreneurs having someone who is external to the business allows them to have a clearer view because they see things the young entrepreneurs do not see. Flaherty (1999) points out that key element to a relationship are mutual trust, mutual respect and mutual freedom of expression. Personality plays an important part skills and experience are important factors in a relationship as are altitude and personality and it can sometimes work best if personalities are different. According to a PSYBT mentor, at the start of the journey if the client feels comfortable with the mentor, they will share everything and to build trust one has to start as they go on. One needs to be a good listener and ask relevant questions.

International journal of Evidence Based Coaching and Mentoring (2006), states that indicators of a relationship not working would be a lack of communication, follow through, commitment and respect on behalf of the mentors. Clients would also feel uncomfortable if they did not trust the advice that was being given whether it was unrealistic or ineffective. It further observes that mentors can probably tell if the relationship is working or not working based on the relationship moving closer or becoming more distance, if there is tension or an avoidance to meet, when questions are asked and the clients become elusive or changes the topic and when action agreed upon are not carried on. If the relationship is not working and

then it is not going to work and therefore it is important to find someone else as soon as possible.

The international Journal of audience based coaching and mentoring (2006), states that the relationship between the client, the organization and the mentor involves three key phases known as; start – up, midpoint and end point. The organization should be involved in assessing the suitability of the client prior to receiving support and then look for a mentor based on ‘fit’ in terms and factors such as experience, network, geography, age, gender and ethnicity. However, it continues to state that the challenges faced by the young entrepreneur can be very different, at the midpoint or end point compared to the start – up. According to the CYBF, a mentor needs to be excited about a client’s ideas and it is important for him or her not to get close to the business and when there are problems get the entrepreneur to see them himself and discover the answers on his own. According to the New Zealand Business Mentors (2012), mentors should be empathetic and experienced business people who help young businessmen achieve their goals, with experience in developing and operating successful business, they offer advice and guidance. Mentor helps entrepreneurs step back from their business and look at the “big picture” identifying strengths, weakness, opportunities and threats that may have been overlooked. They can also serve as sounding board for young businessmen ideas and help them to develop these ideas. They provide connections to key business people and customers. A successful growing business brings new challenges such as hiring new staff, raising new capital and entering new markets. A mentor can offer helpful advice, caution against potential pit falls and instill confidence in the entrepreneur’s plans and help one set goals and milestones as well as make the entrepreneur accountable for delivery on them.

Zwilling (2002), points out that most entrepreneurs view a mentor as someone older and more experienced who takes time to personally give guidance, advice and an emotional investment in the entrepreneurs success. The entrepreneurs do not consider that the process require an investment on their part both in nurturing the relationship and really listening without being defensive to the advice given. He further notes that the very best mentors are busy people and they may be opposed to someone trying to take up a lot of their time and therefore the best approach for the entrepreneur is to ask for small focused blocks of time

maybe just ten minutes in private and be prepared with real issues to discuss. He goes on to explain that entrepreneurs should on a regular basis send a note to communicate progress and current task which is also a good way to hand out and follow up on assignments to your mentor; this is because the fastest way of business success is by piggy backing on men and women who have already spent years learning how to succeed.

Barret (2006) says that mentoring can accommodate small business owner's preference for applied just in time and experiential learning. He explains that the mentoring process requires that the mentor and the mentee work together to reach specific goals to provide each other with sufficient feedback to ensure that the goals are reached. He adds that the match between the mentor and the mentee should be made according to skill base and shared experience. One should consider pairing up mentees with mentors who share similar characteristics, valuable experiences, good listening skills and ability to understand the mentees concerns. Weaker matches lead to mentees learning considerable less from the mentors. He further notes that the perceived benefits of mentoring are intangible and personal rather than related directly to the bottom line and this expectation should be put in place. Such benefits can include increased confidence, better business performance and improved knowledge of how to run a business and greater productivity.

Kenya Youth Business Trust program report (2013), indicate that KYBT in their business mentoring program, every young entrepreneur is linked to a business mentor for one on one support as they set up and grow their business. The organization recruits and trains suitable volunteer business mentors to support the young entrepreneurs for a period of two years. The process offers the entrepreneur new business skills and knowledge, business experience, a supportive environment to evaluate success and failure, networking opportunities, recognition for achievements, and an objective source of advice and guidance and reassurance. The mentor is expected to meet the young entrepreneur at least once a month and submit a progress report to the office. The report further states that the mentorship model aims to achieve improved economic position of young people through increased employment opportunities by numbers of new businesses started and numbers of young people trained. It will also strengthen civic connections between disadvantaged youth and the wider business community by establishing a one to one mentoring relationship between the young

entrepreneur and other business community leaders. The result will be well managed business with higher chances of survival and improved living conditions for young people.

Huba (2012) argues that business mentorship is the last pillar of business development services provision to small and medium enterprises and glue to interventions such as access to finance, market linkages and business skill developments. Barret (2006) states that mentoring should go on over a long strength of time, involving meetings between mentor and mentee every few months and that for a mentoring program to be successful it must to be according to an agreed framework with planned procedure. The United States Department of Transport – action, mentoring handbook (2011) defines mentoring as the process through which an experienced person is linked with a less experienced person to help foster the career development and professional growth of the mentee. A mentor supports the needs and aspirations of a mentee so that he able to accept challenges and overcome difficulties. It further explains that mentoring is a developmental partnership program through which one person shares knowledge, skills information and perspective in order to foster the personal and professional growth of someone else. Entrepreneurs need insight that is outside their normal life and educational experience.

2.8 Theoretical Framework

Theoretical Framework is a conceptual model of how one theorizes or makes logical sense of the relationship among various factors that have been identified as important to the problem. A theory of change is a tool developing solutions to complex social problems. A more complete theory of change articulates the assumptions about the process through which change will occur and specifies the way in which all of the required early and intermediate outcomes related to achieving the desired long term change will be brought about and documented as they occur. According to Austin and Bartunek (2004)the theory of change emerged from the field of program theory and program evaluation in the mid-1990s as a new way of analyzing the theories motivating programs and initiatives working for social and political change. It is focused not only on generating knowledge about whether a program is effective but also on explaining how and what methods it uses to be effective.

The theoretical framework adapted for this study is derived from the funding theory of change which according to Anderson (2005), consist of all building blocks required to bring about a given long term goal. This set of connected building blocks interchangeably referred to as outcomes, results, accomplishments or preconditions are depicted on a map as a pathway of change which is a graphical representation of the change process. The theory of change describes the type of intervention, a single program or a comprehensive community initiative that brings about the outcome depicted in the pathway of change. Each outcome in the pathway of change was tied to an intervention revealing the often complex web of activity that is required to bring about change.

The theory of change cuts across the four paradigms of Youth Enterprise Development Fund which in this study are identified as startup loans, the entrepreneurship training, the market linkage services and the business mentoring programs as interventions that are being employed to bring about the desired change in the youth enterprises. The research is modeled on beliefs and assumptions that the startup loans, the entrepreneurship training skills, the market services and the business mentorship programs are service delivery strategies that are believed to be critical for producing change in the youth run enterprises.

2.9 Conceptual Framework

Mugenda and Mugenda (2003), describes a conceptual framework as a graphical or diagrammatic representation of the relationship between variables in a Study, this is because it helps the researcher to see the proposed relationship between the variables easily and quickly. In this Study the conceptual framework will be based on four independent variables that are presumed to influence the growth of the youth run enterprises.

Independent Variables

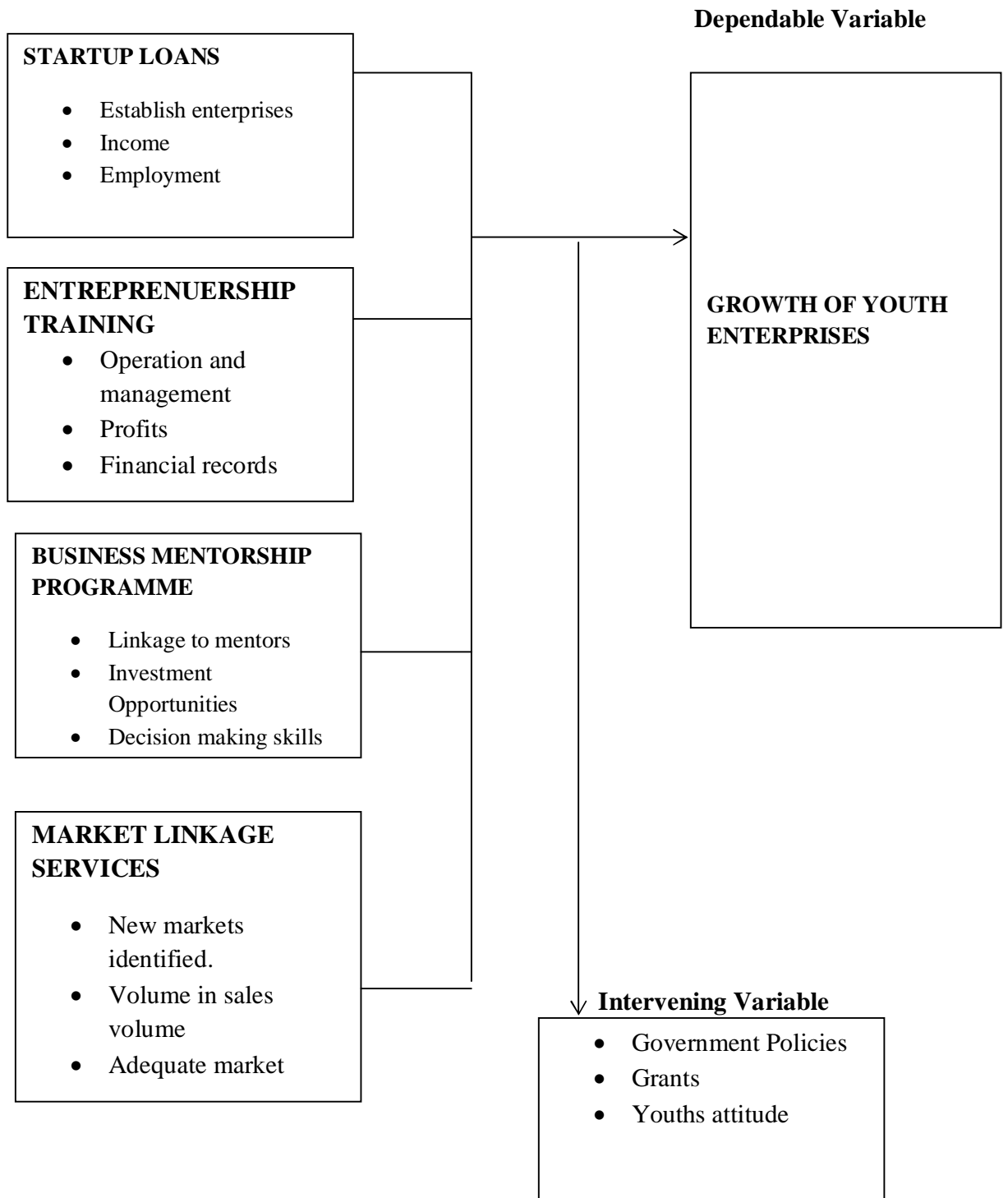


Figure 1; Conceptual framework; Source: Researcher (2013)

In the above conceptual framework depicted in figure 1, the Youth Enterprise Development Fund is hypothesized to influence the growth of enterprises in Butula Constituency. The Youth Enterprise Development Fund is described as the startup loan, the entrepreneurship training, the business mentorship programs and the market linkage services. Growth of the youth enterprises is described as the number of the youth enterprises established, the income, employment opportunities, operation and management of youth enterprises, profits, organized financial records, the link to mentors, investment opportunities, skills in decision making, new markets, volume of sales and adequate market for goods and services.

The framework postulates that the status of the startup loans, the entrepreneurship training, the business mentorship program and the market linkage services directly affects the growth of the youth enterprises. However this relationship may be also affected by government policies, grants as well as the attitude of the youth.

2.10 Summary

The literature review is mainly concerned with the factors that influence the growth of the youth enterprises. The factors identified in the review are startup loans, entrepreneurship training, market linkage and the business mentorship programs which play a role in the growth of an enterprise. The Youth Enterprise Development Fund is a package made up of the above components that are presumed to affect the growth of the youth enterprises.

Financial services play an integral role in building the lives of young people. Providing young clients with financial services at the right time in their lives and with the right support network can help them improve their livelihood in the short time and position themselves for more sustainable productive lives in the long term. However scholars point out that microfinance for youth is a complex activity requiring long term commitment and adequate microfinance capability. The involvement of microfinance institutions or organizers aware of both microfinance best practices and youth issues is critical for the success of the program. For effective use of micro finance by the youth especially below 20 years of age programs should consider combining entrepreneurial skills training with basic life and financial education.

Successful interventions are likely to be those that are built upon a sensitive appreciation of the socio-economic situation of the local youth and the enterprise activities especially with regard to developing countries. The youth enterprise support programs should also consider socio-cultural constraints that limit the participation of youth in general and young women in particular in entrepreneurship and self-employment. The scholars also emphasize on the fact that the potential youth entrepreneurs and the existing run youth enterprises need more than just access to credit. Youths need to know how to develop a business plan, business management, management of business finances, time management, reducing costs, debt recovery techniques, stock control techniques, marketing and recruitment. The further suggest the need for an integrated package for the promotion of youth entrepreneurship. There is need for skills training, business counseling, mentor support, access to working space and business expansion support.

Business mentorship and the growth of enterprises mentors should be empathetic and experienced business people who help young businessmen achieve their goals, with experience in developing and operating successful business, they offer advice and guidance. Mentor helps entrepreneurs step back from their business and look at the “big picture” identifying strengths, weakness, opportunities and threats that may have been overlooked. They can also serve as sounding board for young businessmen ideas and help them to develop these ideas. They provide connections to key business people and customers. A successful growing business brings new challenges such as hiring new staff, raising new capital and entering new markets. A mentor can offer helpful advice, caution against potential pit falls and instill confidence in the entrepreneur’s plans and help one set goals and milestones as well as make the entrepreneur accountable for delivery on them.

Most small businesses whether formal or informal suffer from one major problem which is the lack of market for their goods and services making them undersell their wares thus the sequel to this being poor capital formation which reflects in unending poverty. Market linkage is therefore important because it links people with those that have funds to use with those that have the products and those that have excess of one product and may need another product that may be in the possession of others who may need to produce a product through

barter. It emphasizes that the youth employment programs should be linked to market opportunities because in an increasingly global economy many products are outside the producing country. Programs can assist the young entrepreneurs develop an understanding of market opportunities and link them to value chains. In a nutshell the startup loans, entrepreneurship training, business mentorship program and the market linkage linkages are important in the growth of enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction.

This chapter focuses to the methodology that was used in the study. It describes the Research design, the target population, sample size and the sampling procedure, methods of data collection the pilot study, the pilot study, the validity and reliability of the instruments, data analysis and the operationalization of the variables.

3.2 Research design

The Study adopted a descriptive survey research design. This research design allowed the researcher to get information on the current status of the youth enterprises and also made it possible to gather numerical and descriptive data in order to describe what is in existence with respect to variables. According to Kerlinger (1973) descriptive survey research design is a method that studies large and small population to discover the relative incidences, distributions and interrelations of sociological and psychological variables. It focuses on the vital facts of people and their beliefs, opinions, motivations and behavior. It thus involves a systematic collection of data on an entity or a group of entities or operations and drawing conclusions from what the data shows. It is interested in the actual assessment of the characteristics of the whole population. It is based on the theory that random samples can often furnish the same information as a census (enumeration of an entire population) at much less cost and with greater efficiency and sometimes with greater accuracy.

3.3 Target population

The population of interest in this research consisted of 250 youth enterprises owned and operated by individuals aged between 18 and 35 years in Butula constituency, Busia County. The study focused on enterprises owned and operated by the youth in the provision of various goods and services and are beneficiaries of the Youth Enterprise Development Fund startup loans, the entrepreneurship training, the market linkage services and the business mentorship program. The target population therefore consisted of the out of school youth who are self-employed. In addition two administrative officers from the YEDF were also

interviewed. They consisted of male and female respondent. The target population is 252 respondents.

3.4 Sample size and Sampling procedure

3.4.1 Sample size

The number of respondents was chosen using the Krejcie and Morgan Sampling Table (1970). The sample size consisted of 150 respondents who were youths between the age of 18 and 35 years, own and operate their own enterprises and are beneficiaries of the startup loans, entrepreneurship training, business mentorship programs and the market linkage services offered by the Youth Enterprise Development Fund in Butula Constituency and 2 Youth Enterprise Development Officers at the constituency Level.

3.4.2 Sampling procedure.

Stratified sampling was used in order to ensure that the various beneficiaries of YEDF services within a group are included in the survey. It was employed to ensure that the target population is divided into different homogeneous strata and that each strata is represented in the sample in a proportion equivalent to its size in the target population This ensures that each sub-group characteristics is represented in the sample thus raising the external validity of the study. Simple random sampling was then adopted. The study population was stratified from beneficiary youth groups from the six locations in Butula constituency.

Table 3.1 Sampling Frame

S/N	Location	Number of youth groups	Members in Youth Groups.	Individual Owned Enterprises	Sample Size
1.	Marachi East	14	202	104	63
2.	Marachi Central	11	116	46	28
3.	Elugulu	7	94	27	16
4.	Elukhari	12	95	33	20
5.	Bumala	6	108	26	15
6.	Bujumba	2	40	14	8
Total		42	655	250	150

Table 3.1 describes the number of respondents that were selected from each strata in order to form the study population.

3.5 Data collection

The Study used the questionnaires and interviews as the main tools for collecting data. The selection of these tools was guided by the nature of the data to be collected, the time available as well as the objectives of the study. The overall aim of the study is to investigate the influence of the Youth Enterprise Development Fund on the growth of the youth enterprises. The researcher was concerned with the views, opinions and perceptions of the respondents. Such information can be best collected through the use of questionnaires and interview technique (Bell 1993). Open ended structured questionnaires were used. The researcher did collect the questionnaires after two weeks from the date of issue in order to give enough time to the respondents to fill them. Interviews were also conducted from the two officers of the Youth Enterprise Development Fund.

3.5.1 Pilot Testing

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

3.5.2 Validity of the instruments

According to Mugenda and Mugenda (1999), validity refers to the degree of accuracy and meaningfulness of inference based on research result. Validity is the degree to which the results obtained from the analysis of data actually represents the phenomenon under study. Validity therefore has to do with how accurately the data obtained from the study represents the variables of the Study. Validation in this data was done using content-related validity. This measures the degree to which data collected using a particular instrument represent a specific domain of indicators or content of a particular concept. The indicators of variables were clearly defined, scrutinized and instruments developed to match them. In designing an instrument that would yield content valid data I specified the domain of indicators which were relevant to the domain being measured. A content valid measure was to contain all possible items that were used in measuring the content.

3.5.3 Reliability of instruments

Reliability refers to the degree to which instruments yield consistent data or results after repeated trial (Mugenda and Mugenda 1999). Reliability indicates the stability and consistency in which the data collection instrument measures the concept. To increase the reliability of the data collected a test-retest technique was done by administering 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 reliability coefficient is calculated using the spearman-brown

prophecy formula to indicate the relationship between the two sets of scores obtained. The coefficient was obtained using the formula below;

$$\text{Reliability of scores on total test} = \frac{2 \times \text{Reliability for } \frac{1}{2} \text{ test}}{1 + \text{Reliability for } \frac{1}{2} \text{ test}}$$

3.6. Data collection procedure

The researcher collected both primary and secondary data for the purpose of making conclusions and recommendations. Primary data was collected using structured questionnaires and interviews. Questionnaires were administered to the respondents directly by the researcher because most enterprises in the study area were in close proximity to each other. Interviews were conducted by the researcher personally at a time and place convenient to the respondents. Secondary data was collected from business text books, economic survey, government reports, journal and periodicals.

3.7 Data analysis Techniques

This began with pre-processing of data through editing to detect errors and emissions and making of corrections where possible. Questionnaires were carefully analyzed to ensure that they are completed and that the collected data was then coded by the researcher to ensure efficiency. Data was then classified on the basis of common characteristics and attributes. Raw data was then assembled and tabulated in form of statistical table to allow further analysis. It facilitated summation of items, detection of errors and omissions. Descriptive statistics was used to analyze data. It entailed the use of central tendency such as the mean, mode and median and the measures of normal distribution. The statistical package of social sciences was used to aid statistical analysis of data. Content analysis was applied for the qualitative data in order to identify patterns themes and biases. Finally all data was stored in hard and soft copies in form of tables.

3.8 Ethical Considerations

The researcher endeavored to obtain an informed consent from the respondents before undertaking to collect data from the field. The researcher informed and explained the importance of the research in order to get informed consent from the respondents. A high

level of confidentiality on the information provided by the respondents through interviews and questionnaires was maintained.

3.9 Operationalization of variables

The measurement of the various variables in the study will be undertaken as shown in the table below.

Objective	Variable/ Indicator	Measure	Measurement Scale	Tools Of Analysis	Type Of Analysis
To examine the extent to which startup loans has influenced the growth of youth enterprises	Startup loans borrowed	Number of youths enterprises established	ordinal	Mean Percentage	Descriptive statistics
To establish the level at which entrepreneurship training has influenced the growth of youth enterprises.	Entrepreneurship training	Operation and management of enterprises	Ordinal	Mean percentage frequencies	Descriptive statistics
To determine to what extent business mentorship program has influence the growth of youth enterprises.	Market linkage services	New markets accessed	Ordinal	Mean percentage	Descriptive statistics
To establish the level at which market linkage has influenced the growth of youth enterprises.	Business mentorship program	Number of youths linked to mentors.	Ordinal	Mean percentage	Descriptive statistics

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the results and discussions of quantitative data analysis of the study. It is divided into two major sections. The first section describes the demographic characteristics of the empirical survey, the age, gender, level of education and years in business of the respondents. The second section of the chapter provides results and discussions which were based on the four major research questions of the study. For the purposes of this preliminary analysis, descriptive statistics was frequently used to describe the general characteristics of the data collected.

4.2 Response Return Rate

Out of the 150 questionnaires issued to the youth who own enterprises in the study 140 were returned giving a 93.3% response rate. Table 4.1 shows the study findings.

Table 4.1 Response Return Rate

Dispatched	Returned	Percentage
150	140	93.3
Total	140	93.3

From the Table 4.1, percentage return rate was 140 (93.3%).According to Nachimias and Nachimais (1958) 80% to 90% return rate is enough for a descriptive survey study. Therefore this return rate was appropriate for the analysis of the study findings.

4.3 Demographic Characteristics.

The study sought to determine the demographic characteristics of respondents based on age, gender, level of education and the years in business.

4.3.1 Composition of respondents by Gender

The gender of the respondents was sought and the findings are shown in Table 4.2.

Table 4.2 Gender of respondents

Response	Frequency	Percentage
Male	83	59.3
Female	57	40.7
Total	140	100.0

The data in Table 4.2 shows that majority of the respondents are male at 59.3%. This is an indication that the male engage more in operating enterprises than the female. It is therefore important that interventions be inclusive of both genders with more emphasis on the female gender.

4.3.2 Composition of respondents by Age

The Age of the respondents was sought since its findings would and the findings are shown in Table 4.3

Table 4.3 Age of Respondents

Response	Frequency	Percentage
0-20	16	11.7
21-30	66	48.2
31-40	46	33.6
Above 40	9	6.6
Total	140	100.0

The findings in Table 4.3 show that majority of respondents were aged between 21-30 years with 66 (48.2%). This ratio is based on age composition of the target population which is fairly representative.

4.3.3 Composition of respondents by level of education

The level of education of the respondents was sought and the findings are shown in Table 4.4

Table 4.4 level of education of respondents

Response	Frequency	Percentage
Primary	43	30.7
Secondary	51	36.4
College	41	29.3
University	5	3.6
Total	140	100.0

The findings in Table 4.4 show that majority of respondents were engaged in business after completion of primary and secondary education as indicated by 30.7% and 36.4% respectively. It was measured to determine after what level most youths engage in business.

4.3.4 Number of years the youth has engaged in business

The number of years engaged in business by the respondents was sought and the findings are shown in Table 4.5.

Table 4.5 number of years the youth has engaged in business

Response	Frequency	Percentage
Below 1 year	26	18.6
1-2 years	50	35.7
3-4 years	40	28.6
4 years and above	24	17.1
Total	140	100.0

The findings in Table 4.5 show that majority of respondents were engaged in business between 1-2 years by 35.7% responses. The number of years was used to determine the level of experience the youth has in operating his or her business.

4.4 Start-up Loans and the growth of enterprises

The study sought to find out whether Start-up Loans from the Youth Enterprise Development Fund has helped the respondents to establish their own enterprises, earn an income or create employment. The findings are shown in table 4.6 below.

Table 4.6 Benefits of startup loans.

Benefits	Frequency	Percentage
Establish an enterprise	121	86.4
Earn an income	11	7.9
Create Employment	8	5.7
Total	140	100.0

The findings in Table 4.6 show that majority of respondents established their own enterprises by 86.4% responses. According to Butula Constituency End of Year Report (2012) there has been a steady increase in the number of enterprises being established by the youth at an average increase of 30% since the inception of Youth Enterprise Development Fund in 2007 compared to an increase of an average of 10% in the previous years. It further states that this has been attributed to the fact that the youth can now access funds without collateral and at a low or no interest rate. Start-up loan has enabled 7.9% earn their own income and 3.6 % have created employment.

Youth Entrepreneurship Paper (2002) notes that specific loan schemes like soft loans are increasingly superseding traditional grant schemes. Soft loan approach involves the provision of no or low interest rates usually some form of revolving loan fund to young entrepreneurs. The government of Kenya has proved that it is committed to empowering the youth because six months after the establishment of the Ministry of Youth Affairs and Sports the finance minister announced the creation of the Youth Enterprise Development Fund and allocated Kshs. 1 billion in his budget to be disbursed as loans to the youths to enable them establish enterprises at concessionary rates and without collateral. (Ombok2007),

Curtain (2000), indicates that access to micro credit to the young people is a major constraint to the growth of youth run enterprises. He notes that while potential youth entrepreneurs and existing youth run enterprises generally lack access to credit in both developing countries and less developing countries but the problem is particularly acute in the latter. Not only are there few micro finance institutions in many countries but those specifically targeted at the youth are even fewer. The availability and access to credit is critical in the development of youth owned enterprises as it enables the youth to acquire startup capital as well as the growth capital. The ease at which startup capital can be raised is key in determining the rate at which new business can be established and the old ones expanded.

The study also sought to find whether the youths who have been able to access employment through the established enterprises. Table 4.7 shows the study findings.

Table 4.7 Youths access to employment.

Status	Frequency	Percentage
Yes	130	92.9
No	10	7.1
Total	140	100.0

The findings from Table 4.7 revealed that the majority of the Youth at 92.9% have been able to access employment through the youth enterprises. Von (1991), states that microfinance services mainly refer to small loans: saving, mobilization and training in micro enterprise investment services extended to poor people to enable them undertake self-employment projects that generate income. However, Youth Enterprise Development Fund was established in December 2006 by the government as an initiative that is hoped to address the unemployment rate among the youth. The twin strategic pillars of this initiative are enterprise development and externally focused employment creation through Youth Employment Scheme Abroad (YESA). To date the Fund has financed over 157,000 youth

enterprises to the tune of KS. 5.9 billion. Many of the youth the Fund supported at inception are today big employers.

The study also sought to find out how startup loan from the Youth Enterprise Development Fund has influenced the income of the respondents. Table 4.8 shows the study finding.

Table 4.8 Youth Income

Status	Frequency	Percentage
Increased	124	88.6
Moderate	11	7.9
Decreased	5	3.6
Total	140	100.0

The findings indicate from table 4.8 above that the majority of the respondents at 88.6% agree that indeed startup loan from the Youth fund has contributed to an increase in their income. According to Making Cents International (2009), financial services play an integral role in building the lives of young people. Providing young clients with financial services at the right time in their lives and with the right support network can help them improve their livelihood in the short time and position themselves for more sustainable productive lives in the long term.

Hossain (1988) notes that the provision of credit has increasingly been regarded as an important tool for raising the income of youth mainly by mobilizing resources to more productive uses. Provision of financial services to young people can help ensure that the vulnerability faced by so many young people today does not turn into a crisis.

4.5 Entrepreneurship training and the growth of enterprises.

The study sought to find out the influence of Entrepreneurship training and the growth of enterprises in Butula Constituency. The respondents were asked to indicate on a five point

scale their level of agreement with statements concerning Entrepreneurship Training from the Youth Enterprise Development Fund. The findings were then presented in Table 4.9 below:

Table 4.9 Management and operation of enterprises

Description	Perception	Frequency	Percentage
Enterprise training has helped me manage and operate my enterprise better.	Strongly Agree	61	43.6%
	Agree	37	26.4%
	Undecided	14	9.3%
	Disagree	18	12.9%
	Strongly Disagree	10	7.1%
Total		140	100%

From table 4.9 it can be deduced that majority of the respondents agreed that Entrepreneurship Training from the Youth Enterprise Development Fund has helped them manage and operate their enterprises better by 43.6% responses.

This indicates the significance of entrepreneurship training which is critical to the young people not only by helping them identify business opportunities but also in the operation of the same. The Youth Entrepreneurship Paper (2002) emphasizes on the fact that the potential youth entrepreneurs and the existing run youth enterprises need more than just access to credit. Youths need to know how to develop a business plan, business management, management of business finances, time management, reducing costs, debt recovery techniques, stock control techniques, marketing and recruitment.

The report also suggests the need for an integrated package for the promotion of youth entrepreneurship thus there is need for skills training, business counseling, mentor support, access to working space and business expansion support. In recent years the promotion of entrepreneurship as a possible source of job creation empowerment and economic dynamism in a rapidly globalizing world has attracted increasingly policy and scholarly attention. However, despite this attention there has been no significant attempt to look at it from a youth angle. This has resulted into lack of an adequate understanding of the potential benefits of youth entrepreneurship as a means of improving youth's livelihood.

Table 4.10: Increase in Profit

Description	Perception	Frequency	Percentage
Entrepreneurship Training from the Youth Enterprise Fund has led to an increase in my profit.	Strongly Agree	92	65.7%
	Agree	33	23.6%
	Undecided	2	1.4%
	Disagree	6	4.3%
	Strongly Disagree	7	5.0%
TOTAL		140	100%

From table 4.10 it can be deduced that majority of the respondents agreed that Entrepreneurship training from the Youth Enterprise Development Fund has led to an increase in their profits by 65.7% responses. White and Kenyon (2000), state that entrepreneurship creates employment for the young person who owns the business. They further state that new small firms tend to raise the degree of competition in the product market there by bringing gains to consumers. In addition the enterprise may create linkages

between youth entrepreneurs and other economic factors such as through sub-contracting, franchising and so on.

In Kenya, according to the Youth Enterprise Development Fund (2009), the provision of continuous and relevant business development services to young entrepreneurs is key to the success of enterprise development initiatives in creating long term employment. It further notes that the provision of enterprise training to sensitize and inculcate entrepreneurial culture among the young people is therefore crucial to identifying emerging business talent.

Table 4.11: Organized financial records.

Description	Perception	Frequency	Percentage
Entrepreneurship training has helped me organize my financial records	Strongly Agree	94	67.2%
	Agree	38	27.1%
	Undecided	4	2.9%
	Disagree	3	2.1%
	Strongly Disagree	1	0.7%
TOTAL		140	100%

The findings from table 4.11 above indicate that majority of the respondents at 67.2% agree that the Entrepreneurial training from the Youth Enterprise Development fund has enabled them organize their financial records. Organized financial records are a prerequisite when operating an enterprise because then it quickly makes it possible for the businessman man to ascertain his financial status and make appropriate decisions.

Youth Entrepreneurship Paper (2002), points out that the effectiveness of youth entrepreneurship programs can largely be attributed to clear objectives, commercial orientation, adequate funding, well trained and properly supported staff, flexible and adopted operation style and reliance on appropriate micro delivery mechanisms.

4.6 Market Linkage services and the growth of enterprises

4.6.1 Access to new markets.

The study sought to investigate whether the market linkage services being offered by the Youth Enterprise Development Fund has enabled the respondents to access new markets for their goods and services. The findings are shown in the table below;

Table 4.12 Access to New Markets.

Status	Frequency	Percentage
AGREE	96	68.6%
DISAGREE	44	31.4%
Total	140	100.0

From table 4.12 it can be deduced that majority of the respondents at 68.6% agreed that the YEDF has enabled them access new markets. Will Power Incubation and Research (2009), states that most small businesses whether formal or informal suffer from one major problem which is the lack of market for their goods and services making them undersell their wares thus the sequel to poor capital formation which reflects in unending poverty.

The Youth Entrepreneurship Paper (2002) emphasizes that the youth employment programs and the youth enterprise development programs should be linked to market opportunities because in an increasingly global economy many products are outside the producing country. Programs can assist the young entrepreneurs develop an understanding of market opportunities and link them to value chains. Market linkage is therefore important because it links people with those that have funds to use with those that have the products and those that have excess of one product and may need another product that may be in the possession of others who may need to produce a product through barter.

4.6.2 Provision of adequate market.

The study also sought to investigate whether the market linkage services being provided by the Youth Enterprise Development Fund have provided adequate market for the goods and services being produced by the youth enterprises. The findings are indicated in the table below;

Table 4.13 Provision of adequate market.

Status	Frequency	Percentage
Adequate	55	39.3
Inadequate	85	60.7
Total	140	100.0

From table 4.13 it can be deduced that majority of the respondents at 60.7% confirmed that market linkage services from the Youth Enterprise Fund have not provide them with adequate market for their goods and services. Making cents International (2002), states that youth programs should be oriented to market opportunities and should stimulate a local market response to provide services to the youth It further explains that in the past many enterprise development projects focused on the supply side of the market by identifying the existing suppliers of business development and helping them improve and expand the services they were offering. However, it cautions that the best practices today is to assess what the actual needs and opportunities are from the current and potential entrepreneurs and once that is done develop programs to stimulate the business development market to respond with sustainable products services and solutions that meet those needs.

Youth Enterprise Development Fund Booklet (2009) argues that enterprise development must work alongside market linkage to ensure that youth run enterprises receive complete market support based on their produce and services while improving on the skills of youth entrepreneurs in terms of identifying and targeting sustainable market opportunities globally and pursuing them competitively. It further notes that the fund hopes to achieve a market driven production trend or culture among youth enterprises so that no youth entrepreneur will

engage in any production process for profit being goods or services without a planned and well analyzed market.

4.6.3 Market linkage services and the volume in sales.

The researcher sought to investigate whether the market linkage services being offered by the Youth Enterprise Development Fund have affected the enterprise volumes in sales. The findings are indicated in the Table 4.15

Table 4.14 Volume in Sales

Benefits	Frequency	Percentage
Increased	103	73.6
Moderate	34	24.3
Decreased	3	2.1
Total	140	100.0

The findings in Table 4.14 indicate that majority of the respondents at 73.6% revealed that the market linkage services from the Youth Enterprise Development Fund has resulted into an increase in sales volume.

Youth Entrepreneurship Report (2002), argue that the key problems facing the youth run enterprises is limited prospects for value addition because the youth run enterprises in poor countries are concentrated in low value local markets and as a result the youth lack access to information on product and input market. It further observes that the promotion of the viability of the youth run enterprises will require facilitating the access of youth to information on product and input market and linking them to global value chains which requires that the young people to explore the existing global initiatives aimed at promoting trade between developed countries and less developed countries.

4.7 Business Mentorship program and growth of enterprises

In order to investigate the extent to which the business mentorship program from the Youth Enterprise Development Fund has influenced the growth of enterprises, the respondents were asked to indicate on a five point scale their level of agreement with statements concerning Business mentorship programs. The findings are presented in the tables below;

Table 4.15 Link to Mentors

Description	Perception	Frequency	Percentage
Business Mentorship program has linked me to a mentor.	Strongly Agree	18	21.9
	Agree	3	2.1
	Undecided	2	1.4
	Disagree	17	12.1
	Strongly Disagree	100	71.4
TOTAL		140	100

Table 4.15 indicates that majority of the respondents at 71.4% disagree with the statement that business mentorship programs has linked them with mentors. This indicates that the Business Mentorship program that links the youth enterprises to mentors has not been adequately implemented. Only 21.9% of the respondents have been linked to mentors.

Hall (2003) argues that successful mentoring requires screening of prospective mentor, matching of mentors and youth on relative criteria of mentors and youth on relative criteria, pre-match and ongoing training and frequency of contact. He further notes that mentioning is danger of being unsuccessful when there is social distance and mismatch between the aim of

the mentoring scheme and the needs of the person being mentored and conflict of roles so that it is not clear whether the mentor is to act on behalf of the person being mentored or is present as an “authority.” and whether the relationship should be formal or informal.

According to the International Journal of Evidence based coaching and monitoring (2006) for the young entrepreneurs having someone who is external to the business allow them to have a clearer view because they see things the young entrepreneurs does not see.

Table 4.16 Adequate skills in decision making

Description	Perception	Frequency	Percentage
Business mentorship program has equipped me with adequate skills in decision making.	Strongly Agree	10	7.1
	Agree	25	17.9
	Undecided	9	6.4
	Disagree	64	45.7
	Strongly Disagree	32	22.9
TOTAL		140	100

The findings from the table 4.16 reveal that the majority of the respondents at 45.7% disagree with the statement that business mentorship programs have equipped respondents with adequate decision making skills. This indicates that the approach being used to equip the respondents with decision making skills is proving to be unsuccessful and ought to be reviewed for better results.

Kenya Youth Business Trust program report (2013), indicate that KYBT in their business mentoring program, every young entrepreneur is linked to a business mentor for one on one

support as they set up and grow their business. The organization recruits and trains suitable volunteer business mentors to support the young entrepreneurs for a period of two years. The process offers the entrepreneur new business skills and knowledge, business experience, a supportive environment to evaluate success and failure, networking opportunities, recognition for achievements, and an objective source of advice and guidance and reassurance.

Table 4.17 New investment opportunities.

Description	Perception	Frequency	Percentage
Business Mentorship program has enabled me identify new business opportunities.	Strongly Agree	5	3.6
	Agree	20	14.3
	Undecided	9	6.4
	Disagree	74	52.9
	Strongly Disagree	32	22.8
TOTAL		140	100

The findings from Table 4.17 above indicate that 22.8% who are the majority respondents disagree with the statement that the business mentorship program has enabled the respondents identify new investment opportunities. This indicates that a review of the business mentorship program needs to be undertaken to ensure that programs offered will enable the respondents identify new business opportunities and in the process grow their enterprises.

Huba (2012) argues that business mentorship is the last pillar of business development services provision to small and medium enterprises and glue to interventions such as access to finance, market linkages and business skill developments.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECCOMENDATION

5.1 Introduction

This chapter presents the summary of findings, discussions, conclusions and recommendations reached following the objectives of the study. The Youth Enterprise Development Fund has been tainted as major sources of funds for the youth to enable them establish enterprises. This study sets out to examine the influence of startup loans, entrepreneurship training, market linkage and business mentorship program provided by YEDF on the growth of youth enterprises.

5.2 Summary of findings

The main findings are based on the results of data analysis in chapter four as follows;

On startup loans the findings indicate that majority of respondents established their own enterprises by 86.4%, it has enabled 7.9% earn their own income and 3.6 % have created employment. Majority of the youth at 92.9% have been able to access employment and 88.6% agree that it has contributed to an increase in their income.

On entrepreneurship training the findings indicate that majority of the respondents at 43.6% agreed it has helped them manage and operate their enterprises better. 65.7% confirmed that it led to an increase in their profits and 67.2% agreed that it has enabled them organize their financial records.

On market linkage services majority of the respondents at 68.6% agreed it has enabled them access new markets. 73.6% revealed has resulted into an increase in sales volume. However, 60.7% confirmed that it has not provided adequate market for goods and services.

On business mentorship program majority of the respondents at 71.4% revealed that it has not linked them with mentors. 45.7% of the respondents confirmed that it has not equipped them with adequate decision making skills while 22.8% revealed that it has not has not enabled the respondents identify new investment opportunities.

5.3 Conclusion.

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

Startups loans from the Youth Enterprise Development Fund have enabled the youth establish their own enterprises, earn their own income and create employment for themselves and others.

Entrepreneurship training has helped the youth manage and operate their enterprises better it has contributed to an increase in their profits and has enabled the youth organize their financial records.

Market linkage services have enabled the youth access new markets. It has resulted into an increase in sales volume. However, it has not provided adequate market for goods and services produced by the youth enterprises.

Business mentorship program has not adequately linked the youths with mentors. The youth confirmed that the program has not equipped them with adequate decision making skills and as a result they are not able to identify new investment opportunities.

5.4 Recommendation

Based on the findings of this study, the researcher came up with several recommendations to promote the growth of enterprises.

Startup loans amount should be increased and measures put in place to make them more accessible. This will provide employment to the youth, a better income and improve their living standards.

Entrepreneurship training should be continuous prior to and during the growth of the enterprises so as to equip the youths with skills and the knowledge to successfully operate and manage a business.

Emphasis should be laid on business mentorship program. There is need for the program to be reviewed and redesigned to ensure that the volunteer mentors are identified and linked

to mentees and that the youth are able to identify investment opportunities and are well equip with decision making skills.

Market linkage is key in the growth of an enterprise. There is need for the organization to come up with programs that will assist the young entrepreneurs develop an understanding of market opportunities and link them to value chains.

5.5 Suggestion for further research.

1. Factors that influence the growth of youth.
2. An assessment of the effectiveness of state sponsored credit programs on the development of youth enterprises.

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APPENDIX 1: TRANSMITTAL LETTER

Melody Nafula Nyongesa

P.O. BOX 210-50405,

BUTULA.

Dear Respondent,

I am student of Nairobi University pursuing a Masters of Arts Degree in project planning and management. I am conducting an academic research on the influence of the Youth Enterprise Development Fund on the growth of youth enterprises. The questionnaire has been prepared to obtain information on youth enterprises as a young person. Information provided will be treated with utmost confidentiality.

Thanks for your co-operation.

Yours faithful,

Melody Nyongesa.

melodynyongesa@yahoo.com

APPENDIX 2: QUESTIONNAIRES

SECTION 1: BACKGROUND INFORMATION

The following questions relate to background of the respondent, please tick within the boxes as applicable.

1. Please indicate your gender.

(1) Male

(2) Female

2. Please indicate the range of your age.

(1) 0 – 20 years

(2) 21 – 30 years

(3) 31 – 40 year

(4) Above 40 years

3. Please indicate your highest level of education.

(1) Primary School

(2) Secondary School

(3) Tertiary/college

(4) University

4. How long have you been operating your business?

(1) Below 1 year

(2) 1- 2 years

(3) 3-4 years

(4) 4 years and above

SECTION 2:

PART A: STARTUP LOAN

The following questions refer to the startup loans. Kindly tick as within the box.

1. The Startup loan I received from the Youth Enterprise Development Fund has helped me to,

i. Establish an Enterprise

ii. Increase my Income

iii. Create Employment

2. My Enterprise has enabled me to create employment for myself and other youths.

AGREE

DISAGREE

3. Startup loan I received from the Youth Enterprise Fund has affected my income which has

i. Increased

ii. Remained Moderate

iii. Decreased

PART B: Entrepreneurship Training

1. The following statements relate to entrepreneurship training. Use the KEY: SA= strongly Agree, A=agree, UN=undecided, D=disagree SD= strongly disagree to indicate the extent you agree with the statements.

Statement	SA	A	UN	D	SD
Entrepreneurship training from YEDF has helped me to manage and operate my business better.					
Entrepreneurship training from YEDF has enabled me increase my profit.					
Entrepreneurship training from YEDF has enabled me organize my financial records					

PART C: MARKET LINKAGE SERVICES

The following questions refer to the Market Linkage Services. Kindly tick where it is applicable within the box.

1. The Market Linkage Services offered by the Youth Enterprise Development Fund has enabled me access new market for my goods and services.

AGREE DISAGREE

2. The Market Linkage Services have provided adequate market for my goods and services.

AGREEEE DISAGREE

3. The volume of sales in my enterprise has

i. Increased

ii. Remained Moderate

iii. Decreased

PART 4: BUSINESS MENTORSHIP PROGRAM

The following statements relate to Business Mentorship Program. Use the KEY: SA= strongly agree, A=agree, UD=undecided, D=disagree SD= strongly disagree to indicate the extent in which you agree with statements.

Statement	SA	A	UD	D	SD
Business Mentorship Program from YEDF has enabled me to identify new investment opportunities					
Business Mentorship Program from YEDF has equipped me with adequate skills in decision making					
Business Mentorship Program from YEDF has linked me to a Mentor.					

APPENDIX 3: INTERVIEW GUIDE

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

STARTUP LOAN

1. Do you think your organization has the capacity to solve all the funding difficulties for startup?
2. What measures do you think should be taken to increase the number of youths that access credit?

ENTERPRENUERSHIP TRAINING

1. In your opinion do you think the Entrepreneurial training you offer is adequate for the growth of youth enterprise?
2. What measures do you propose to take in order to ensure entrepreneurship training is offered continuously?

BUSINESS MENTORSHIP PROGRAM

1. How do you identify mentors and mentees?
2. At what stage do you link youths to mentors?

MARKET LINKAGE

1. Do you assist the youth to find market for their goods and services?
2. What measures do you think should be taken to help the youth have sufficient market for their goods and services?