

**FACTORS INFLUENCING SUSTAINABILITY OF YOUTH GROUP  
ENTERPRISES: THE CASE OF SMALL AND MEDIUM ENTERPRISES  
IN NYERI TOWN MUNICIPALITY, KENYA**

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Planning and Management, University of Nairobi**

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## **DECLARATION**

This project report is my original work and has not been presented for an award in any other University.

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

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## **DEDICATION**

This research project is dedicated to my parents Isaac King'ori and Martha Kingori who are a source of my inspiration.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

CEDA	Citizen Entrepreneurship Development Agency
CSR	Civil Service Reform program
CWYP	Commonwealth Youth Programme
C-YES	Constituency Youth Enterprise Scheme
EC	E-commerce
GoK	Government of Kenya
ILO	International Labour Organisation
MFI	Micro-Finance Institutions
MGCSD	Ministry of Gender, Children and Social Development
MOYA	Ministry of Youth Affairs and Sports
OECD	Organization for Economic Co-operation and Development
SMEs	Small and Medium Enterprises
UN	United Nations
YE	Youth Entrepreneurships
YEDF	Youth Enterprises Development Fund

## **ABSTRACT**

Youth entrepreneurship plays a great role in job creation, empowerment and economic freedom for the young generation. The purpose of this study was to determine the factors influencing sustainability of youth group entrepreneurship in reference to Small and Medium Enterprises (SMEs) set up by youth in Nyeri town municipality. The SMEs under study were all the eighty one (81) Youth Group Entrepreneurships that were registered in 2007 with the Ministry of Gender, Children and Social Development (MGCSD) in Nyeri Municipality and its environs. The main objective of this study was to investigate the factors that influence their sustainability. The literature review identified what other researchers have done in the area of sustainability of youth entrepreneurships globally and locally. The study examined the relationship between the dependent and independent variables. Descriptive survey design was used and a sample of 24 youth entrepreneurship were selected through stratified sampling method in order to obtain a sample size of 30% of the youth enterprises. Officials/staff of the sampled projects were also interviewed. The objectives of this study was to assess how marketing, technological skills, education level and personal factors influence the sustainability of youth group enterprises in Nyeri Town Municipality. Questionnaires with both closed and open ended questions were used to collect data as well as observation and interview schedules. The findings from this study have shown that technological skills influence sustainability of the youth group entrepreneurships. More than 50% of the respondents agreed that referrals and use of social media as marketing tools influence sustainability of the youth group entrepreneurships. The study found out that education level and personal factors play a great role in sustainability of youth project entrepreneurships. The two independent variables (use of technological skills and education level) were statistically significant in the sustainability of youth group entrepreneurships. The findings of this study will benefit the Ministry of Labour and the Ministry of Youth Affairs in that both institutions will realize and improve the factors that influence the sustainability of youth entrepreneurships.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Reducing youth unemployment is one of the major challenges facing most governments in the world for decades to come. With an estimated 88 million young women and men worldwide unemployed, the need for employment creation efforts focusing on youth is undeniable. A survey conducted for the International Labour Office (ILO) by Schoof (2006), youth are generally three and a half times more likely than adults to be unemployed. In 2015, approximately 660 million young people will either be working or looking for work – an increase of 7.5 per cent over the number that was there in 2003. This challenge has its own specific dimensions and therefore requires targeted responses (CWYP Strategic Plan, 2008). Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. It is an innovative approach to integrating youth into today's changing labour markets.

Within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation in young people. It is an innovative approach to integrating youth into today's changing labour markets (Chris 2004). As traditional job-for-life career paths become rarer, youth entrepreneurship is regarded as an additional way of integrating youth into the labour market and overcoming poverty. Supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment. Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized.

In Nyeri, Youth Enterprises have been formed with an aim of creating a source of income and job creation to the young people by the young people with the aim of developing the members economically, socially and sharpening their management skills (CDF Nyeri Constituency Strategic Plan 2005-2010). In 2007, about 80 youth group enterprises were registered in Nyeri Municipality. A number of youth group enterprises that were implemented in Nyeri between 2007 and 2012 did not live to sustainability (MGCSO, 2010). The researcher has however not come across any tangible study regarding what influences the sustainability of Youth Entrepreneurships in Nyeri Municipality.

### **1.1.1 Sustainability of Youth Group Enterprises**

The concept of sustainability can be traced back to the thirteenth century but in more recent times it appeared in the environmental literature in the 1970s (Kamara et al., 2006) and since then it has become a desired goal in most areas of human activity and endeavor. The concept has attracted widespread political support and has become applied to many areas of activity as evidenced by policies not just for sustainable development but also for sustainable communities and sustainable railways.

Sustainability is a multidimensional concept that extends beyond environmental protection to economic development and social equity (Gladwin et al., 1995). Successful sustainable entrepreneurs not only create profitable enterprises but also achieve certain environmental and/or social objectives. They pursue and achieve what is often referred to as the “double bottom-line” or “triple bottom-line”.

Overall, there has been limited work on the interface between sustainability or social responsibility and entrepreneurship. One exception has been the area of “social entrepreneurship”, which deals with the initiation of non-profit organizations and government or community supported agencies to address the problems of social welfare (Leadbeater, 1997).

## **1.2 Statement of the Problem**

In Africa, Small and Medium Enterprises (SMEs) are considered to be a key driver of economic growth for many developing countries and comprise over 90 percent of all businesses globally (Tang et al, 2007). Uganda is ranked second highest in terms of business start ups in a year but with one of the highest business failure rate in the World (GEM Report, 2004).

Kenya has also registered a big number of Small and Medium Enterprises (SMEs). A report by the Economic Survey (2006), Small and Medium Enterprises (SMEs) contributed over 50 percent of new jobs created in 2005. However, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). Information in the Ministry of Youth Affairs indicates that by 2010, the Youth Enterprises Development Fund (YEDF) had disbursed over Ksh. 2.9 billion to 86,000 youth led enterprises. A total of Ksh.381,002,400 was disbursed through the Constituency Youth Enterprise Scheme [C-YES]-loan products while Ksh. 2,559,938,962 through Financial Intermediaries for on-lending to youth enterprises (Kenya National Youth Policy). Despite this effort by the government and other stakeholders investing in the youth enterprises, very few of these projects go beyond implementation stage (Kenya Vision 2030).

In spite of the many youth enterprises being set up in Nyeri, 32% do not mature to sustainability (MGCSO, 2010 Report). In the same report, 40% of youth groups funded in 2006 by MOYA to set up businesses did not mature to the first three (3) years.

The study set out to investigate the factors namely; Marketing, Technological skills, educational level and personal factors that influence the sustainability of projects set up by the youth within Nyeri Municipality.

### **1.3 Purpose of the Study**

The purpose of this study was to determine the factors that influence sustainability of Youth group enterprises in Nyeri Town Municipality and come up with recommendations of how to improve of those factors.

### **1.4 Objectives of the Study**

The objectives of this study were:

- i. To assess how Marketing influences the sustainability of youth group enterprises in Nyeri Town Municipality.
- ii. To analyse how Technological skills influence the sustainability of youth group enterprises in Nyeri Town Municipality.
- iii. To determine how Education Level influences sustainability of youth group enterprises in Nyeri Town Municipality.
- iv. To examine how Personal factors influence the sustainability of youth group enterprises in Nyeri Town Municipality.

### **1.5 Research Questions**

The study set out to answer the following questions:

- i. How does Marketing influence the sustainability of youth group enterprises in Nyeri Town Municipality?
- ii. How do Technological skills influence the sustainability of youth group enterprises in Nyeri Town Municipality?
- iii. To what extent does Education Level influence the sustainability of youth group enterprises in Nyeri Town Municipality?
- iv. In which way do personal factors influence the sustainability of youth group enterprises in Nyeri Town Municipality?

### **1.6 Significance of the Study**

Successful youth projects play a great role in providing the young people with job creation and economic freedom. This study will be of great significance to various stakeholders and policy makers like the governments ministries namely Ministry of Youth Affairs and Ministry of Labour as it will contribute to knowledge of the factors influencing sustainability and has recommended on how the factors can improve the sustainability. The researcher expects that the youth will be able to understand how the problems that hinder entrepreneurship sustainability can be solved so as to open an avenue on how to run their projects well. The future researchers will also benefit from this study as they will be able to know where to commence with their researches in order to improve the sustainability of the projects without repeating what has already been research on.

### **1.7 Assumptions of the Study**

This study assumed that the sample taken would be a fair representation of youth groups' representatives. It was also assumed that the variables would remain constant throughout the whole period and provide reliable and valid data that could be used to make conclusions and recommendations in relation to the study. It also assumed that most of the questionnaires if not all of them would be filled and duly returned.

### **1.8 Limitations of the Study**

The limitations experienced were that it was not possible to interview all the youth whose projects were to be studied as some of them had closed down their enterprises and were not willing to divulge any information on their projects. In addition, not all the respondents submitted their questionnaires despite many telephone calls and paying them visits.

### **1.9 Scope of the Study**

The primary focus on the study was to draw respondents from the Nyeri Municipality, that is; Nyeri Town and its environs. The study targeted the youth group enterprises registered under the Ministry of Gender, Children and Social Development.

## 1.10 Definitions of Significant Terms

<b>Advertisement</b>	use of a poster or a paid announcement in the print, broadcast, or electronic media, designed to attract public attention or patronage.
<b>Educational Level:</b>	Ability to manipulate knowledge, skills and information
<b>Enterprise:</b>	Industrious, systematic activity, especially when directed toward profit
<b>Entrepreneurship</b>	process of identifying business opportunities, assembling the necessary resources, taking calculated risks to initiate a successful business activity.
<b>Marketing:</b>	processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large
<b>Micro Enterprise:</b>	Jua kali enterprise with 0 – 5 employees operating in open, without any fixed worksites.
<b>Micro and Small Enterprises:</b>	business operating in formal and informal sectors of the economy and employing between five and less than 20 employees
<b>Personal factors:</b>	Individual's characters and its influence on the body, in conscious mental life, and through the individual's social behavior.
<b>Small enterprise:</b>	Enterprise that employs between 10 and 49 employees



**Sustainable development:** process of economic development so that it ensures a basic quality of life for all people, and protects the ecosystems and community systems that make life possible and worthwhile.

**Sustainability:** Sustainability is the ability of a youth enterprise to develop a strategy of growth and development that continues to function and serve its intended target population now and in the future.

**Technology skills:** Ability to adapt to innovation and use materials, tools, techniques, and sources of power in order to improve the quality of good/service

**Youth:** A Kenyan citizen aged between 15 year and 35 years. It also the period between childhood and adulthood, described as the period of physical and psychological development from the onset of puberty to maturity and early adulthood.

**Youth Entrepreneurship:** Any registered Youth social economic activity that increases income of the youth.

### **1.11 Scope of the Study**

This chapter covered the background and need for sustainability of youth entrepreneurship. The chapter highlights the problem that prompted the study. Objectives and the research questions have also been identified. It also discussed the efforts various governments in the world are making to facilitate the young people to come up with businesses. The Chapter also focuses on the background study, problem statement purpose as well as the significance of the study. The Chapter also gave the definitions of the significant terms in the context of the research.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This Chapter aims to analyze what has been done by other researchers globally, regionally and locally in regard to sustainability of youth Enterprises. The findings of the review would then be used to help the researcher realize the research gap knowledge and identify where to start the study. This Chapter also examines the factors that influence the sustainability of youth enterprises as identified in the objectives.

### **2.2 Approaches to Youth Entrepreneurships**

Marshallian theory indicates the existence of perfect information and perfect competition assumptions. The Schumpeterian analysis is the closest to the reality regarding the work of market system and creation of profit. However, he gives too much importance to individual innovations and ignores the effects of generations and previous failures to discover those innovations. He sees all innovations exogenous in this sense not endogenous to the system.

Kirzner's alert entrepreneur is an arbitrageur and sees profit opportunities and exploits them. His model sees all non-entrepreneurs as programmed robots who do not respond to incentives and do not learn from past experiences.

Across the globe, there are arguments that a number of young entrepreneurs compared to their adult counterparts are more likely to have positive attitudes towards setting up enterprises though reality impedes them due to limited resources, life and work experience, they face greater barriers than older age cohorts (Schoof, 2006).

In the United Kingdom, a survey of young entrepreneurs aged 18-24 years (White and Kenyon, 2000) found a 'flourishing youth enterprise culture'. Seventy one percent (71%) of the Youth Entrepreneurships (YE) had an annual turnover of under £100,000 (US\$158,000), but about 10.0 percent were significantly larger than others. The survey revealed that it cost youth entrepreneurs under age 25 about £5000 (\$7000) to set up their

businesses, although the average cost of all new businesses in 1997 was £11000 (\$17400). In the USA, thousands of young people across the country participate in YE (Stone, 2002).

Africa has also played a big role in recognizing the sustainability of the youth Entrepreneurships in that it is enumerated as Target 16 of Millennium Goal 8 (Develop a Global Partnership for Development):“In cooperation with developing countries, develop and implement strategies for decent and productive work for youth”, with the indicator being the unemployment rate of 15–24-year-olds. Besides, the African Union Commission held a youth forum and conference of ministers, in Addis Ababa from 22 to 29 May 2006, and the World Bank devoted the 2007 World Development Report to youth issues – “Development and the Next Generation”.

Available evidence shows that in developing countries, the rate of self-employment among youth, while low compared to adults, is significantly higher than among young people in developed countries. This is particularly the case in countries with slow or stagnant economic growth. Thus, Sharif (1997) observes that the tendency towards self-employment among youth is much greater in Sub-Saharan Africa than in other parts of the world. Recent survey data from Zambia show that a quarter of the youth (25.0 percent) are self-employed (Chigunta et al, 2005). Most of these young people, especially younger youth, tend to be concentrated in marginal trading and service activities. However, there is significant variation according to the age category of youth. The survey results show that only 9.6 percent of younger youth aged between 15-19 years were engaged in enterprise activities in the informal sector as ‘proprietors’.

Youth entrepreneurship has been endorsed by Youth Ministers in Africa as a strategy for poverty reduction and job creation for youth. While there are many programmes that address the skills development aspect of enterprise development targeting youth, too often they are not conceived as a one-stop shop that also integrates other critical components like provision of credit.

Statistics from Botswana indicate that the country introduced a government managed youth fund in 2001, Citizen Entrepreneurship Development Agency (CEDA) but it was not sustainable.

In Kenya, unemployment increased from 6.7 percent in 1978 to 25.1 percent in 1998/1999 before easing to 12.7 percent in 2005/2006 majority being at the age between 15 and 35 years. A survey conducted by the Institute of Economic Affairs (2003), youth overall unemployment has persistently been at least double the national unemployment rate and this has been one of the main reasons why the youth prefer to start SMEs.

In the last ten years, the Government of Kenya (GoK) has made a great effort towards uplifting the youth in the country in various ways with the Ministry of State for Youth Affairs (MOYA) having been established on 7th December, 2005 to address youth concerns in the country. This was grounded on the realization that the Government may not achieve the UN Millennium Development Goals without adequately dealing with the many socio-economic challenges facing the Kenyan youth. The Government of Kenya through the Ministry of Youth Affairs (MOYA) has invested a lot of resources in various youth projects throughout the country. Youth Entrepreneurship in Kenya is one way of creating employment for youth. Approximately 500,000 graduates from various tertiary academic institutions enter the job market annually. However, due to low economic growth, rampant corruption, nepotism and demand for experience by potential employees, a majority of youth remain unemployed (National Youth Policy, 2002).

Records at the Ministry of Gender, Children and Social Development, Nyeri indicate that 202 Youth SMEs have been registered in the last five years of which 40% percent could not sustain themselves after the third year ((MGCSD 2010 Report). Seventy nine (79) were registered in 2007.

### **2.3 History of Entrepreneurship**

The history of entrepreneurship traces back to the middle of the nineteenth century, economic historians had critiqued the static theories of classical and neoclassical economic thought by documenting the ways in which the structure of economies had changed over historical time. This early historicism emphasized the ways in which the institutions of capitalism and industrialism evolved (Hodgson, 2001).

During the 1940s and 1950s business historians pioneered the study of entrepreneurship. The interdisciplinary Center for Research on Entrepreneurial History, in Harvard Business School was the key institutional driver of the research agenda. However the study of entrepreneurship ran into formidable methodological roadblocks, and attention shifted to the corporation, leaving the study of entrepreneurship fragmented and marginal. Nevertheless business historians have made significant contributions to the study of entrepreneurship through their diverse coverage of countries, regions and industries, and – in contrast to much management research over the past two decades - through exploring how the economic, social, organizational, and institutional context matters to evaluating entrepreneurship (Cooper, 2003).

Merten et. al (2003) hypothesized that a lack of business traditions due to slavery was partially responsible for the failure of African Americans to achieve much entrepreneurial success. A survey by Sowell (1994) became the most common argument used to explain why African American business development has remained behind that of other ethnic and immigrant groups. Additionally, Light (1980) has asserted that Black cultural values do not foster entrepreneurial activity. Yet, Feagin and Imani (1994) have observed, “one weakness in much of this entrepreneurship literature is the too heavy focus on the culture and organization of minority groups and the frequent neglect of discriminatory treatment of certain non-European groups by the dominant White group.” Beyond the omission or discounting of racial discrimination in the self-employment literature, the claim often is made that racial discrimination is no longer a serious issue for African Americans, especially for those in the middle class (Feagin and Imani, 1994).

## **2.4 Marketing and Sustainability of Enterprises**

Gronroos (1990) defines marketing as “a philosophy guiding the overall thinking in an organization” as well as both “a way of organising various functions and activities of the firm” and “a set of tools and techniques” like “packaging, promotion, distribution activities and pricing”. Palmer (2000) defines it as marshalling the resources of an organization so that they meet the changing needs of customers on whom the organization depends”. Becker (2004), argues that one of the most obvious links between marketing and sustainability is the way in which growing numbers of companies are looking to emphasize their commitment to sustainability in an attempt to help to differentiate themselves from their competitors and to enhance their corporate brand and reputation.

Some of the high performing small firms, as experienced by Siu (2000), place marketing in a leading position of corporate planning, set aggressive marketing objectives and undertake some in-house research to collect information. Ratnatunga and Romano (1995) explored the role of marketing in the development of small enterprise research through examination of 42 marketing related studies of small firm settings whereby they identified and discussed three major research thrusts from the literature as – marketing as a culture, marketing as a strategy and marketing as a tactic. A number of studies have indicated that higher market orientation leads to better business performance (Pitt et al., 1996).

A study by Porter (1979) explains that the objective of the strategic planning processes is to design competitive strategies that enable the firm to find a position in the present environment, and to go beyond perceptions of the current situation to distinguish the enterprise into the future. Venkataraman and Sarasvathy (2001) argue that entrepreneurship and strategic planning are conceptually inseparable highlighting the complementary or interdependent nature of the two concepts.

Technological advancements in mobile communications enable new ways of doing business (Raisinghani, 2002). Zobel (2001) argues that this could be referred to “mobile business” which involves the application of mobile technologies to improve or extend business processes and open new market segments.

Smallbone et al (1995) in their study in UK found out that the vast majority of the high growth SMEs had identified and responded to new market opportunities which included finding new products or services to offer existing customers and obtaining new customers for existing product or services.

SMEs are recognised for their unique and particular characteristics affecting the way in which they approach marketing (Hill, 2001; O'Dwyer et al., 2009). Indeed, the marketing styles of SMEs have been referred to as simplistic, informal, reactive, and haphazard (Carson and Cromie, 1990; Fuller, 1994). A study by Hogarth Scott et al. (1996) found that small business owners were often generalists as opposed to specialists and thus, complex marketing models may not be appropriate for SMEs. However, SME's are also considered to be significant sources of innovation, arguably due to their smaller and flatter structures, and the absence of bureaucracy, which improves communication, knowledge sharing, and collaboration (Laforet and Tann, 2006). Other advantages of SMEs include their flexibility and rapid ability to respond to environmental needs, their ability to satisfy rapidly changing customer needs, and their potential for close relationships with customers (Simpson et al., 2006; Storey, 2000). SMEs often find it difficult to make an impact in large, competitive markets with established players, and therefore create their own market by developing an innovative product/service, or commit to supplying a neglected, untapped niche market. Both paths can provide them with the opportunity to create competitive advantages (Walsh and Lipinski, 2009). In terms of survival, one of the most vital marketing activities for SMEs is selling (Stokes, 2000), which consequently involves developing relationships with customers (Reijonen, 2010).

Networking, or the development of Personal Contact Networks (PCNs) in SMEs has been identified as an important and instinctive SME marketing strategy, practised in order to increase market knowledge, access marketing resources, identify new opportunities, and enable the sharing of knowledge and experiences (O'Donnell, 2004). Furthermore, networking and proactive marketing can increase the sophistication of SME planning and decision making processes (Gilmore et al., 2006).

## **2.5 Education Level and Sustainability of Enterprises**

A study conducted by Meng and Liang (1996) involving entrepreneurs in Singapore disclosed that successful entrepreneurs have higher education levels compared to that of unsuccessful entrepreneurs. Seventy percent of successful entrepreneurs are university graduates, while 23% are not. Holt (1992) argued that after entering the entrepreneurial world, those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business.

A study on entrepreneurs by van der Sluis et al., (2005) suggest that an added year of education raises entrepreneurial profits by on average 5.5 per cent in developing countries, and 6.1 per cent in developed economies. In China, a lot of study has been done on the effect of education level on enterprise sustainability. Angrist and Krueger (1999), argue that there is plenty of evidence in daily life and scientific literature to show that improving educational level will increase future earnings of individuals and help people succeed in their businesses. Le (1999) argues that there are several channels through which the level of education might influence the propensity to become self-employed. While Kolvereid and Moen's (1997) research results indicate that graduates with an entrepreneurship major have stronger entrepreneurial intentions than other graduates of Norwegian business school, Levenburg et al.'s (2006) study failed to reveal a difference between business and non-business majors of interest in entrepreneurship among US university students.

Charney and Libecap (2000) found that entrepreneurship education produces self-sufficient enterprising individuals and increases the formation of new ventures, the likelihood of self-employment, the likelihood of developing new products, and the likelihood of self-employed graduates owning a high-technology business. In their study, they revealed that entrepreneurship education of employee increases the sales growth rates of emerging firms and graduates' assets. Similarly, Sinha (1996) who analysed the educational background of the entrepreneur revealed that 72% of the successful



entrepreneurs who had a minimum of technical qualification, whereas most (67%) of the unsuccessful entrepreneurs did not have any technical background.

A study by Flynn-Khan (2007) and Namusonge (2006) reveals that entrepreneurship education plays a great role in an economy. They highlight that the policy makers recommend that this training should be embed in the formal education system as its perceived beneficial in fostering skills and attitudes that are necessary for successful living among the youth. The two scholars further advice that Entrepreneurship education provides the youth with enterprising skills, enables them to build confidence as well as feel connected to the adults in their communities and develop a sense of self worth.

Both youth and adult entrepreneurship has been recognized as one of the secrets behind economic growth (Christensen et al., 2002). Acs et al.(1999) argued that entrepreneurship is one of the factors explaining the superior performance of the US economy in generating innovation and employment. Policy makers in the UK are increasingly seeking solutions to mitigate the negative effect of graduate unemployment and under utilization. As a result, entrepreneurship as a career choice is often suggested as a feasible and more realistic alternative for business school graduates looking for a suitable transition route from education into work (Matlay and Westhead, 2005). Mitra and Matlay (2004) indicate that only a proportion of relevant knowledge can be acquired or developed during past work experiences, most of the necessary portfolio of entrepreneurial skills is apparently gained from specific vocational education and training courses provided by HEIs and the private sector. Education had a positive effect on self-employment (Reynolds and White, 1997). Similarly, Bates (1995) indicated that entrepreneurs with higher educational attainments tended to do better and their firms survived longer than those who lacked formal education and training. A study by Vesper and Gartner (1996), claimed that business school graduates who chose entrepreneurship courses as part of their degrees requirements have a higher propensity to become nascent entrepreneurs.

The youth in Africa need access to both decent formal education and opportunities to acquire a range of vocational and life skills to actively participate in all spheres of an increasingly knowledge-intensive society, today as young citizens and tomorrow as the continent's future leaders. They strive to acquire an education that provides them with the right set of skills and knowledge. Governments and international partners have made concerted efforts in recent years to improve this situation. In particular, to achieve the goal of universal primary education, many African countries have directed much effort and resources to improving primary school enrolment. The abolishing of school fees at the primary level has been a major driving force to achieve this goal. In Malawi, for example, free primary school education has considerably increased the youth literacy level from 63 per cent in 1990 to 76 per cent in 2004 (Youth and Economic Development in Africa, 2006).

In Kenya, the Kamunge report (1988) recommended for the introduction of entrepreneurship education and training in all levels of training programs to promote self-employment among graduates of these institutions. In response to this recommendation, the then Ministry of Technical Training and Applied Technology aimed at creating awareness and providing entrepreneurial skills necessary to enhance productivity and profitability of the self-employed by introducing entrepreneurship education and training in all vocational and technical training institutions.

Stevens (1994a) argue that the main reason for employing apprentices is their contribution to the production process. The firm then replaces unskilled employees by apprentice. Soskice (1994) in his study confirms that the aim of the firms to train apprentices to fill its future need for qualified workers. The question that then arises is: What are the future benefits of training to the firm? The firm can also hire skilled workers, who have been trained elsewhere thus saving on training costs.

## **2.6 Technology and Sustainability of Enterprises**

Previous study has revealed that lack of equipment and outdated technology are among hindrances of SME development (Swierczek & Ha, 2003). In their study in US, Gundry et

al (2003) disclosed that technological change innovations had significant relationship with market growth. A study in Ireland unearthed that technological posture, automation, and process innovation were significantly linked to satisfaction on return on investment (ROI) (Gibbons & O'Connor, 2003).

ICT is believed to be the most cost-efficient tool to help companies gain bigger markets and the ability to compete with larger organizations in attracting customers to their products, services and information (Tan et al., 2009). A study by Gibbs and Kraemer (2004) reveal that internet has inherent advantages like speed, user-friendliness, low cost and wide accessibility which has allowed electronic commerce (e-commerce) to be increasingly diffused globally, bringing countries together into a global networked economy.

A number of scholars have tried to define innovation and its roles in the achievement of entrepreneurship sustainability. Farr and Ford (1990) try to explain that innovation is directed towards the initiation and application (within a work role, group or organization) of new and useful ideas, processes, products or procedures. They argue that that, to initiate innovations employees can generate ideas by engaging in behaviours to explore opportunities, identify performance gaps or produce solutions for problems. Katz (1964) in one of his studies explains that one way for enterprises to become more successful is to capitalize on their employees' ability to innovate. A survey by Unsworth and Parker (2003) reveals that majority of practitioners and academics now endorse the view that individual innovation helps to attain organizational success.

Previous work by Anderson et al. (2004), has indicated that employees' innovative behaviour depends greatly on their interaction with others in the workplace.

Currently, consumers have few means whereby they can clearly identify sustainably produced goods and services on their local supermarket shelves or in the storefront. In the

local and international marketplace there exist a myriad claims and labels by manufacturers as to the “clean green”, “dolphin-friendly”, “eco”, “organic”, “natural”, or “kind to the environment” status of their products. Such claims and labels do not necessarily mean that products are sustainably produced. This myriad of claims is very confusing to consumers, and there is considerable consumer scepticism as to the validity of most “clean green” product claims; except possibly for certain third-party organic certification systems (Pahl, 2003a). The European Union has identified the need for a sustainability label, noting that:...due to unbridled growth and the large diversity of labels and above all the lack of external control for some labels, consumers are beginning to lose their confidence in them. At the moment, there is no sustainability label to provide the consumer with information about the product in the three fields of sustainable development (Van Weert, 2005).

## **2.7 Personal Factors and Sustainability of Enterprises**

A buyer buying decisions are also influenced by personal factors like age and life cycle, occupation and economic situation, lifestyle, personality and self concept.

Carter and Candida (2004) explain that there are a number of reasons why women might be less likely to become entrepreneurs. The two scholars argue that although women’s self-efficacy, work values, financial capital, access to opportunity and entrepreneurial intensions may present the greatest barriers to engagement, gender differences occur not in the composition of opportunity structures, but in access to those structures. In addition to education and experience disparities, women are more likely to have careers frequently interrupted or work only part-time hence unable to sustain a business.

People change the products they buy over their life time. Tastes and preferences are also age related. Buying is also shaped by the stages in the family life cycle- the stages in which families might pass as they mature over time. Marketers can define their target markets in terms of life cycle stage and develop appropriate products and marketing plan for each stage (Kotler, 2002).

Traditionally, life cycle stages include young singles and married couples with children .Today however marketers are increasingly catering to a growing number of alternative nontraditional stages like married couples, single marrying later in life, childless couples, same sex couples and single parents. The general stages in the family life cycle as discussed by Kotler (2002) have different characteristics .These stages are Bachelor stage, young single people not living at home. They have few financial burdens, they are fashion opinion leaders and buy basic household equipments. Newly married couples have high purchasing rate, low liquid assets, buy durable products.

A person's occupation affects the goods and services bought. Blue collar workers tend to buy more rugged clothes whereas executives buy more business suits. Marketers try to identify the occupational groups that have above average interests in their products and services. A company can even specialize in making products needed for a given occupational group (Kotler, 2002).

A consumer's economic situation is mostly as a result of his occupation. A person's economic situation will affect product choice. Marketers of income sensitive goods watch trends in the personal income, savings and interest rates. If economic indicators point to recession, marketers can take steps to re-design reposition and re price their products closely. Some marketers target consumers who have lots of money and resources and charging prices to match (Kotler et al, 2006).

Lifestyle is a person's way of living as expressed in his or her activities, interests and opinions (Kotler, 2002). Lifestyle is the manner in which people conduct their lives including their activities interests and opinions. Gilbert et al (1995), states that lifestyle involves measuring consumers major AIO dimensions that is, Activities (work hobbies, shopping) Interests (food, fashion) and Opinions about themselves social issues and products. Lifestyle captures something more than the consumer's social class or personality. It profiles a person's whole pattern of acting and interacting in the world.

The most widely used method to classify lifestyle is the VALS typology. It classifies people according to how they spend their time and money. It divides consumers into eight groups based on two major dimensions, primarily motivated by ideas, guided by knowledge and principles and consumers motivated by achievements look for products that demonstrate success to their peers. Consumers who are primarily motivated by self expression desire social and physical activities, variety and risk (Kotler et al, 2006).

Consumers within each orientation are further classified into those with high resources and those with low resources, depending on whether they have high or low levels of income, education, health, as well as self confidence. Innovators are people with so many resources that they exhibit primary motivation in varying degrees; in contrast survivors are people with very few resources that they do not show strong primary motivations. They must focus on meeting their needs rather than fulfilling desires. Lifestyle analysis assumes that marketers can plan more effective strategies if they know more about target markets. Understanding the lifestyle of target markets has been especially helpful in providing ideas for advertising themes (Kotler, 2002).

Kotler et al (2006), further adds that lifestyle segmentation can be used to understand how consumers use the internet and other technologies. Fast forward are the biggest investors in technology. They are career focused, time strapped and driven and top users of technology. New age nurturers are leg spenders but focus on technology for home use.

Kotler (2002) defines personality as the unique psychological characteristics that lead a person to relatively consistent and lasting responses to ones environment. Each person's distinct personality influences his or her behaviour. Psychologist Plotnick (2002), states that personality refers to a combination of long lasting and distinctive behaviour, thoughts and emotions typify how one reacts and adapts to other people and situations. The term personality is used in two unrelated ways, on one hand, it refers to the characteristics that differentiate people those behaviour that make the person unique and on the other hand, it is used as a means of explaining the stability of a persons behaviour that leads them to act

uniformly both in different situations and over an extended period of time (Robert, 1994). According to John (2003), personality is a pattern of enduring distinctive thoughts, emotions and behaviour that characterize the way an individual adopts to the world.

Personality is usually described in terms of such traits as self confidence, dominance and autonomy. The term can be a useful variable in analyzing consumer behaviour provided that personality types can be classified accurately and that strong correlations exist between certain personality types and product or brand choices. For example, a computer company might discover that many prospects have high self dominance and autonomy. This suggests the designing computer advertisements to appeal to their traits (Kotler, 2002).

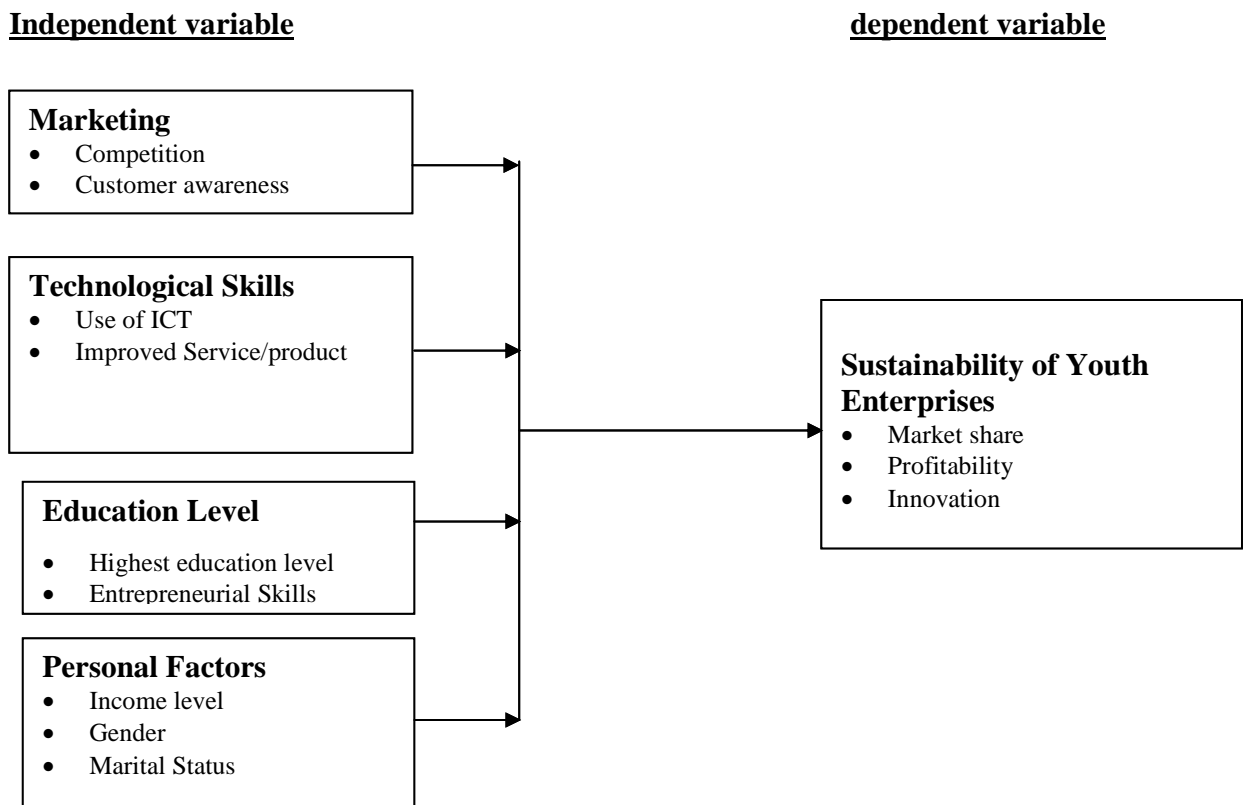
William (2001), states that personality reflects a person's consistent response to his or her environment. General personality traits related to consumer behavior include extroversion, self esteem, dogmatism and aggressiveness. For example, dogmatism might hinder product trial or the adoption of product innovations by some consumers. Assertiveness may be related to the purchase of certain types of sporty cars and consumers complaints behaviour to unsatisfactory purchases. Self esteem is thought to be inversely related to persuasion. More self esteem the less subject to persuasion-it has implications on the marketing communication.

The notion of self concept is used to explain the products consumers use. Self concept is the overall perception and feeling that one has about self. Consumers buy products that are consistent with or enhance their self concept. Marketers try to create a relationship between their products and consumers self concept. Marketers can affect consumer's motivation to learn about, shop for, and buy the sponsored product by influencing the degree to which people perceive a product to be related to their self concept. This objective is clear in many advertisements that emphasize image enhancement and personal achievement through the use of the advertisers brand or service (Kotler, 2002).

## 2.8 Conceptual Framework

The main role of the conceptual framework is to give relationship between the independent and dependent variables. The challenges to be studied are presented as the independent variables while their effects appear on the dependent variable side. An illustration for the same is shown in Figure 2.1.

**Figure 1 A Conceptual Framework of factors influencing sustainability of youth enterprises**



In this study, the sustainability of the youth enterprises was the dependent variable whereas marketing, technological skills, education level and personal levels were the examined as the independent variables. According to the study, youth entrepreneurs identified those variables as their main challenges towards succeeding in their projects.



The study assessed marketing in terms of advertising and its effect in sustainability of the projects. It also investigated technological skills in terms of ability to use ICT for data entry, innovation to improve production as well as for accountability purposes. The objective of studying the educational level was to find out how education issues influence sustainability of youth enterprises in Nyeri Municipality. Majority of the respondents concurred that all these factors determine how a project succeeds in various ways.

## **2.9 Summary of the Literature Review**

From the above literature review the study identified that a gap exists between sustainability of youth group enterprises and technological skills. It has identified marketing, technological skills, education level and personal factors having a significant relationship with the sustainability of youth group enterprises. The youth's ability to use technology, market and their level of education were all important in the sustainability of their various projects. The study set to examine how these factors may have affected the youth's projects either positively or negatively in Nyeri Municipality.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter reviews the methods of conducting the study that were employed based on; research design, target population, sample and sampling procedure. Research instruments will cover the population of the study, the sample, data collection method and data analysis.

### **3.2 Research Design**

Kothari (2008) analyses descriptive survey design as those studies which are concerned with describing the characteristics of a particular individual, or of a group. Mugenda and Mugenda (2003) describe descriptive survey design as a research method used to obtain information that describes existing phenomena by asking individuals about their perceptions, behavior, attitudes or values. This research design was used in collecting the data since the population was large noting that it comprised of 243 youth project officials/staff, three staff members from the Ministry of Gender, children and Social Development and three staff members from the Ministry of Youth Affairs.

The design was used because the research aimed to find out factors influencing the sustainability of youth group enterprises and establish their relationship with the factors identified. Descriptive design is used in preliminary and exploratory studies to allow the research gather information, summarize, present and interpret it for the purpose of clarification. The research employed both primary and secondary data where the former was obtained by use of questionnaires whereas secondary data was searched from the books and journals.

### **3.3 Target Population**

Population is a group of individuals, objects, or items from which samples are taken for measurement (Kombo and Tromp 2006). The target population was 249 people with the main focus on the Co-ordinators at MGCSD and Co-ordinators at MOYA the Youth

SMEs registered under the Ministry of Gender, Children and Social Development in year 2009 as they are 3 years old since inception and it was logical to test their sustainability.

**Table 3.1: The Population of the Study**

<b>Category</b>	<b>Population</b>	<b>Target Population</b>
Elected Project officials	81 Youth Projects registered in 2009	243 (three officials per project)
Ministry of Gender, Children & Social Development officers	3 officials	3 (1 co-ordinator, 1 deputy co-ordinator, 1 field officer)
Ministry of Youth Affairs	3 officials	3 (1 co-ordinator, 1 deputy co-ordinator, 1 field officer)
<b>Total</b>		<b>249</b>

### **3.4 Sample and Sampling Procedure**

Mugenda and Mugenda (2003) refer to sampling as the process of selecting a number of individuals so that the selected individuals represent the large group from which they were selected. According to Orodho (2004 & 2005), it is the process of selecting an unbiased or random subset of individual observations for the purposes of making predictions based on statistical inferences. A good representative sample should constitute at least 20% of the entire population. It can also be calculated using the statistics formula:  $e = Z_{\alpha} \sqrt{pq/n}$ . Where  $\alpha = 0.05$  and  $Z_{\alpha} = 1.96$ .

Stratified random sampling was employed in selecting respondents in this study. This is because the projects carry out different tasks and were therefore segregated into five (5) groups referred to as business categories as shown in Table 3.2 which represents the categories thus important to give each group in either of the categories an equal chance of

being in the study. This method of sampling reduces the potential for human bias in the selection of cases to be included in the sample. As a result, the stratified random sample provides a sample that is highly representative of the population being studied, assuming that there is limited missing data, in this case the five categories of businesses for the Youth enterprises in Nyeri Municipality were given a chance to be included in the sample.

Each business category was represented in the stratum whereby 30% of the business were put under the study as shown in Table 3.2

**Table 3.2: Sampling Procedure of the Youth SMEs**

<b>Categories</b>	<b>Number of projects</b>	<b>30% of the projects per category</b>
Farming & Farm products	14	4
Small scale business	26	8
Beauty & Beauty products	14	4
Art	11	3
Savings and Credit	16	5
<b>TOTAL</b>	<b>81</b>	<b>24</b>

For correct representation, members of the 24 sampled youth group enterprises were purposively picked to represent the study as they know how these projects run and they were to give balanced information. Kothari (2008) explains that in purposive sampling, items for the sample are selected deliberately by the researcher and the choice concerning the items remains supreme. This totaled to 73 respondents representing 30% of the 243 member officials of all 81 the enterprises providing 3 respondents from the sample. An

interview schedule was also administered to the MOYA & MGCSD Co-ordinators which helped to cross-check the information given by the youth.

**Table 3.3: Sample Size**

<b>Category</b>	<b>Population</b>	<b>30% of the population per category</b>
Elected Project officials	243	73
Ministry of Gender, Children & Social Development officers	3 officials	1
Ministry of Youth Affairs	3 officials	1
<b>Total</b>	<b>249</b>	<b>75</b>

### **3.5 Research Instruments**

In order to collect data from the youth, questionnaires were used whereas interview scheduled were adopted for the purpose of getting more information from the MOYA and MGCSD official (See Appendix I, II & III). The research also used observation to fill in the information gaps. While primary data was collected through questionnaires and interview schedules whereas the secondary data was collected from the MOYA & MGCSD as well as from other reports.

### **3.6 Pilot Testing**

A pilot study was carried out in order to improve validity of the research ensure that the research instruments were accurate. The questionnaires were pre-tested by administering it to sub-sample of twenty three respondents which is 10% of the sample population.

### **3.7 Validity of Instruments**

To improve on the validity, necessary adjustments on the research instruments were made after conducting the pilot study. The researcher also sampled a few responses and visited the respondents to clarify whether some of items identified really exist. This was done

through crosschecking the information gathered with the already existing data in relevant institutions and also through observation ensuring there was consistency.

### **3.8 Reliability of Instruments**

On reliability, the researcher was able to identify misunderstandings, inadequate and unnecessary information in the instruments of research and was able to make the necessary adjustments and this helped in collecting reliable data. A retest was carried two weeks after to the exercise to guarantee that the information initially given was reliable. From the findings the correlation coefficient was 0.895 which was found allowable to continue with the study, Mugenda 1999.

### **3.9 Data Analysis**

The data collected was analyzed using descriptive and inferential statistics was computed. Statistical Package for Social Sciences (SPSS) and Microsoft excel was used to analyze data which was presented through graphs and tables. In particular, Spearman's Rank Correlation was used to measure the degree of relationship between the dependent and independent variables.

Qualitative data obtained through the use of questionnaires which contained both opened ended and closed questions. The questions were both quantitative as well as qualitative in nature which facilitated to achieve the factors influencing sustainability of youth group enterprises. The questionnaires were administered through the drop and pick method as well as posting through emails.

### **3.10 Ethical Issues**

During the study, respondents participated voluntarily and gathered information was treated with a lot of confidence. Permission to gather information was granted from relevant authorities.

### **3.11 Operational Definition of Variables**

Behavioral dimensions and indicators denoted by the main variables under the study were identified in order to render have them measureable.

**Table 3.4 Operationalization of Variables**

<b>Objective</b>	<b>Variable</b>	<b>Indicators</b>	<b>Measurement of Scale</b>	<b>Techniques of Analysis</b>
To assess how Marketing influences the sustainability of youth projects in Nyeri Town Municipality.	Marketing	Increase in Market Share Level of profitability Percentage of revenue used in marketing annually	Nominal Ordinal	Spearman's Rank Correlation Coefficient
To investigate how Technological skills influence the sustainability of youth projects in Nyeri Town Municipality.	Technological Skills	Increased quality of products High number of products in a short time Cost of reduction in production	Nominal Ordinal	Spearman's Rank Correlation Coefficient
To determine how Education Level influences sustainability of youth projects in Nyeri Town Municipality.	Education Level	Qualifications Highest Academic Achievement	Nominal Ordinal	Spearman's Rank Correlation Coefficient
To assess how Personal factors influence the sustainability of youth projects in Nyeri Town Municipality.	Personal factors	Age Marital Status Family economic status Your current occupation Gender	Nominal	Spearman's Rank Correlation Coefficient



## CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF RESULTS

### 4.1 Introduction

This chapter analyses the data that was collected and offers the interpretation of the results from the findings collected from the sampled respondents. The purpose of this study was to determine the factors that influence sustainability of youth group enterprises in Nyeri Town Municipality.

### 4.2 Response Rate

A total of 73 questionnaires were distributed to the selected respondents in Nyeri Town Municipality. A total of 61 questionnaires were duly filled and collected making 84% response rate. This was an acceptable rate and could be attributed to the fact that the questionnaires were physically dropped to the respondents and collected at an agreed date. The response rate was as follows;

**Table 4.1: Response Rate**

Category	Targeted Sample Size	Response Rate	% Response Rate
Respondents	73	61	84
<b>Total</b>	<b>73</b>	<b>61</b>	<b>84</b>

n= 61

### 4.3 General Information

This section provides results and interpretation of the findings on the characteristics of the respondents. The results are analyzed through the use of tables.

#### 4.3.1 Position held by the Respondents

The research sought to establish the position held by the respondents and the findings are provided in Table 4.2

**Table 4.2 Position held by the respondents**

	Frequency	Percent	Cumulative Percent
Business Owner	24	39.3	39.3
Manager	15	24.6	63.9
Staff	22	36.1	100.0
<b>Total</b>	<b>61</b>	<b>100.0</b>	

As indicated on the table, 39.3%, 24.6% and 36.1% and of the respondents were business owner, manager and staff respectively. This suggests a balanced view of the respondents in the organization that were represented.

#### 4.3.2 Age Bracket of the Respondents

The research sought to establish the age group of the respondents and the findings are shown in Table 4.3.

**Table 4.3: Age bracket of the respondents**

Age	Frequency	Percent
15-20 Years	10	16.4
21-25 Years	25	41.0
26-30 Years	13	21.3
31-35 Years	11	18.0
>35	2	3.3
Total	61	100.0

This study found that 41%, or 25 respondents were aged between 21-25 years whereas 21.3% were aged between 26 to 30 years. In addition, 16.4% of the respondents aged between 15 and 20 years. In addition, 18% of the respondents were in the age group of 31-35 years. These results suggest that, majority of the respondents were middle aged group which implies they are energetic, efficient and productive in the economy. In fact, with such a group, an increased output is expected.

#### 4.3.3 Gender Composition

The study sought to establish the gender of the respondents and the findings and analysis shows that 60.7% or 37 respondents were females while 39.3% or 24 respondents were males.

**Table 4.4: Gender composition**

	Frequency	Percent	Cumulative Percent
Male	24	39.3	39.3
Female	37	60.7	100.0
Total	61	100.0	

This analysis suggests that, 30% gender presentation in the organization was achieved. This is according to the Kenya constitution, 2010.

#### 4.3.4 Marital Status of the Respondents

The study sought to establish the marital status of the respondents and the findings are provided in Table 4.5.

**Table 4.5: Marital status of the respondents**

	Frequency	Percent	Cumulative Percent
Married	17	27.9	27.9
Single	41	67.2	95.1
Widowed	1	1.6	96.7
Divorced/separated	2	3.3	100.0
Total	61	100.0	

As can be viewed from Table 4.5, 67.2% or 41 respondents were single individuals whereas 27.9% or 17 respondents were married. It was noted that 1.6% and 3.3% of the respondents were widowed and divorced respectively. These results show that majority of the respondents were youth thus single status was evidence in the study.

#### 4.3.5 Highest Education Level

The study sought to find out the highest level of education of the respondents and the findings are provided in the table 4.5. This analysis shows that, majority of the respondents, 55.7% or 34 respondents had university degree while 36.1% had attained secondary certificate. Only, 8.2% or 5 respondents had diploma qualification from colleges. However, none of the respondents had primary school qualification. This analysis implies that, all the respondents had formal education with majority of them having attained university qualification.

**Table 4.6: Highest education level**

	Frequency	Percent	Cumulative Percent
Secondary	22	36.1	36.1
University degree	34	55.7	91.8
College (Diploma)	5	8.2	100.0
Total	61	100.0	

#### 4.4 Marketing and Sustainability of Youth Group Enterprises

The study sought to assess how marketing influences sustainability of youth group enterprises and the responses are shown in Table 4.7.

**Table 4.7: Rating the activities of Marketing**

	Advertisement		Sales promotion		Posters		Door to door marketing		Referrals		social media marketing	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Strongly disagree	2	3.3	1	1.6	0	0	5	8.2	5	8.2	12	19.7
Disagree	6	9.8	8	13.1	6	9.8	12	19.7	4	6.6	8	13.1
Undecided	5	8.2	13	21.3	21	34.4	15	24.6	12	19.7	7	11.5
Agree	12	19.7	19	31.1	18	29.5	8	13.1	17	27.9	11	18.0
Strongly agree	36	59.0	20	32.8	16	26.2	21	34.4	23	37.7	23	37.7
Total	61	100.0	61	100	61	100	61	100	61	100	61	100

This analysis indicates that, 78.7% or 48 respondents agreed that advertisement influences sustainability of the youth group enterprises such that majority of the respondents have increased returns thus project are sustainable. However, 21.3% of the respondents were undecided and some disagreed on the same. It was also noted that 63.9% or 39 respondents agreed that sales promotion influence sustainability of the youth projects. On the contrary, 34.4% or 21 respondents were undecided on whether posters influence sustainability of the youth group enterprises.

In addition, 55.7% of the respondents agreed that posters influence sustainability of the youth group enterprises. Indeed, 47.5% of the respondents agreed that door to door marketing influences sustainability of the youth group enterprises. Certainly, 65.6% and 55.7% of the respondents agreed that referrals and use of social media marketing respectively influence sustainability of the youth group enterprises. In this regard, majority of the respondents were undecided that marketing influences sustainability of the youth group enterprises. The rest of the results are also shown in the same table.

#### 4.4.1 Correlation between Marketing and Sustainability of Youth Enterprises

This section provides results and discussions of the Spearman's correlation analysis between marketing and sustainability of youth enterprises. Correlation measures the degree/strength of association between two variables.

**Table 4.8: Spearman's correlation analysis (Marketing and Sustainability)**

		Sustainability factors	Marketing
Sustainability factors	Correlation Coefficient	1.000	.241
	Sig. (2-tailed)	.	.061
	N	61	61
Marketing	Correlation Coefficient	.241	1.000
	Sig. (2-tailed)	.061	.
	N	61	61

These results indicate that there exist a weak correlation between marketing and sustainability of youth enterprises. Employing 5% significance level, the results are marginally statistically significant with a (sig) p-value =0.061>0.05. In conclusion, the association between marketing and sustainability of youth enterprises was insignificant at 5% significance level. The correlation between marketing and sustainability of youth enterprises was estimated as 0.241 which is a very low correlation for substantial correlation to be made, hence insignificant association at 5%.

#### 4.5 Technology and Sustainability of Youth Group Enterprises

The research further tried to analyze how technological skills have influenced sustainability of youth group enterprises and the responses are shown in Table 4.9.

**Table 4.9: Rating the activities of Technology**

	Use of computers for data entry		Increased production		Improved quality of product		Payment of services through MMT		Improved accountability	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Strongly disagree	7	11.5	3	4.9	4	6.6	1	1.6	5	8.2
Disagree	4	6.6	7	11.5	4	6.6	5	8.2	3	4.9
Undecided	2	3.3	4	6.6	7	11.5	8	13.1	3	4.9
Agree	9	14.8	20	32.8	14	23.0	16	26.2	22	36.1
Strongly agree	39	63.9	27	44.3	32	52.5	31	50.8	28	45.9
Total	61	100.0	61	100.0	61	100.0	61	100.0	61	100.0

It was found out that, majority of the respondents agreed that use of computers for data entry influence sustainability of the youth group enterprises. This was supported by 78.7% of the respondents. Definitely, it found out that 77.1% or 47 respondents agreed that increased output/ production due to use of technology influences sustainability of the youth group enterprises. More importantly, 77.5% of the respondents agreed that improved quality of production/service due to use of technology influences sustainability of the youth group enterprises. Notably, 77% or 48 respondents of the respondents agreed that payment of services through mobile money transfer influences sustainability of the youth group enterprises. In addition, 82% or 50 respondents agreed that improved accountability due to computer aided accounting influences sustainability of the youth group enterprises. In general, majority of the respondents agreed that technological skills influences sustainability of the youth group enterprises. The rest of the results are also shown in the same table.

#### **4.5.1 Correlation between Technology and Sustainability of Youth Enterprises**

This section provides results and discussions of the Spearman's correlation analysis between technology and sustainability of youth enterprises.

**Table 4.10: Spearman's correlation analysis (Technology and Sustainability)**

		Sustainability factors	Marketing
Sustainability factors	Correlation Coefficient	1.000	.267*
	Sig. (2-tailed)	.	.038
	N	61	61
Technology	Correlation Coefficient	.267*	1.000
	Sig. (2-tailed)	.038	.
	N	61	61

Employing 0.05 significant levels, the result indicates there exists a weak correlation between sustainability of youth group enterprises and technological skills. The results are statistically significant with a Sig (significant value) of  $0.038 < 0.05$ . The Spearman's correlation coefficient value is 0.267. This implies that technological skills influence sustainability of youth group enterprises, hence an increase in technological skills, increases the sustainability of youth group enterprises. Although the association was weak, it was very significant at 5% significance level.

#### **4.6 Education Level and Sustainability of Youth Group Enterprises**

The study also sought to determine how education levels have influenced sustainability of youth group enterprises and the responses are shown in table 4.11.

**Table 4.11: Rating the education level**

	Use of English/Kiswahili in meetings		forums & training for members		Ability to analysed issues & make decisions		Ability to prepare financial reports		Trained management	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Strongly disagree	1	1.6	1	1.6	1	1.6	2	3.3	4	6.6
Disagree	9	14.8	10	16.4	3	4.9	2	3.3	6	9.8
Undecided	6	9.8	4	6.6	4	6.6	5	8.2	2	3.3
Agree	19	31.1	23	37.7	30	49.2	27	44.3	19	31.1
Strongly agree	26	42.6	23	37.7	23	37.7	25	41.0	30	49.2
<b>Total</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>

This analysis indicates that, 73.7% or 45 respondents agreed that use of official languages during meetings as opposed to mother-tongue influences sustainability of the youth group enterprises. However, 9.8% and 16.4% of the respondents were undecided and disagreed respectively on the same. In addition, 75.4% or 46 respondents agreed that training seminars for members influences sustainability of the youth projects. On the contrary, 18% or 11 respondents disagreed, workshops, training seminars for members influence sustainability of the youth group enterprises.

In fact, 86.9% of the respondents agreed that ability to analyze issues and make decisions influences sustainability of the youth group enterprises. Indeed, 85.3% of the respondents agreed that ability to prepare financial reports influences sustainability of the youth group enterprises. Certainly, 80.3% or 49 respondents agreed that trained management influence sustainability of the youth group enterprises. In conclusion, majority of the respondents agreed that education level (mean score  $\approx$  4) influences sustainability of the youth group enterprises. The rest of the results are also shown in the same table.



#### 4.6.1 Correlation between Education Level and Sustainability of Youth Enterprises

This section provides results and discussions of the Spearman's correlation analysis between education level and sustainability of youth enterprises.

**Table 4.12: Spearman's rho correlation analysis (Education level and Sustainability)**

		Sustainability factors	Marketing
Sustainability factors	Correlation Coefficient	1.000	.353**
	Sig. (2-tailed)	.	.005
	N	61	61
Education level	Correlation Coefficient	.353**	1.000
	Sig. (2-tailed)	.005	.
	N	61	61

\*\* . Correlation is significant at the 0.05 level (2-tailed).

The study found out that, there exists a fair correlation between sustainability of youth project and education level. The Spearman's correlation coefficient value is 0.353. Employing 0.05 significance level, correlation between sustainability of youth group enterprises and education level was highly statistically significant with a significance value of  $0.005 < 0.01$ . This implies that a slight increase of education level, affect sustainability of youth enterprises in a positive way. In other words, an increase of education level leads to higher sustainability of youth enterprises. This association is very significant at 5% significance level.

#### 4.7 Personal Factors and Sustainability of Youth Group Enterprises

The research further wanted to examine how personal factors have influenced sustainability of youth group enterprises and the responses are shown in Table 4.13.

**Table 4.13: Rating the personal factors**

	Age		Marital status		Family life cycle stage		Your current occupation		Individuals personality		Gender	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
No extent	8	13.1	10	16.4	13	21.3	6	9.8	8	13.1	20	32.8
To a small extent	11	18.0	13	21.3	17	27.9	13	21.3	8	13.1	8	13.1
To some extent	22	36.1	18	29.5	12	19.7	17	27.9	10	16.4	12	19.7
To a large extent	11	18.0	9	14.8	12	19.7	17	27.9	16	26.2	8	13.1
To a very large extent	9	14.8	11	18.0	7	11.5	8	13.1	19	31.1	13	21.3
<b>Total</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>

This study found out that, majority of the respondents, to some extent agreed that age of a person influence sustainability of the youth group enterprises. This was supported by 36.1% or 22 respondents. Old age to some extent affects operation of the business thus project sustainability becomes affected. It was noted that 29.5% or 18 respondents to some extent agreed that marital status influences sustainability of the youth group enterprises. More importantly, 31.5% or 19 respondents to a large extent agreed that family life cycle stage influences sustainability of the youth group enterprises.

Notably, 41% or 25 of the respondents to a large extent agreed that a person's current occupation influences sustainability of the youth group enterprises. Indeed, 57.3% or 35 respondents to a large extent agreed that an individual's personality influences sustainability of the youth group enterprises. For example, it was found out that, individuals with good personality normally operate the businesses for a long period of time hence more sustainable. It was also noted that, 67.2% or 41 respondents agreed that gender influences sustainability of the youth group enterprises. For instance, the research found out that, the businesses operated by the single females are not sustainable especially when the lady gets married in a different geographical area. In conclusion, the study found out that personal factors influence sustainability of the youth group enterprises.

#### 4.7.1 Correlation between Personal Factors & Sustainability of Youth Enterprises

This section provides results and discussions of the Spearman's rho correlation analysis between personal factors and sustainability of youth enterprises.

**Table 4.14: Spearman's rho correlation analysis (Personal factors and Sustainability)**

		Sustainability factors	Marketing
Sustainability factors	Correlation Coefficient	1.000	.198
	Sig. (2-tailed)	.	.125
	N	61	61
Personal factors	Correlation Coefficient	.198	1.000
	Sig. (2-tailed)	.125	.
	N	61	61

There exist a weak correlation between personal factors and sustainability of youth enterprises, although the correlation is not statistically significant. This was supported by a p-value of 0.125 > 0.05, hence insignificant association between them.

#### 4.8 Sustainability of Youth Group Enterprises

The study sought to establish the extent at which change in profit, product diversification and change in market share affect sustainability of the youth group enterprises and the responses are shown in Table 4.15.

**Table 4.15: Rating the aspect of sustainability of youth Enterprises**

	Change Profit		Product diversification		Change in market share	
	Freq	Percent	Freq	Percent	Freq	Percent
No extent	0	.0	3	4.9	0	0
To a small extent	3	4.9	6	9.8	4	6.6
To some extent	6	9.8	10	16.4	10	16.4
To a large extent	15	24.6	16	26.2	14	23.0
To a very large extent	37	60.7	26	42.6	33	54.1
<b>Total</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>

Table 4.15 shows that, 60.7% or 37 respondents agreed that to a very large extent, change in profits determine, sustainability of youth enterprises in a greater way. This indicates that for a business to be sustainable, it must be making substantial returns, otherwise the probability of closing the shop are very high. Likewise, 42.6% or 26 respondents agreed that to a very large extent product diversification affect sustainability of youth enterprises in a greater way. This implies that, the SME's that are selling several products can be in operation for a longer period of time. Only, 4.9% of the respondents said that product diversification does not affect sustainability of youth group enterprises. Indeed, 54.1% of the respondents agreed that to a very large extent change in market share determines sustainability of youth SME's. This can be evidenced in various places as in where the existence of an M-PESA shop leads to the closedown of other money transfer shops like AIRTEL MONEY because safaricom tends to dominate/control the largest market share in that sector. In other words, any increase or decrease in market share affects sustainability of youth enterprises.

In conclusion, majority of the respondents agreed that change in profit, product diversification and change in market share determine sustainability of youth enterprises in a greater way. In general, only two independent variables (technology skills and education level) were statistically significant in the sustainability of youth group enterprises as shown above. The rest two factors had notable correlation but not

statistically significant at 5% significance level, hence insignificant association between the two variables and youth group enterprises.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter gives the summary of major findings, conclusions and recommendations of the study. The study was guided by the following objectives: to assess how marketing influences the sustainability of youth group enterprises, to analyze how technological skills influence the sustainability of youth group enterprises, to determine how education level influences sustainability of youth group enterprises and to examine how personal factors influence the sustainability of youth group enterprises in Nyeri Town Municipality.

### **5.2 Summary of Findings**

The purpose of this study was to determine the factors that influence sustainability of Youth group enterprises in Nyeri Town Municipality. The study revealed that, 78.7% of the respondents agreed that advertisement influence sustainability of the youth group enterprises. Likewise, 63.9% of the respondents agreed sale promotion influences sustainability of the youth projects. It was also observed that slightly half of the respondents have agreed that posters influence sustainability of the youth group enterprises. Indeed, half of the respondents agreed that door to door marketing influence sustainability of the youth group enterprises. Certainly, more than half of the respondents agreed that referrals and use of social media marketing influence sustainability of the youth group enterprises. In this regard, majority of the respondents were undecided whether marketing activities influences sustainability of the youth group enterprises.

The study revealed that use of computers for data entry influences sustainability of the youth group enterprises. This was supported by three quarter of the respondents. It was noted that three quarter of the respondents agreed that increased output/ production due to use of technology influence sustainability of the youth group enterprises. The research further revealed that three quarter of the respondents agreed that improved quality of production/service due to use of technology influences sustainability of the youth group

enterprises. The study found out that three quarter of the respondents agreed that payment of services through mobile money transfer influence sustainability of the youth group enterprises. In addition, more than three quarter of the respondents agreed that improved accountability due to computer aided accounting influence sustainability of the youth group enterprises. In general, majority of the respondents agreed that technological activities influence sustainability of the youth group enterprises.

The research found out that, majority of the respondents agreed that use of official languages during meetings as opposed to mother tongue influence sustainability of the youth group enterprises. However, 9.8% and 16.4% of the respondents were undecided and disagreed on the same. In addition, three quarter of the respondents agreed that workshops, training seminars for members influence sustainability of the youth projects. It was noted that majority of the respondents agreed that ability to analyze issues and make decisions influences sustainability of the youth group enterprises. Indeed, 85.3% of the respondents agreed that ability to prepare financial reports influences sustainability of the youth group enterprises. In fact, more than three quarter of the respondents agreed that trained management influence sustainability of the youth group enterprises. In conclusion, majority of the respondents agreed that education aspect influences sustainability of the youth group enterprises.

This study also found out that, majority of the respondents, to some extent agreed that age of a person influence sustainability of the youth group enterprises. This was supported by 36.1% or 22 respondents. Old age to some extent affects operation of the business thus project sustainability becomes affected. Definitely, it found out that, one quarter of the respondents to some extent agreed that marital status influences sustainability of the youth group enterprises. More importantly, 31.5% of the respondents to a large extent agreed that family life cycle stage influence sustainability of the youth group enterprises. Notably, 41% of the respondents of the respondents to a large extent agreed that a person's current occupation influences sustainability of the youth group enterprises. Indeed, half of the respondents to a large extent agreed that an individual's personality influences sustainability of the youth group enterprises. It was found out that, individuals

with good personality normally they operate the businesses for a long period of time hence more sustainable. It was also noted that, more than half of the respondents to an extent agreed that gender influences sustainability of the youth group enterprises. In conclusion, the study found out that personal factors influence sustainability of the youth group enterprises.

In general the study found out that, only two independent variables (technology skills and education level) were statistically significant in the sustainability of youth group enterprises as in chapter four. The rest two factors had notable correlation but not statistically significant at 5% significance level, hence insignificant association between the two variables and youth group enterprises.

### **5.3 Discussion of Findings**

Sustainability of youth group enterprises are affected by many factors that drag their attainment behind. As analysed by Swierczek & Ha (2003), lack of equipment and outdated technology hinder the development of these enterprises. According to this study, 52.5% and 63.9% of the respondents strongly agreed that improved quality of product/service and use of computer in the organizations influenced the sustainability respectively.

The study found out that majority of the respondents was undecided if marketing influences sustainability of the youth group enterprises or not. Indeed, there existed a weak correlation between the marketing and sustainability of youth enterprises. These results are marginally statistically significant with a (sig)  $p\text{-value} = 0.061 > 0.05$ , hence no significant association between the marketing activities and sustainability of youth group enterprises according to the given evidence.

The study indicated that there was a correlation between sustainability of youth group enterprises and two independent variables. The results are statistically significant at 5% significant level. The Spearman's correlation coefficient value is 0.267. This implies that



technological activities influence sustainability of youth group enterprises, such that an increase in technological activities increases the sustainability of youth group enterprises.

It was also noted that majority of the respondents agreed that education aspect influence sustainability of the youth group enterprises. There exists a fair correlation between sustainability of youth group enterprises and education aspect. As supported by van der Sluis et al.,(2005), a slight increase of education activities, affect sustainability of youth enterprises in a positive way by raising entrepreneurial profits in both developing and developed countries. In other words, an increase of education activities leads to higher sustainability of youth group enterprises.

The study found out that, generally, personal factors influence sustainability of the youth group enterprises. There exist a weak correlation between personal factors and sustainability of youth group enterprises, although the correlation is not statistically significant. This was supported by a p-value of  $0.125 > 0.05$ , hence insignificant association between personal factors and sustainability of youth group enterprises according to the given evidence.

In general, two independent variables that is, use of technological skills and education level were statistically significant in the sustainability of youth group enterprises.

#### **5.4 Conclusions**

Based on the findings from the primary data of the study, it is concluded that the youth at the age of between 21 and 25 years are the majority who are in the SMEs at 41% as compared to the others. Therefore, the government should improve the mechanisms that are in place now in order for these businesses to succeed.

Noting that majority of the respondents had acquired university degree and none had primary education as the highest level of education, this explains why use of technology is widely embraced as a factor that influences sustainability. The study also concludes that

various methods of marketing of products and services play a great role in sustainability of the enterprises.

The study has also shown that most of the youth entrepreneurs are ladies. This explains that women have adopted the method to supplement the income in their homesteads as opposed to carrying out domestic work which does not earn remuneration.

### **5.5 Recommendations**

On the basis of this study, the following recommendations were made;

- 1) Since the study found out that majority of the respondents were undecided that marketing influences sustainability of youth group enterprises, the study recommends that enhancement of use of social media marketing, sales promotion and uses of posters in order to influence sustainability of youth group enterprises.
- 2) It was found that, age, gender, marital status and individual personality affect sustainability of youth project. In order to sustain youth group enterprises, the study recommends, consideration of the age, gender, marital status and good individual personality when forming a youth group.
- 3) Due to the need for modern technological and education skills in the current world, the research recommends acquisition of education skills and use of technology in operations, in order to sustain youth group enterprises.

### **5.6 Suggestions for further research**

Improvement of management of SME's gives youth group enterprises a sense of direction that helps in focusing on the desired goals and sustainability of the projects. Therefore, more study can be carried out in the following areas:

- 1) Establish how the implementation of county government Bill will affect the growth of youth SME's.
- 2) To investigate the challenges faced by young women entrepreneurs In Nyeri County.

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**APPENDIX II: LETTER TO THE RESPONDENT**

Elizabeth N. King’ori  
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College of Extra Mural studies,  
University of Nairobi, Nyeri Center.  
[njerikingori@hotmail.com](mailto:njerikingori@hotmail.com)  
**0722-370455**

TO:.....  
.....  
.....  
.....

Dear Respondent,

I am a graduate student in the department of Extra-Mural Studies at the University of Nairobi (UoN) pursuing a Master of Project Planning and Management course.. I am undertaking a research on the **“factors influencing sustainability of youth entrepreneurship: a case of SMEs set up by youth in Nyeri town municipality”**. You are one of the few people who can help me achieve the goals of the study by honestly completing this questionnaire.

Your name or the name of the business is not required. Whatever information you give will be treated with absolute confidentiality. Your co-operation will be highly appreciated. Thank you in advance.

Yours sincerely,

**Elizabeth Njeri King’ori**

### APPENDIX III : QUESTIONNAIRE

#### A: Personal information

Name of the Enterprise .....

Year the project started .....

Project economic activity .....

Your position in the project (please tick in space provided)

Business Owner

Manager

Staff

2. How long have you worked with this Enterprise?

3. What is your age bracket?

a) 15-20

b) 21-25

c) 26-30

d) 31-35

e) Over 35 years

4. Your Gender (please tick)

a) Male

b) Female

5. Your marital status (please tick)

a) Married

b) Single

c) Widowed

d) Divorced/separated

e) Others:

specify:.....

6. Your highest completed level of education (please tick)

- a) Primary
- b) Secondary
- c) University degree
- d) Others:

specify:.....

**B: MARKETING**

7. On a scale from 1 – 5 to what extent do you think the following Marketing activities have influenced sustainability of your organisation? (kindly tick)

**(1=strongly disagree, 2= disagree, 3=Undecided, 4=Agree, 5= strongly Agree)**

	1	2	3	4	5
Advertisement					
Sales Promotion					
Posters					
Door to door marketing					
Referrals					
Use of Social Media Marketing					

**C. TECHNOLOGY**

8) On a scale from 1 – 5 to what extent do you think the following Technological activities have influenced sustainability of your organisation? (kindly tick)

**(1=strongly disagree, 2= disagree, 3=Undecided, 4=Agree, 5= strongly Agree)**

	1	2	3	4	5
Use of computers for data entry					
Increased output/production due to use of technology					
Improved quality of product/service due to use of technology					

Payment of services through Mobile Money Transfer					
Improved Accountability Due to computer aided Accounting					

**D. EDUCATION LEVEL**

9) On a scale from 1 – 5 to what extent do you think the following activities have influenced sustainability of your organisation? (kindly tick)

**(1=strongly disagree, 2= disagree, 3=Undecided, 4=Agree, 5= strongly Agree)**

	1	2	3	4	5
Use of English/Kiswahili during meetings as opposed to mother tongue					
Workshops ,training, Seminars for members					
Ability to analyse issues and make decisions					
Ability to prepare financial reports					
Trained Management					

**E. PERSONAL FACTORS**

17) To what extent do you think the following issues have influenced the sustainability of the enterprise you work for? (Please circle the numbers on the right of the statement)

**(1 - No extent 2 - To a small extent 3 - To some extent 4 - To a large extent 5 - To a very large extent )**

	1	2	3	4	5
Age					
Marital Status					
Family life cycle stage					
Your current occupation					
Individuals personality					
Gender					



**F. SUSTAINABILITY**

17) To what extent do you think the following can affect the sustainability of youth enterprises? (Please circle the numbers on the right of the statement)

**(1 - No extent 2 - To a small extent 3 - To some extent 4 - To a large extent 5 - To a very large extent)**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Change in profits influences sustainability of youth enterprises					
Product diversification influences sustainability of youth enterprises					
Change in marketshare influences sustainability of youth enterprises					

**APPENDIX 1V: INTERVIEW SCHEDULE FOR THE MOYA**

**Section A: General information**

1. What is your age bracket?

-----  
-----

2. What type of businesses do you finance?

Manufacturing

Retail

Service

Others: specify \_\_\_\_\_

5. What level of education do you consider when supporting the youth SMEs?

7. Primary

8. Secondary

9. University degree

10. Others: specify:.....

6. Do you follow-up on the enterprise's performance? Yes  No

Please give your reason: -----  
-----  
-----  
-----

7. What in your opinion are the factors that influence the sustainability of youth enterprises?

-----  
-----

8. Do you help the youth market their product/services? Yes  No

Please give your reason: -----  
-----  
-----  
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**APPENDIX V : INTERVIEW SCHEDULE FOR MGCSD**

**Section A: General information**

1. What is your age bracket?

-----  
-----

2. What type of enterprises do you register?

Manufacturing

Retail

Service

Others: specify

3. What level of education do you consider when registering the youth SMEs?

Primary

Secondary

University degree

Others: specify:.....

4. Do you follow-up on the enterprise's performance? Yes  No

Please give your reason: -----

-----  
-----  
-----

5. What in your opinion are the factors influencing sustainability of youth enterprises?

-----  
-----

6. Do you help the youth market their product/services? Yes  No

Please give your reason: -----

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