

**FACTORS INFLUENCING GROWTH OF YOUTH OWNED  
SMALL BUSINESSES IN KURIA EAST SUB-COUNTY.**

**BY**

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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF ARTS  
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## DECLARATION

This research project is my own original work and has never been presented for a degree or other award in the university.

Signature.....Date.....

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L50/73611/2014

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

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## **DEDICATION**

I dedicate this research project to my wife Susan Nyangige and our two children Brian and Davis for the patience and moral support. In addition, I wish to dedicate this work to my sister Susan Mwasi and my mother Tabitha Merama for their timely financial support.

## ACKNOWLEDGEMENT

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

- YEDF**- Youth Enterprise Development Fund
- MoYA**- Ministry of Youth Affairs
- AEO**- African Economic Outlook
- UNDP**- United Nations Development Program
- GOK**- Government of Kenya
- ILO**- International Labour Organisation
- MSES**- Micro-Small and Medium Enterprise
- UON**- University of Nairobi
- SMES**- Small and Micro-Enterprise
- NGOs**- Non-Governmental Organisation
- KNBS**- Kenya National Bureau of Statistics
- WDR**- World Development Report

## **ABSTRACT**

This study sought to investigate factors influencing growth of youth owned small businesses. Its background is built from global, regional, national and sub-county perspective focusing on factors influencing growth of youth owned small businesses. This study was guided by the following objectives: to evaluate how entrepreneurial skills influence growth of youth owned small businesses, to investigate the influence of access to finances on growth of youth owned small businesses, to examine the extent to which access to information influences growth of youth owned small businesses and to establish how security influences growth of youth owned small businesses. This study sought to provide answers to the following research questions: how does entrepreneurial skills influence the growth of youth owned small businesses, to what extent does access to finance influences growth of youth owned small businesses, to what extent does access to information influences growth of youth owned small businesses and to what extent does security influences growth of youth owned small businesses in Kuria East Sub-County. This study will be significant to the youths in small business spheres, who diligently work around the clock to ensure that their economic status improve. In addition, this study will be significant to the government since is the main source of the Youth Development Funds that run youth businesses and other partners by acquiring information of the best business management practices that enhance business growth for an improved economy. Besides, this study adopted descriptive research design with a target population of 768 and a sample size of 77 youths. This study was also based on assumption that the questionnaire which was a data collection instrument will be valid and reliable in taking the desired reactions. Finally, the data analysis technique was descriptive statistics.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

With unemployment posing a menace to the economy, (Youth and Human Development Report, 2011) with world population scaling up to 1.6 billion youths, different nations have resorted into interventions of funding youth owned small businesses. Youth owned small businesses are increasingly seen as the pivot in the development of economies of many nations. Because of this, many countries and states around the globe target the development of youth owned small business with the sole purpose of promoting economic growth (Olawe and Garwe, 2010)

With the constant rise in the number of youths globally, nations are concerned with striking a balance of the well-being of youths. Referring to UN, (advocates for Youth 2012) puts forward a claim that the number of youths between ages of 15-24 years was 1.1 billion which was 18% the global population and that out of this total, 15% are from developed countries and 85% from developing countries.

In Canada, factors influencing growth of youth owned small businesses, Joerres (2011), observed that the world was on the cusp of entering a new reality in which human potential itself was to become the major agent of economic growth. In this, he advocated for fully human development in terms of capacity building and skills development. United Nation ``World Youth Report``, 2012 recorded that with less experience and few skills than many adults, young people often encounter particular difficulties accessing work.

The global youth unemployment rate, which has long exceeded that of other age groups, saw its largest annual increase on record in 2009; at its peak, 75.8 million young people were unemployed. Charest (2011), observed that the world was entering the era of unparalleled talent scarcity, which, if left unaddressed, will put a brake to economic growth around the world, and will fundamentally change the way challenges of workforce were approached. In his view, alternative options on youth capacity should be put in place to enable the development of youth owned small businesses for economic empowerment.

Harrison and Leitch (2010) have noted that researchers, governments and policy makers are recognizing the significant role that the education sector in particular has been noted as important in UK. According to UK government (2013), there are numerous policies developed to back-up youth owned small businesses in view of enhancing their growth and maintenance for economic growth through easy access to finance. The UK government masterminds this in conjunction with other business enterprises, government departments and other financial and other institutions to ascertain the easy access to finance. In an attempt to make an easy sail of business, the UK government has opted to provide and program strategies that incorporate private sector investment in small business including investing in youth small owned business. This is necessitated through the Start-up Loan SCHEME, The Business Finance Partnership and Business Angel Co-investment Fund. In addition to this, the government encourages and conducts training to enable necessary skills in management of youth owned small business.

Khanka(2010) observes that in India, small scale industries suffer a great deal of under-utilization of capacity which is as a result of inadequacy in access to relevant information required to propel micro and small enterprises to greater heights of economic support.

In Europe, a survey conducted by European Commission`s Eurobarometer in 2009, indicates that self-employment would either be very feasible or quite feasible within the next five years which is lower than the United States of America and China. Many younger entrepreneurs focus inclusively on local markets because of familiarity and lack of the knowledge about opportunities in other markets and how to take advantage of them (Chigunta, 2002).

However, at the same time, they are likely to be more open than adult entrepreneurs to international activity (Cassia et al., 2011)

According to Labour Force Survey (2011) on the influence on Youth Development Fund on the growth of youth owned small businesses in South Africa records that the country is faced with the complex challenge of poor economic participation of young people which inhibits the country`s economic development and imposes a large burden on the state to provide social assistance. The salient features of this stunted participation are high persistent youth

unemployment and low entrepreneurial activities among young people. GEM (2011) observes that only one of every nine S. Africans starting an enterprise is a youth. More important than this statistics is the fact that young people do not possess the requisite skills or experience that can contribute to driving economy forward.

Therefore, in Nigeria, a study conducted on the growth of micro and small business enterprises records that access to information through technological training enhances skills on youths and therefore affects sales growth which positively affects the expansion capacity of micro and small businesses.

Okeke, Ezenwafor and Femiwole (2013) observe that performance and activities of small business in Nigeria since the global economic meltdown has been very low. Although the government at different levels has come up with different policies like National Poverty Eradication Programme (NAPEP), Negerian Agriculture Peoples Bank (NAPB) National Directorate of Employment (NDE), National Economic Empowerment Development Scheme (NEEDS) to boost the performance of small business in order to alleviates the levels of poverty and enhance economic development. According to Aremu (2010), in his study on the influence of youth development fund on the growth of youth owned small businesses, asserts that the small scale enterprises provide income, savings and employment opportunities. They are seen as the actual engine of development of entrepreneurial capacities and indigenous technology which generates income.

In Tanzania, Christina (2010), observed that a youth development revolving fund was launched in 1994 with the sole aim of assisting the youth in the informal sector to establish formal employment and mitigate scaling up of unemployment. The local government authority was issued with a directive from the government to locate 5% of their revenue for youth development mainly for employment and income generating activities. The national youth revolving fund was established to support youth income generating activities in generating activities in organized economic production and small entrepreneurs.

In Kenyan context, the government has chosen to support MSE sector by providing enabling environment and support programmes that develop the sector. These are government policy programmes geared towards the support and funding of small enterprises through a variety of funding agencies and institutions, one of them being YEDF. FEDF has advanced loans



worth 5.2 billion Kenya shillings to 144,000 youth enterprises in Kenya (FEDF Status Report, 2011)

With unemployment posing devastating effects to the economy of Kenya, Kenya formulated the Vision 2030 development agenda which would gear forward the country into an income growing economy by the year 2030. According to Vision 2030, the youth play a central role in wealth creation. With youths constituting heavily in the human capital cluster, it calls for human development strategy which will translate to long-term impact on the structure and quality of human capital in the transition period.

Young people will be the stakeholders of economy and the immediate beneficiaries of Vision 2030 (implementation of the flagship projects and key national policies and programs identified under Vision 2030 and MTP) (MOP). The government of Kenya towards achieving of Vision 2030 has chosen to support start-up and growth of youth enterprises through the Medium Term Plan. The government policy towards youth owned small business is considered an opportunity for growth (Galt, 2012)

Youth Enterprise Development Fund was established in 2006 to provide an on lending facility to the youth, with low interest rate and flexible collaterals with the aim of supporting youth-owned enterprises and to enable other youths to start micro and small enterprises

(Ministry of Youth Affairs and Sport 2009) with a view of reducing unemployment among the youths aged 18-35 years. The fund was gazetted on 8<sup>th</sup> December, 2006 and then transformed to a state corporation 11<sup>th</sup> May, 2007.

The enterprise strategy that will increase economic opportunities for and participation of Kenyan youths in national building (YEDF, 2011)

The YEDF is an enterprise loan facility that targets all forms of youth owned enterprises whether owned individually, as a company, in groups, in cooperatives or any other legal forms of business ownership. The government set aside Kenya shillings One billion (Ksh. 1 billion) in the 2006/07 budget to fast-track this initiative. The fund has two lending components: Constituency Youth Enterprise Scheme and financial intermediaries. The Constituency Youth Enterprise Scheme (C-YES) funds are meant for youth owned enterprise and are accessible to youth through their registered youth groups in their respective constituencies all over the country. This component provides loans to eligible youth groups at

zero interest rate, with a one-off deduction of 5% administrative fee. The fund is administered, managed and monitored by Youth Enterprise Development Fund (YEDF) through the Constituency and the Regional Youth Enterprise Development Fund's Officers. The Constituency Youth Enterprise Development officers are supposed to receive the youth group proposals, evaluate and recommend the proposal and then, submits the recommended proposal to the Regional Youth Enterprise Development Fund Office for validation and approval. The Regional YEDF officers submit the approved YEDF Secretariat who disburses the funds directly to the bank accounts of the approved groups.

The group is supposed to repay the loan in installments within 12 months after a grace period of two months into the YEDF bank account (MOYAS, 2009). Further the CYDF officers are responsible for the monitoring of the funded group activities and enterprises.

Youth group organizations in Kuria East Sub-County receive allocation of funds from several financial institutions including; banks, Non-Governmental Organization (NGOs), Savings and Credit Co co-operatives (SACCOS) and Micro Finance Institutions (MFIs), from which the youth access funds to start and expand viable enterprises.

The applicant collects loan application forms from his or her preferred Financial Intermediary and submits the duly filled application forms to the same intermediary which carries out assessment and fund the proposed business. The applicant repays the loan with interest rate of 8% reducing balance to the Financial Intermediary within the agreed repayment period (MOYAS, 2009).

Since its launch, the fund has received government commitments worth Kshs. 2.25 billion towards enterprise development among the youth. By 2011, the fund had disbursed loans to over 32,000 youth enterprises through financial intermediaries and about 8,000 youth groups through C-YES (Government of Kenya, 2011)

In that case, the sole purpose of this study was to determine factors influencing growth of youth owned small businesses in Kuria East Sub-County.

## **1.2 Statement of the problem**

This study sought to identify why many youth groups were formed only to succumb after a very short period of time before they realize their set objectives. It was also a concern to find out reasons behind why some youth groups remained in their status or even worse than they were before receiving Youth Development Funds.

With the view of this reality, this study sought to investigate factors influencing growth of youth owned small businesses with the sole purpose of reducing unemployment among youths in Kuria East Sub- County.

## **1.3 Purpose of the study**

The purpose of the study was to investigate factors influencing growth of youth owned small businesses in Kuria East Sub-County.

## **1.4 Objectives of the study**

The study was guided by the following objectives:

1. To investigate the influence of entrepreneurial skills on growth of youth owned small business in Kuria East Sub-County.
2. To establish how access to finance influences growth of youth owned Small businesses in Kuria East Sub-County.
3. To evaluate how access to information influences growth of youth owned small business in Kuria East Sub-County.
4. To examine the extent to which security influences growth of youth owned small business in Kuria East Sub-County

## **1.5 Research questions**

This study sought to provide answers to the following research questions.

1. To what extent does entrepreneurial skills influence growth of youth owned small businesses in Kuria East Sub-County?
2. How does access to finance influence growth of youth owned small businesses in Kuria East Sub-County?
3. To what extent does access to information influence growth of youth owned small business?
4. To what extent does security influence growth of youth owned small business in Kuria East Sub-County?

### **1.6 Significance of the study.**

It was hoped that the findings of this study would provide adequate information on factors influencing growth of youth owned small businesses through easy access of youth funds, proper planning strategies on expenditure on expenditure and repayment of loans.

It was also hoped that the findings of the study would form the basis of evaluation on how policies governing the youth funds are in tandem with the practical applicability of all operations on youth owned small businesses for fully maximization of profit.

It was also hoped that this study would inform the financial institutions on the capacity of loans to give out, the appropriate sensitization of youth groups on how effectively to lay strategies for maximum returns in their business and appropriate mode and duration of loan payments which in return will cushion youths and reduce unemployment.

### **1.7 Limitations of the study**

This study was limited by several factors such as time. For one, the researcher was a student and an employee which limited the researcher. The researcher used research assistants and maximize weekends and April holiday when schools were had closed for effective data collection.

The study was also limited by resources used in development of data collection instrument and spending on other research related activities.

On this, the researcher traded off the sample size with available resources in such a manner that sample size was not be too small to lack representativeness of the target population nor too large to have constrains on the available resources.

The study also was limited with respondents unwilling to give information or give false information deliberately. To curb this, the respondents were informed that the purpose of the study will be purely academic and not for any purpose and information given was to be treated with utmost confidentiality.

### **1.8 Delimitations of the study**

The study was delimited to investigating factors influencing growth of youth owned small businesses in Kuria East Sub-County. In this respect, this study only targeted registered youth enterprises by the Ministry of Youth Affairs who are directly beneficiaries of Youth Development Fund.

### **1.9 Basic assumptions of the study**

The study was based on the assumption that the data collection instrument would be valid and reliable in measuring the desired outcome. Moreover, this study was also based on the assumption that the respondents will be willing to give information honestly and accurately.

### **1.10 Definitions of significant term as used in the study**

**Youths:** A youth in this study refers to any person between 18-35 years.

**Development:** In this study development means expansion and growth of youth owned small business.

**Security:** availability of peaceful business environment

**Funds:** In this study funds means the cash flow of all collaterals present to facilitate achievement of business goals.

**Entrepreneurial skills:** They refer to knowledge gained in business over time.

**Access:** In this study access means to reach information

**Information:** is the adequate knowledge required to enable small businesses run effectively.

### **1.11 Organization of the Study**

The study comprises of five chapters. Chapter one presents the background of the study, statement of the problem, purpose of the study and objectives of the study. Also contained in chapter one are the research questions, significance of the study, limitations of the study, delimitation of the study. Moreover, the study as well has definition of significant terms as used in the study.

Chapter two reviewed literature related to this study as done by previous scholars. The review was done on the study variables; entrepreneurial skills, access to information, security and access to finance. Also contained in chapter two are theoretical framework, conceptual framework of the study, empirical literature, gaps in the literature review and summary of literature review.

Chapter three consists of the Research Methodology which entails the research design, the target population, the sample size and the sample selection. Also contained in this chapter are data collection instrument; instrument pretesting, instrument validity and instrument reliability, procedures of data collection methods of data analysis operationalization of data variables and ethical issues in research.

Chapter four presented analysis of data, presentation and interpretation. The chapter contains introduction, questionnaire return rate, demographic characteristics which contains age distribution, gender, marital status, duration of the respondents in business, level of education, category of business, professional qualifications, area of training, form and frequency of training, source and conditions of accessing finance, cost of finance and frequency of access, sources, ways, how ease and frequency of generating information by the respondents. On security, the study focused on police officers on patrol, frequency of occurrence of crime, recovery of lost items and security of business environment.

Chapter five presented introduction, summary of findings, discussions, conclusions, recommendations and suggestions for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter featured the review of related literature to this area of study. Literature was reviewed against the backdrop of the key study variables; influence of entrepreneurial skills, access to finance, access to information and security on the growth of youth owned small businesses. Also, the chapter put forth the theoretical framework and conceptual framework of the study.

#### **2.2 Overview of Youth Development Fund on growth of youth owned small businesses.**

Kongolo (2010), in his study in South Africa observes that micro and small enterprises contribute significantly to the provision of productive employment opportunities, equality and the reduction of poverty and income generation. MSEs play an important role in the development of a nation`s economy and creating employment for rural and urban growing labor force (Ndumana, 2013). According to (Ntale, 2010), knowledge empowers people in a society; training in entrepreneurship relevant in promoting innovative leadership in businesses in different countries. Kenya Vision 2030 advocates for proper strategy that will meet all the demands in the growth of economy and positioning this country appropriately so that it remains a centre for wealth creation and a global competitive nation. Exploration of the opportunities for globalization and application of new technologies are made necessary with Millennium Development Goals (MDGs) and Kenya Vision 2030.

Reporting from YEDF status report (2011), entrepreneurship training and provision of appropriate business development services are key to the achievement of the funds mandate. The funds has started a mandatory pre-financing training programme to enhance the sustainability of youth enterprises and over 200,000 youths have been trained. Globally, it is accepted that proper training in various business skills and financial management will necessitates proper use of youth development funds.

In a wider perspective, the growth of youth owned small businesses is dependent on provision of adequate entrepreneurial skills, friendly government policies, access to relevant information and secure environment for business.

### **2.3 Influence of entrepreneurial skills on growth of youth owned small businesses**

The Government of Kenya recognizes that access to entrepreneurial skills development is key to the growth and development of any enterprise and more so the MSE.s (Republic of Kenya, 2005). Skilled entrepreneurs have what it takes to pursue their dreams and acquire their objective. They have a way of surviving the tough situations. They must remember to take regular breaks from work which will ensure that you do not burn out quickly. Most successful entrepreneurs possess skills that make them rise beyond ordinary challenges as they navigate the corridors of business (Rasmussen & Sorheim, 2006).

Successful entrepreneurs are passionate and obsessive about making their business opportunity work with a strong vision. Their determination to succeed is due to their strong will. Setbacks and risks do not discourage them and they are relentless in their pursuit of goals (Mokaya, 2010). Being a risk taker is a natural trait that is driven by the passion of the heart. They are attracted to challenges and approach risks cautiously. Common sense prevails and this makes them cautious around the tough bends. Their willingness to persevere helps them against the odds. Being passionate about their venture, their sheer belief and conviction in an idea or action is an entrepreneurial skill that helps them survive (Rasmussen & Sorheim, 2006).

Being strategy planners, entrepreneurs employ the best employees to support them in their venture. They focus on their main objective, growth and sustenance by learning to delegate. Serving as a member of the top management, they must have the ability to supervise all the sections of the business and become victorious. Communication and delegation entrepreneurial skills help entrepreneurs to master the abilities and efforts made by their team members. Intervening on complaints for their company requires immense tact and diplomacy (Gakure, 2001).

Hard work and commitment are their strong entrepreneurial traits. Entrepreneurs are able to work long hours, are not afraid to get their hands dirty and are among the first few people to focus on their task with a high degree of involvement. They set high standards of performance by their accomplishments and are motivators. Willing to lead the team members especially in a crisis is an entrepreneurial skill that is valued highly (Mwirigi, 2007). Selling ideas and their products is an entrepreneurial skill that cannot be undervalued.

Appealing presentations, direct selling whenever there is a need and determining sales quotas accurately are tasks that entrepreneurs must be able to achieve. Enhance your marketing skills by acquiring knowledge and practice. Being customer oriented is an entrepreneurial skill that helps them to satisfy the needs of their customers. An entrepreneur must be customer



focused. Ultimately, it is they who decide if the business will boom or go bust. Remember, it is easy to keep your regular customers happy rather than try to woo new customers (Buckley, 1993). Ability to adapt and change to a new environment is an entrepreneurial skill that decides the outcome of success or failure in a dynamic environment.

According to Hisrich (2005), there is strong evidence that entrepreneurs tend to have entrepreneurial parents. Having a parent who is self-employed provides a strong aspiration for the entrepreneur. The independent nature and flexibility of self-employment is ingrained at an early age. Entrepreneurial parent often further enforces this feeling of independence, achievement and responsibility. This supportive relationship of the parent appears to be the most important for upcoming youths which will form the foundation of relevant skills in the work place.

Manpower Group (2012), observes that a lack of skills relevant to the work place has played a down impact on economies. Even those youths who have pursued a course of study with a specific career in mind often find themselves with general or theoretical knowledge that does little to prepare them for actual tasks they will encounter on the job. This is partly the fault of school curricula and poor connections between employers and the educational system. Young people also lack specific ``21<sup>st</sup> century workplace skills'' such as cooperation, communication, critical thinking, creativity, and a focus on the needs of the enterprise. The Government of Kenya recognizes that access to entrepreneurial skills development is key to the growth and development of any enterprise and more so the MSE.s (Republic of Kenya, 2005).

Skilled entrepreneurs have what it takes to pursue their dreams and acquire their objective. They have a way of surviving the tough situations. They must remember to take regular breaks from work which will ensure that you do not burn out quickly. Most successful entrepreneurs exhibit the following entrepreneur skills (Rasmussen & Sorheim, 2006).

Successful entrepreneurs are passionate and obsessive about making their business opportunity work with a strong vision. Their determination to succeed is due to their strong will. Setbacks and risks do not discourage them and they are relentless in their pursuit of goals (Mokaya, 2010). Being a risk taker is a natural trait. They are attracted to challenges and approach risks cautiously. Common sense prevails and this makes them cautious around the tough bends. Their willingness to persevere helps them against the odds. Being passionate about their venture, their sheer belief and conviction in an idea or action is an entrepreneurial

skill that helps them survive (Rasmussen & Sorheim, 2006). Being strategy planners, entrepreneurs employ the best employees to support them in their venture.

They focus on their main objective, growth and sustenance by learning to delegate. Serving as a member of the top management, they must have the ability to supervise all the sections of the business and become a generalist. Communication and delegation entrepreneurial skills helps entrepreneurs to master the abilities and efforts made by their team members. Mediating and handling complaints for their company requires immense tact and diplomacy (Gakure, 2001).

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According to Hisrich (2005), there is strong evidence that entrepreneurs tend to have entrepreneurial parents. Having a parent who is self-employed provides a strong aspiration for the entrepreneur. The independent nature and flexibility of self-employment is ingrained at an early age.

Entrepreneurial parent often further enforces this feeling of independence, achievement and responsibility. This supportive relationship of the parent appears to be the most important for entrepreneurs (Hisrich, et.al, 2005).

According to Cheung (2008, p. 501), small business owners often lack experience and training in management of their businesses. Previous study by Wawire and Nafukho

(2010), shows that poor management is the second most cause of MSEs' failure after lack of enough funds.

This is despite the fact that management has been established to be a very important aspect that affects the success of any given enterprise. Despite the numerous institutions providing training and advisory services, there is still a skills gap in the MSE sector as a whole (Kayanula&Quartey, 2000). This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency (King & McGrath, 2002). As a result, they cannot meet the future needs of society. Ahmad (2009, p. 98) adds that factors that hamper MSEs growth include a lack of abilities and skills. Ihua (2009, p. 199) reports that one of the serious constraints on small business growth is lack of management skills, which results in the poor management actions taken by small business owners (Wawire and Nafukho, 2010). Literature makes it clear that 54 per cent of those who manage the MSEs had no training at all, while 38 per cent had some limited project management knowledge (Wawire and Nafukho, 2010). The literature is confirmed by finding of Mboniyane and Ladzani, (2011) that almost no training was provided for MSE staff.

Customer care skills are important in the performance of enterprises. Tsvetanka (2010) outlines ways to treat clients. She indicates that there is need to treat the clients with the utmost respect. Clients whether they consciously do it or not, know the value of their money. Akande, (2011) described entrepreneurial skills as qualities or attributes required for an entrepreneur to start and successfully manage a business in a competitive environment. Entrepreneurship skills are simply business skills which individuals acquire to enable them effectively function in the turbulent business environment as an entrepreneur or self-employed.

It takes special skills to succeed as an entrepreneur but most entrepreneurial skills come by learning and practicing (Ezeani et al., 2012).

Even if the products can be bought in from manufacturers, those people within your business dealing directly with customers still need to have detailed product knowledge in order to give the required varies from business, depending on the complexity of what the firm is delivering (Shaw, 2012).

Lack of business skills had been identified as a key barrier to youth's entrepreneurship. According to Ghai cited in Chigunta et al., (2005), entrepreneurship among young people is

affected by a number of factors, including lack of skills, social capital, knowledge and experience which have led to poor overall performance of youth enterprises.

On this account, youth enterprises are highly vulnerable to failure (Entwistle, 2008). Many small businesses struggle and fail because of poor management and planning (Ondeng, 2007). Cacciolotti et al. (2011) in their research indicates that MSEs that make good use of structured marketing information presented a higher probability of growth. Scheers (2011) found that lack of marketing skills of MSEs contribute to high business failure in South Africa. The study concluded that lack of marketing skills has a negative impact on success of small business. Mahmoud (2011) in a research in Ghana concluded that the higher the level of market orientation, the greater the level of performance in Ghanaian firms. Marketing an MSE determines in the long term whether the business will succeed or go under. The assumption is, if potential customers are not aware of your products or services, no one will do business with you. However, MSEs face marketing limitations due to limited resources like finance, time and marketing knowledge, shortage of exclusive marketing techniques and limitation in market influence (Pandya, 2012). Small business deliberations involve informal, unplanned activities that heavily rely on the intuition and energy of owner/ manager to make things happen.

Ryan, (2003) as quoted in Irene, (2009) observes that 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 among young people. As traditional Job-for-life career paths become more and more rare, youth entrepreneurship is regarded as an additional way of integrating youth into the labor market and overcoming poverty (ILO, 2005).

## **2.4 Influence of access to finance on growth of youth owned small businesses**

Worldwide, financial access has become an increasingly important development metric, as one of the factors which can drive widespread economic development (Cracknell, 2012). Financial inclusion, in the fullest sense of the term, goes well beyond access to a basic bank account (Reagan et al, 2003). Worldwide, 50 percent of adults report having an individual or joint account at a formal financial institution. But while account penetration is nearly universal in high-income economies, with 89 percent of adults reporting that they have an account at a formal financial institution, it is only 41 percent in developing economies. Globally, more than 2.5 billion adults do not have a formal account, most of them in developing economies (Demirguc-Kunt et al, 2012).

Provision of loans and business development services to Youth Enterprise either through financial intermediaries, youth groups or individual enterprises has been the main focus of the Youth Enterprise Development Fund. The fund as at 31st December 2011 had made the following disbursements; 614.8 million Kenya shillings to 13,341 youth groups and 66.1million Kenya shillings to 2645 individual enterprises. YEDF had also partnered with 33 financial intermediaries for on lending funds to youth. These financial intermediaries had on lent a total of 5.2 billion Kenya shillings in all counties in the country by 2012 (Kenya Government, Youth Enterprise Development Fund Status report, 2012).

Due to the lack of self-sustaining resources, the absence of a substantive credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are often seen as particularly risky investments and therefore face difficulties in accessing finance (Schoof, 2006).

Tucker and Lean (2003) noted that one of the problems faced by the MSEs when attempting to raise finance is information asymmetry in that they cannot prove the quality of investments to the provider of the finance.

Young entrepreneurs often have difficulties in meeting strict credit scoring criteria as banks often deal arbitrarily with terms and conditions. There is a lack of binding rules and clear general terms ensuring the transparency of rating procedures and credit scoring systems for young entrepreneurs. They are easily put off by the documentation procedures and information required by many commercial lenders of credit. Particularly funds requiring less or no collaterals but that charge very high interest rates and fees often have more complex documentation procedures. Entrepreneurs are often not aware of all available types of finance, funding forms and special support programmes. They often do not understand the

concept, the benefits, the possibilities and the drawbacks of the numerous forms of debt and equity financing (De, 2001)

Well-functioning financial systems serve a vital purpose, offering savings, credit, payment, and risk management products to people with a wide range of needs. Inclusive financial systems - allowing broad access to financial services, with-out price or non-price barriers to their use - are especially likely to benefit young people and other disadvantaged groups. Without inclusive financial systems, young people must rely on their own limited savings to invest in their education or become entrepreneurs - and YREs must rely on their limited earnings to pursue

promising growth opportunities. This can contribute to persistent income inequality and slower economic growth (Demirguc-Kunt et al, 2009).

As Buckland (2010b) points out, low-income consumers often feel unwelcome in mainstream banks and encounter obstacles in their transactions that do not impact middle and upper income consumers in the same way. These include identification requirements; travel to and from the bank, banking hours, and the design of the products themselves. As a result, vulnerable consumers may find it preferable to use fringe financial services, including payday lenders, pawnbrokers and cheque cashers because they lack access to better alternatives. Fringe services typically offer fewer barriers and are delivered in less stigmatizing ways for vulnerable consumers, making them attractive in spite of service fees and interest charges well in excess of 100% on some credit products (Buckland, 2010b).

Mainstream financial products provide ways for families and individuals to manage and leverage their financial resources, whatever these may be. As Ray Boshara (2005) explains, it is hard to build a productive asset with savings under the mattress and you can't save at a cheque casher. Mainstream financial services and products, even if not always responsive to the needs of low and modest-income Canadians, are overseen by public regulators and deposit accounts are insured against loss or theft – protections that are not available to those who keep their cash at home or rely on fringe financial services.

Youth entrepreneurs face a lot of challenges in accessing finances to inject in their business both as start-up, seed capital and finance expansion of the businesses. This is because of many factors which make their businesses less attractive in terms of lending. Operations of many financial institutions are tailored to offer credit to formally registered businesses which meet criteria such as proper maintenance of books of accounts and verifiable asset base Chuta and Liedholm (1985) argued that, entrepreneurs who keep financial records are expected to be more successful than those who do not. However, most MSES cannot meet these criteria.

It is however worth noting that YEDF loans are always channelled to the Youths through three modes, namely Constituency Youth Enterprise Scheme (C-yes), the Easy YouthEnterprise Scheme (E-yes) and through Financial Intermediaries. C-yes provides loans to Youth Groups at the Constituency Level throughout the country. The range products covers start- up businesses, expansion of business and loans for special projects. There is a 5% management fee charged on these loans.

E- Yes is a constituency based loan intended to finance individually owned enterprises at the group level. It is actually an enhancement of the C-yes graduating the group members to individual loans while supporting individual youths who are in existing businesses.

This product targets all young entrepreneurs between 18-35 years who have excelled under C-yes model. YEDF charges 8% management fee on these loans. (Kenya Government 2007, Youth Enterprise Development Fund Status report,).

The on- lending component of YEDF mainly works through financial intermediaries such as banks, nongovernmental organizations, savings and credit cooperatives [SACCOS] and micro finance institutions [MFIs]. The youth access funds directly as individuals or as organized entities such as groups, cooperatives or companies. The loan always targets all forms of youth owned enterprises whether individual or groups (MOYAS, 2006).

Direct funding is another loan product recently developed by YEDF to finance enterprises owned by individuals, partnership and other duly registered business entities.

Interested youths access the products through field offices who later forward the application to the head office for appraisal and approval.

However the applying group must be registered with the relevant government body, group Membership must not be less than 8, the Membership composition must be at least 70% youth (18-34 years), and the leadership 100% youth.

The group must have a valid group registration certificate and a clearly outlined business project proposal form properly filled up.

Finally, full financial inclusion encompasses access to timely and affordable help with financial choices and decisions. Research suggests that consumers who get financial advice feel more confident about their decisions (TFFL, 2011).

## **2.5 Influence of access to information on growth of youth owned small businesses**

Youths in small scale businesses in most developing countries however need help in the area of information management with respect to availability and accessibility of information which could enhance their businesses transactions (Egwuonwu U.I. et al 2011). According to the Bhutan National Human Development Report, 2005 the youth entrepreneurial training Programme, as with the CGS in Bhutan, could benefit from greater media coverage and stronger advocacy to enhance its awareness among youth and that the lack of widespread awareness about the course among the intended beneficiaries severely diminishes its potential reach.

In Sri Lanka key, informants and literature indicated a need for information about micro credit and finance schemes suitable for young entrepreneurs to be disseminated to key players across the country (National Action Plan for youth Employment Sri Lanka – August 2006). Improving entrepreneurship in South Africa is dependent upon making information and resources more available to potential innovators. This is cited as a chief contributor to the consistently low level of entrepreneurship in this country, according to the findings of the 2007 Global Business.

Financial education can thus help to reduce the demand-side barriers to financial inclusion. Improved financial literacy can increase awareness about products and services, as well as confidence and ability in using them. In turn, this can help to promote the demand for formal financial products and services. To be effectively included in financial markets, consumers need not only to have access to safe and regulated financial products, but also to be aware of their existence, understand their terms and conditions, and be able to compare products so as to choose the most appropriate to their needs. Moreover, consumers' lack of knowledge and experience with financial issues may put them in a disadvantaged position with respect to banks, microfinance institutions, and informal lenders, thus increasing the probability that they fall victim to fraud or abuse. In this respect, financial education can also foster effective financial inclusion by making consumers aware of their rights, so that they can better avoid scams and abuse from unscrupulous financial sector providers (Messy and Monticone, 2012). Rapando (2008) suggest that the government and other regulating bodies should protect local entrepreneurial youth when faced with serious challenges that could ruin their Enterprises. A survey done by Mbatia&Mbugua (2009) on challenges facing the youth in Nairobi, 62.4% of the 180 sampled youth knew very little about YEDF. This clear lack of adequate entrepreneurial skills greatly bar youths from flourishing in their businesses as observed in



Entrepreneurship Monitor (GEM) report. According to a research done by Umsobomvu Youth Fund, 2002 in South Africa, Mass media coverage remains the most effective tool for creating widespread awareness of entrepreneurship in society and increasing its legitimacy. Media coverage about the role of entrepreneurship and profiles of entrepreneurial activity stimulate discussion to demystify and raise awareness of the entrepreneurial process.

In Kenya, there is a correlation between use of financial services [such as having a bank account] and exposure to financial information. Radio, followed by word of mouth from friends and family members, is the most common source of financial information, although urban youth also have greater access to television and other media (Lisa Xu et al, 2012).

A study done in Kenya found out that despite the fact that YEDF could be a preferred source of funding among the youths, accessing it remained a great challenge as most youth have not been properly informed on how these funds can be accessed (Amenya et al, 2010). The foundation of awareness creation, information and skill enhancement is being done mostly by financial 20

Institutions (FIs), micro-finance institutions (MFIs), non-governmental organizations (NGOs) and civil society organizations (CSOs) ranging from large producer associations to community based organizations (CBOs). Public sector officials in the rural areas work closely with such agents of community mobilization.

In terms of technology, MSEs often have difficulties in gaining access to appropriate technologies and information on available techniques (Naidu and Chand, 2012).

With the constant rise in the number of Youth population globally, nations are concerned with striking a balance of the well-being of youth. Referring to UN, (Advocates for youth 2012) puts forward a claim that the number of youths between ages of 15 – 24 years was 1.1billion which was 18% the global population and that out of this total, 15% are from developed countries and regions and 85% from developing countries.

Reporting from a study done by Nkonoki (2010), in Tanzania on factors affecting the growth of small businesses, he claims that from a theoretical point of view, management experience and continuous training provides a particular entrepreneur with the necessary skills and competencies needed for successful entrepreneurship. On government policy he observes that the Government of Tanzania has come about with many policies on small and medium reforms. The aim of the policies is to provide the government support promoting growth of

small and medium enterprises. But the main problem remains that many small business owners are not made aware of these services and those who are benefiting are large business owners.

## **2.6 Influence of security on growth of youth owned small businesses**

According to Asaet *al* (2006, p. 1867), crime hampers the development of small businesses. Losses incurred by small businesses include the cost of improving security or repairing damage and loss of items (goods). Insecurity is affirmed by Mboniyane and Ladzani, (2011) in their finding that crime is a serious threat to most micro-enterprises and small businesses. A study by Longenecker, *et al.*, (2006) of “Small Business Management: An entrepreneurial emphasis” found out that insecurity, finance and lack of managerial skills, equipment and technology pose challenge to MSEs.

Most critical challenges faced by MSEs included competition, insecurity and lack of capital and managerial problems. The study recommended that the good performance of the YG MSEs should be sustained by capacity development through seminars, workshops to enhance the managers with managerial and mitigation strategies (Okungu, 2012).

Furthermore, conflict is most often a characteristic or defining feature of states that have been described as “fragile.” Fragile states are amongst the poorest, and lack authority, legitimacy and capacity to promote their citizens’ wellbeing—often due to violent conflict, but also contributing to violent conflict (see Naudé, McGillivray and Santos-Paulino, 2011). Given the widespread occurrence of violent conflicts in Africa, Latin America, the Middle East, and South Asia in particular, and the rising concern about fragile states and their repercussions for global development, the lack of research on the emergence of, and challenges to entrepreneurship and small businesses during violent conflict is a significant setback to youth owned small businesses.

Direct effects such as diminished security, kidnapping, looting, or employees dropping out due to fighting, death or forced migration have been mentioned. Destroyed infrastructure, insecure property rights or falling consumer demand all increase transaction costs and the ease of doing business. It also diminishes productivity and increases the constraints underlying entrepreneurial decisions, and may, in particular, hinder international entrepreneurship, as the latter depend on reliable access of transport and logistical infrastructure—often the first to be damaged in a war (Naudé and Rossouw, 2010).

Studying 11 production firms in the capital of Liberia, a country where long-lasting civil war kept on destroying the national economy until a peace agreement was reached in 2003, McDougal (2010) follows up the adaptation strategies of firms affected by ongoing conflict. The papers contained in this special issue focus on *violent* conflict. Conflict itself need not be violent or group-based—wage disputes can be non-violent while robbery or even murder may be individualistic. Our focus on violent conflict then implies elements of group behavior in the planning and implementation of the violent conflict (Brück and Schindler, 2009b). In addition, and quite obviously, it also implies the use by groups against individuals or other groups of deliberate force with the potential or intent of harm. Empirically, violent conflict is often defined by thresholds of victims of fighting per year. For instance, UCDP/PRIO (2007: 4) defines violent conflict as “a contested incompatibility that concerns government and or territory where the use of armed force between two parties, of which small business, entrepreneurship and violent conflict 163 at least one is the government of a state, results in at least 25 battle related deaths.” However, we wish to stress the importance of focusing on the nature of the conflict, not on its intensity as crudely measured through a single statistic. For notational simplicity, we may occasionally refer to conflict or war below, but mean “mass violent conflict” throughout.

The channels through which entrepreneurs may benefit or suffer from violent conflict depend not only on the characteristics of the particular entrepreneur and firm, but also on the type of violent conflict. A business may lose its employees (they may have fled or may be killed) and a business’ main assets may be destroyed. If conflict affects a business in a once-off, shock-like manner, then activities may be resumed following a cessation of violence, resulting in a temporary dip in profits. In contrast, a more persistent conflict may have a pernicious impact on firm-level investment and growth over the long term, and may result in a growing number of business failures.

From an economic point of view, we can distinguish between conflicts that deplete the capital stock of a country and its firms (including buildings, infrastructure, hospitals, land, and cattle) and conflicts that mainly target the civilian population (e.g., through displacement or with a heavy death toll).

All conflicts have elements of both, but for analytical reasons it is worth making this distinction. The wars in Mozambique or Angola, for example, are notorious for their use of landmines. This has obvious consequences in terms of human suffering, but it also prohibits the use of the land as a productive asset during the war and for many years after it has ended

(Brück and Schindler, 2009a). Thus, an entrepreneur (e.g. a large commercial farmer) in such a setting will be handicapped by the land being unavailable.

The Rwandan genocide, pertinent to the paper by Tobias and Boudreaux in this issue, is a case in point. Here, the main target was not the country's capital stock, but its civilian Tutsi population. This has led to a massive loss in human capital, to the extent that the victims were better educated and urbanized compared to the country average (de Walque and Verwimp, 2010).

As far as entrepreneurship is concerned, one definition of entrepreneurs is that they are “persons who are ingenious and creative in finding ways that add to their own wealth, power, and prestige” (Baumol, 1990: 987). More specifically, entrepreneurial talent may be allocated not only to productive activities, but also to unproductive (e.g. rent-seeking) or destructive (e.g. illegal) activities (Baumol, 1990). While we recognise the importance which destructive and non-productive entrepreneurship can play in armed conflict, the studies in this special issue—with the exception of the paper by McCoskey on Liberia—tend more to be concerned with the impact of armed conflict on productive entrepreneurship— on its emergence, its determinants, how it affects women entrepreneurs, and how conflict may affect post-conflict reconstruction. The type of entrepreneurs that the studies refer to are, therefore, generally “productive” entrepreneurs—drivers of economic growth and development.

An important channel whereby productive entrepreneurship matters is through the establishment of business firms—both formal and informal. Hence, for most cases in this special issue, productive entrepreneurship can be defined as the action through which individuals or communities perceive potentially profitable opportunities and create new firms and employment opportunities to pursue these opportunities.

The actions undertaken by entrepreneurs take place in a social context. The individual entrepreneur cannot change that context, but her/his actions can have a dampening or stimulating effect on violent conflict.

It can have a dampening effect on conflict when, for example, the private sector entrepreneur provides jobs to young men who may otherwise join a rebel movement. The actions of entrepreneurs, however, may also stimulate or stir up conflict when they mobilize potential recruits, provide or trade weapons, or smuggle illicit drugs to finance a rebellion. Political entrepreneurs may use their oratory skills to spread propaganda and hatred among the general population against a chosen enemy.

## **2.7 Theoretical Framework of the study**

According to Kombo and Tromp (2006) ,theoretical framework refers to a collection of interrelated ideas based on theories attempting to clarify why things are the way they are based on theories ,introducing new view of the research problem ,allowing understanding realm of the problem ,helping to conceptualize topic in its entirety and to acknowledge problem from a wider perspective for objectivity .The theoretical framework in this study provides a justification and logical basis of youth engagement in small scale entrepreneurship underpinned on McClelland (1961) Motivation Need for achievement whichputs forward assertion that within the research domain of personality traits and entrepreneurship, the concept of need forachievement (nAch) has received much attention. McClelland (1961) argued that individuals whoare high in nAch are more likely than those who are low in nAch to engage in activities or tasks that have a high degree of individual responsibility for outcomes, require individual skills and efforts,have a moderate degree of risk, and include clear feedback on performance. Further, McClellandargued that entrepreneurial roles are characterized as having a greater degree of this task attributesthan other careers; thus, it is likely that people high in nAch will be more likely to pursueentrepreneurial jobs than other types of roles.

A motivation strategy is any effort to induce employees to initiate and sustain activities that directly or indirectly improve service productivity (Greiner 1986,p 83). Further suggests that motivational strategies have probably affected the most by employee concerns and value.

The strength of McClelland's acquired needs theory is that it provides a clear picture for the organization and the managers to know which type of job are suitable for the employeesand which types of people that can make the organizations more successful. According to the article, the authors stated that managers who have strong power of needs are more successful than those with lower power of needs (Wagner and Swanson 1979, p.66). Another strength is that it provides an understanding for the managers on how to deal with different types of employees.

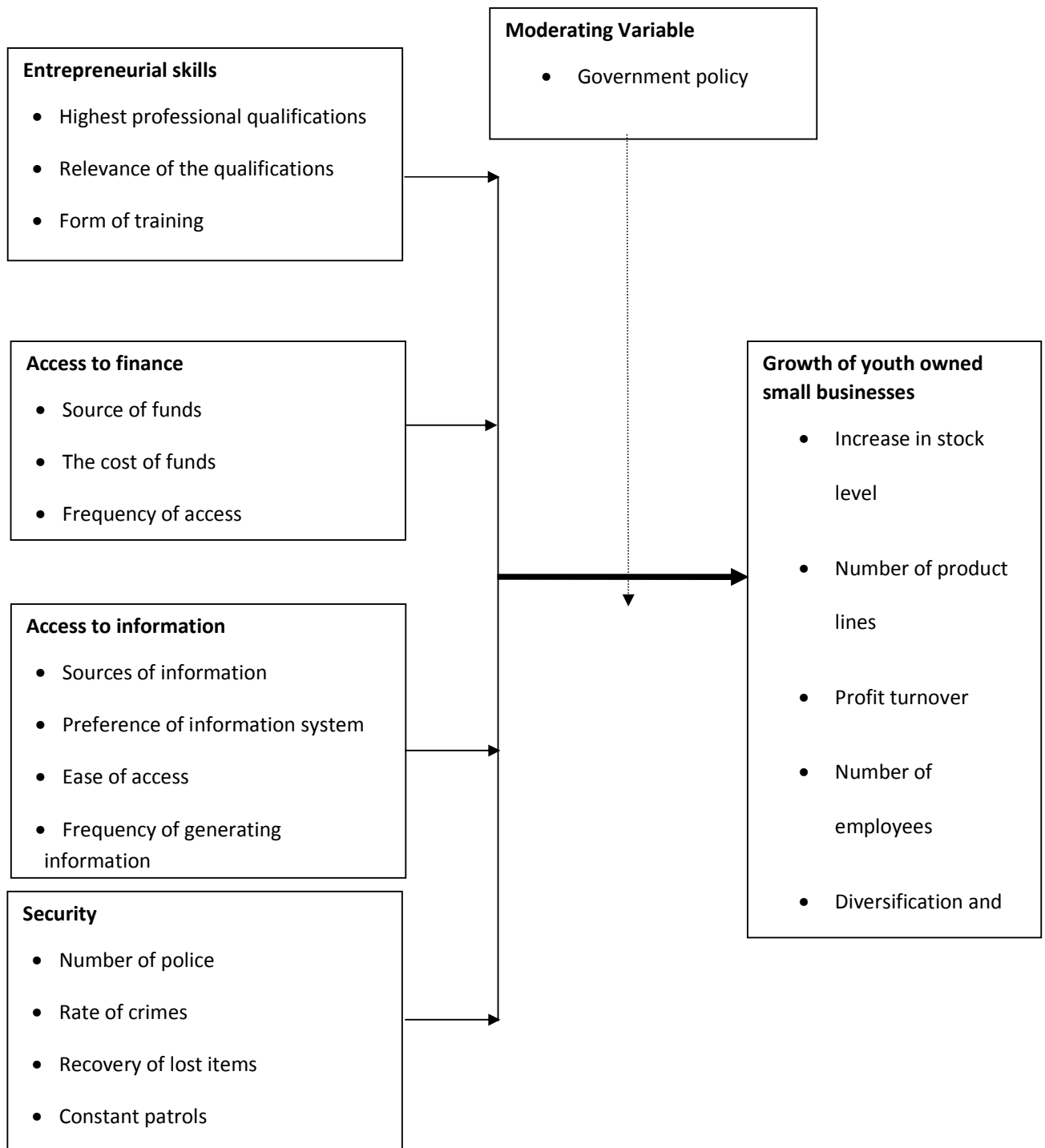
Besides that, the weaknesses of the McClelland acquired needs theory is that it serves little purpose in the sector. As stated in the article, public sector employees are being motivated by job security and stability, teamwork and worthwhile service to society, while achieving monetary rewards, prestige and the desire for change and autonomy (Jurkiewicz, Massey and Brown 1998, p 231)

Besides its weakness of serving little purpose in the sector, McClelland theory of Motivation Need achievement will focus widely on youth owned businesses in Kuria East Sub-County where youths will need to identify appropriate personalities that will sustain the growth of youth owned businesses for individual and economic development and sustainability.

## **2.8 Conceptual framework of the study**

Mugenda and Mugenda (2003), describes a conceptual framework as a graphical ordiagrammatic representation of the relationship between variables in a study, this is because it allowsthe researcher to see the proposed relationship between the variables easily and quickly. In this project, the conceptual framework was based on four independent variables that were presumed to influence the growth of the youth owned small businesses.

## CONCEPTUAL FRAMEWORK



In the above conceptual framework shown in figure 2.1, factors were hypothesized to influence the growth of youth owned small businesses in Kuria East Sub-County. Factors

were described as, entrepreneurial skills, access to information, security and access to finance.

Growth of youth owned small businesses is described as the frequency of payment, registration of youth groups, interest rate, official documents, level of education technical training, business experience, seminars, frequency of bench marking, mode of information, the number of police posts and quality of premises.

The framework asserts that the status of, entrepreneurial skills, access to information, security and access to finance directly affected the growth of the youth owned small businesses.

However this relationship was also affected by government policies and individual traits.

## **2.9 Knowledge Gap**

Although factors that influence MSEs have called for the attention of some researchers both internationally (Onugu, 2005; Olawale and Garwe, 2010; and Krasniqi, 2010) and locally (Wanjohi, 2009; Wawire and Nafukho, 2010), little is still known about the factors influencing performance of small Kenyan enterprises especially those run by the YGs (Irwin, 2011) and in Kuria East Sub-County in particular. It is evident that there are no previous studies which focus on factors influencing growth of youth owned small businesses. Very little research has been carried out to determine whether there is a positive outcome out of the various interventions put forward by the government as a measure to curd escalation rates of youth unemployment and crimes so that youths can get desired business growth for self and economic sustainability. The motivation of this study is to identify what are main factors influencing growth of youth owned small businesses in Kuria East Sub-County. The essence of this study is that it will provide empirical evidence of youth owned small businesses in Kuria East Sub-County.

## **2.10 Summary of Literature Review**

This chapter elaborates in details factors as the independent variable of the study bringing into focus various attributes of the independent variable. The study has discussed factors (IV) in terms of training, entrepreneurial skills, access to information and security on the growth of Youth owned small businesses (DV) in relation to the various components of the dependent variable namely; higher returns, expansion on business base, high quality product and service and secure business environment. Also in this chapter, the theoretical framework has been



discussed to give a base to the empirical evidence to the current situation of youth owned small businesses and conceptual framework to give a wider picture of correlation between independent and dependent variables. These factors put forth a kind of hidden mismatch that exists within the youth owned small business upon the government strategies to cushion youth ventures through Youth Development Funds as observed by Chigunta (2001: Motts, 2000)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focused on the research methodology used in the study. These methodological aspects included; research design, target population, sample size and sample selection. Besides, it highlighted data collection instruments, instrument pretesting, instrument validity as well as instrument reliability. Moreover, it also presented procedures of data collection, methods of data analysis, operationalization of study variable and ethical consideration in research.

#### **3.2 Research Design**

The research design that was used in this study was descriptive survey research design. The research design was used for the purpose of describing the state of affairs as they were. According to Mugenda and Mugenda (1999) descriptive research was a process of collecting data in order to answer questions concerning the current status of the subjects in the study. Schindler and Cooper (2003) noted that descriptive studies are structured with clearly stated investigative questions. According to Mugenda and Mugenda (1999), this type of research design attempted to describe possible behaviour, attitude and values.

In this study the design was appropriate since the study aimed at describing the relationship between factors (IV) and the Growth of Youth Owned Small Businesses (DV) in their current situation.

#### **3.3 Target Population**

According to Kothari (2005), a target population describes the accessible population from where a study sample is drawn and upon which the findings are generalized. In this study, the target population was 64 youth groups with 12 members per group giving rise to 768 youths in Kuria East Sub-County as registered in the Ministry of Youth Affairs.

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

##### **3.4.1 Sample Size**

The number of respondents was chosen using the Krejcie and Morgan Sampling Table (1970). The sample size consisted of 77 respondents who were youths between the age of 18 and 35 years, and ran their small owned businesses and faced challenges of, entrepreneurial skills, access to finance, access to information and security in Kuria East Sub-County.

### 3.4.2 Sample selection.

Kothari (2004) defines sampling procedure as a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. Stratified sampling was used in order to ensure that the various youth who own small businesses were included in the survey. It was used to ensure that the target population was divided into different homogeneous strata and that each stratum was represented in the sample in a proportion equivalent to its size in the target population. This ensured that each sub-group characteristics was represented in the sample therefore raising the validity of the study. Simple random sampling was then be adopted.

**Table 3.1 Sample selection**

<b>s/n</b>	<b>Division</b>	<b>Number of youth groups</b>	<b>Member per youth group</b>	<b>Sample size</b>
1	Kegonga	27	324	33
2	Ntimaru	21	252	25
3	Chinato	9	108	11
4	Kwiho	7	84	8
	<b>Total</b>	<b>64</b>	<b>768</b>	<b>77</b>

### 3.5 Data Collection Instruments

In this study, the research intended to develop questionnaire as the main data collection instrument. This was selected because the questionnaire allows the researcher in social educational studies to describe things as they occur and is a reliable tool to be used with large population, (Okombo and Orodho, 2002)

The questionnaire item adopted a mixed question methods with most items being open ended and others being contingency and matrix to allow for maximum collection of information.

#### 3.5.1 Instrument Piloting

Piloting is a preliminary conducted with a small sample in order to establish the effectiveness of the data collection instruments (Mugenda and Mugenda 2002). The pilot study was conducted to test the reliability and validity of the questionnaires.

The aim of the pilot study was to test whether the design of the questions was logical, if the questions were clear and easily understood. The pre -testing also allowed the researcher to check on whether the data that which was collected will easily be analysed. The pre-testing

was carried on a sample consisting of 10% of the respondents. Variations in interpretation of a question were reframed to harmonise responses. The views of respondents were used to align the questionnaire before actual data collection.

### **3.5.2 Instrument Validity**

Validity of a research instrument refers to extend to which a research tool measures what it is supposed to measure, (Kothari 2005)

In this study, the researcher ascertained the validity of a research instrument by ensuring that there was adequate coverage of research objectives. Moreover, the data collection instrument was also exposed to peers for review and experts for judgement.

### **3.5.3 Instrument Reliability**

According to Tromp and Kombo (2002), reliability is a measure of consistence with which a measuring instrument yields consistent data with repeated trials. In this study, the researcher used split half reliability method to ensure the reliability of the questionnaire. Split half was chosen for it required only one testing session thereby taking care of factors influencing internal validity of an instrument.

Split half was used by dividing the questionnaire into two halves on the basis of odd and even appearance. By comparing the two results using Pearson's product moment correlation of co-efficient and obtaining a co-efficient value of 0.6 and above, the instrument was declared reliable. To ascertain further on the reliability of the data collection instrument, research assistants were trained about it and how to administer it.

### **3.6 Procedure for Data Collection**

According to Wiseman (1980), data collection procedure describes the steps and sequence of those steps in the process of data collection. Having prepared a research proposal; then presented for assessment and made the necessary corrections, the researcher applied for research permit from the National Council of Science and Technology. Upon the receipt of the research permit, the researcher left for the field to collect data after presenting the permit to the relevant persons for authorisation. The data was therefore collected by two well trained and motivated research assistants who administered the questionnaire to the respondents.

### **3.7 Methods of Data Analysis**

Data analysis begins with aspects of data coding, editing, organising and cleaning before applying subsequent statistical measures (Aurela, 2010). The study being descriptive, its major characteristics adopted descriptive statistics in data analysis. This features of descriptive statistics to be used included frequencies and percentages and analysed data was presented using frequency distribution table. The tool for analysis was Statistical Packages for Social Sciences (SPSS) aided by a computer.

### **3.8 Operationalization of the Study Variables**

According to Tromp and Kombo (2000), operational definition of variables describes how each variable in study will be measured. In this study, entrepreneurial skills was measured on the basis of highest professional qualifications, relevance of the qualifications, form of training and frequency of training. Access to finance was measured on the basis of sources of funds, costs of funds, frequency of access and cost of access. Access to information was measured on the basis of sources of information, presence of information system, easiness of access and frequency of generating information and finally security was measured on the basis of number of police officers, rate of crimes, recovery of lost items and constant patrols. Operationalization of the variables is indicated in table 3.2

### **3.9 Ethical issue in Research**

In this project, the researcher first obtained the consent of the respondent through explaining to them that the study was purely academic and their responses were to be treated with a lot of confidentiality.

**Table 3.2: Operationalization Table**

<b>Objectives</b>	<b>Variables</b>	<b>Indicator</b>	<b>Measures</b>	<b>Scale</b>
To investigate the influence of entrepreneurial skills on growth of youth owned small businesses.	I.V. Entrepreneurial skills	<ul style="list-style-type: none"> <li>• Highest professional qualifications</li> <li>• Relevance of the qualifications</li> <li>• Form of training</li> <li>• Frequency of training</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of certificates</li> </ul>	Ordinal
To establish how access to finance influences growth of youth owned small businesses	I.V. Access to finance	<ul style="list-style-type: none"> <li>• Sources of funds</li> <li>• Cost of funds</li> <li>• Frequency of access</li> <li>• Cost of access</li> </ul>	<ul style="list-style-type: none"> <li>• Bank statements</li> <li>• Mini statements</li> <li>• Bank receipts</li> </ul>	Ordinal Nominal
To examine the extent to which access to information influences the growth of youth owned small businesses.	I.V. Access to information	<ul style="list-style-type: none"> <li>• Sources of information</li> <li>• Presence of information system</li> <li>• Easy of access</li> <li>• Frequency of generating information</li> </ul>	<ul style="list-style-type: none"> <li>• Printed bulletins</li> <li>• Email address</li> <li>• Web site</li> <li>• Daily updates</li> </ul>	Ordinal Nominal Ordinal
To establish how security influences the growth of	I.V. Security	<ul style="list-style-type: none"> <li>• Number of police officer</li> <li>• Rate of crimes</li> <li>• Recovery of lost</li> </ul>	<ul style="list-style-type: none"> <li>• Police camps</li> <li>• Reported crimes</li> </ul>	Ordinal Nominal Ordinal

youth owned small businesses.		<p>items</p> <ul style="list-style-type: none"> <li>• Constant patrols</li> </ul>	<ul style="list-style-type: none"> <li>• Daily patrols</li> </ul>	
	D.V. Growth of youth owned small businesses.	<ul style="list-style-type: none"> <li>• Increase in stock level</li> <li>• Number of product lines</li> <li>• Profit turn over</li> <li>• Number of employees</li> <li>• Diversification and expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Volume of sale</li> <li>• New business branches</li> <li>• Customer recommendations</li> <li>• Quality premises</li> </ul>	<p>Ordinal</p> <p>Nominal</p> <p>Ordinal</p> <p>Nominal</p>

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents data collected using questionnaire. The purpose of this study was to assess factors influencing growth of youth owned small businesses in Kuria East Sub-County. The presentation and interpretation of data is given through frequency tables and percentages. The study targeted 77 youths in youth owned small businesses registered by the Ministry of Youths.

#### **4.2 Questionnaire Return Rate**

Eighty questionnaires were given out but sixty eight questionnaires were filled and returned giving a response rate of 85%. This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

This good return rate was made possible through the researcher making personal administration of the questionnaires during different youth groups meeting days. The questionnaires were filled as the researcher waited for them on the spot. The researcher collected the duly filled questionnaires in the same day since this reduced greatly the questionnaires that could easily be misplaced. To those who could not easily enterprate the questionnaire, the researcher read the questions as the youths filled. The researcher also made it possible through the use of two research assistants who also visited the youth groups during their weekly meetings.

#### **4.3 Demographic Characteristics**

This study presents the demographic characteristics which included age, gender, marital status, length of period in business, level of education and business category.



### 4.3.1 Age distribution of respondents

In order to establish the age of the youth engaging in youth owned small businesses this study requested the respondents to indicate their age and the findings on the age distribution were as presented in the Table 4.1

**Table 4.1 Age Distribution of the respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
Below 20 Years	2	2.9%
20-25 Years	12	17.6%
25-30 Years	20	29.4%
30-35 Years	28	41.2%
Above 35 Years	6	8.8%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings, 28(41.2%) of the respondents were aged between 30 and 35 years, 20(29.4%) were aged between 25 and 30 years. 12(17.6%) were aged between 20 and 25 years. 6(8.8%) were 35 and above years while 2(2.9%) were between 18 and 20 years. This finding shows that the youth entrepreneurs in Kuria East Sub-County ran across the youth age brackets starting from 18 years all the way to 35 years.

### 4.3.2 Gender Distribution of the Respondents.

This research sought to determine the distribution of respondent by gender and its findings are as represented in table 4.2.

**Table 4.2: Gender Distribution of the respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	37	54.4%
Female	31	45.6%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings, majority 46(67.6%) of the respondents were male while 22 (32.4%) of the respondents were female. This shows that majority of the youth entrepreneurs were male.

### 4.3.3 Marital status of the respondents

This study requested the respondents to indicate their marital status, for it should be used to categorise the respondents and determine the difference in number of the male and female entrepreneurs. The findings are summarized in the Table 4.3.

**Table 4.3: Marital Status of Respondents**

<b>Marital status</b>	<b>Frequency</b>	<b>Percent</b>
Single	17	25%
Married	41	60.3
Widowed	8	11.8
Other marital orientations	2	2.9
<b>Total</b>	<b>68</b>	<b>100.0</b>

From the findings, 41 (60.3%) of the respondents were married. 17(25%) of the respondents were single, 8(11.8 %) of the respondents were widowed while 2(2.9%) of the respondents had other marital orientation like those that are divorced. This shows that the respondents were drawn from all marital status with the highest number in Kuria East Sub-County being those who are married.

### 4.3.4 The length of time the business had been operational

This study sought to establish the duration the respondents have been in the businesses. The findings were as presented in the table 4.4

**Table 4.4: The Duration of time the business has been in existence**

<b>Duration</b>	<b>Frequency</b>	<b>Percent</b>
One year and below	25	36.8%
1-2 Years	18	26.4%
3-4 Years	14	20.6%
5-6 Years	8	11.8%
Above 6 Years	3	4.4%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 25(36.8%) of the respondents had been operating their businesses for one year and below. 18(26.4%) of the respondents had been operating their businesses for 1-2 years. 14(20.6%) of the respondents had been operating their businesses for 3-4 years. 8(11.8%) of the respondents had been operating their businesses for 5-6 years and 3(4.4%) of this above six years. This shows that most of the enterprises were collapsing sooner than they realise their set objectives.

#### **4.3.5 Level of Education of the Respondents**

This study sought to establish the level of education of the respondents. The research requested the respondents to indicate their level of education. The findings were as presented in table 4.5

**Table 4.5: Level of Education**

<b>Level</b>	<b>Frequency</b>	<b>Percent</b>
Primary and below	41	37.4%
Secondary	17	25.0%
Tertiary	8	11.5%
University	4	5.8%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 41(57.4%) of the respondents had primary and below education. 17(25.0%) of the respondents had attained secondary education. 8(11.8%) of the respondents had tertiary level education and 4(5.8%) of the respondents had university level

of education. This shows that the respondents in Kuria East Sub-County cut across all levels of education with the majority being that of primary and below.

#### 4.3.6 The Category of business

The study requested the respondents to indicate the form of business in which they operated. The findings were as indicated in table 4.6

**Table 4.6: Category of business of the respondent**

<b>Business category</b>	<b>Frequency</b>	<b>Percent</b>
Hawking	4	5.8%
Green grocery	7	10.3%
Retail	1	1.5%
Service	11	16.2%
Others	45	62.2%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 45(66.2%) of the respondents were operating other forms of businesses majorly being the practice of different forms of farming. 11(16.2%) of the respondents were in service providing sector. 7(10.3%) of the respondents were operating green grocery. 4(5.8%) of the respondents were in the business of hawking while 1(1.5%) operated retail kind of business. It can therefore be said that majority of the youth entrepreneurs in Kuria East Sub-County were in other forms of business with majority being in farming.

#### 4.4 Entrepreneurial Skills

This study sought to investigate the influence of entrepreneurial skills on growth of youth owned small businesses in Kuria East Sub-County. In this section, the study analysed the highest professional qualifications of the respondents, relevance of their qualifications in relation to their businesses, forms of training they have undergone and how frequently the respondents do train. This was investigating how educational system of Kenya helped the respondents to gain relevant skills in carrying their businesses.

#### 4.4.1 Highest professional qualifications

This study sought to know the level of education of the respondents and the analysis of the highest level of education attained by the respondents' was as presented in the table 4.7.

**Table 4.7: Highest professional qualifications of the respondent**

<b>Level</b>	<b>Frequency</b>	<b>Percent</b>
Certificate and below	18	26.5%
Diploma	8	11.8%
Degree	4	5.8%
Post graduate Degree	0	0.0%
Others (none)	38	55.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From this findings, the study found out that, 38(55.9%) of the respondents had not achieved any professional qualifications in any field. 18(26.5 %) of the respondents had achieved professional certificates in different fields of academic. 8(11.8%) of the respondents had achieved professional diploma certificates indifferent field of education. 4(5.8%) of the respondents had achieved a degree level of education as their highest level of education. 0(0.0%) of the respondents had achieved post graduate degree. Therefore in this study it was realised that the highest number of respondents above 50% had not achieved any professional qualification a major contribution to the retrogressive nature of youth owned small businesses.

#### 4.4.2 Area one has trained in

This study sought to examine the area in which the respondents had train and analyse the influence these trainings have had to enhance growth of youth owned small businesses in Kuria East Sub-County. The finds were as presented in the table 4.8

**Table 4.8: Areas which respondents are train in.**

<b>Area</b>	<b>Frequency</b>	<b>Percent</b>
Education	13	19.0%
Community development	3	4.4%
Business management	5	7.4%
Social work	1	1.5%
Others	8	11.8%
None	38	55.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From this findings, the study found out that, 38(55.9%) of the respondents had not achieved any form of training in any field. 13(19.0%) of the respondents had achieved training in the field of education. 8(11.8%) of the respondents had achieved certificates in different fields of academic.5(7.4%) of the respondents had achieved Business Management certificate sat different levels of education. 3(4.4%) of the respondents had achieved certificates in Community Development at different levels while 1(1.5%) of respondents had certificates in Social Work. From this study, above 50% had not trained in any field a major contribution to the retrogressive nature of youth owned small businesses.

#### **4.4.3 Forms of Training**

This study sought to establish the forms of training of the respondents. The research requested the respondents to indicate the form of training they usually prefer. The findings were as presented in table 4.9.

**Table4.9: Form of training the respondents prefer**

<b>Form</b>	<b>Frequency</b>	<b>Percent</b>
Formal	32	47.1%
Informal	8	11.8%
On job training	18	26.5%
Workshop and seminar	8	11.8%
Other	2	2.8%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From this findings, the study found out that, 32(47.1%) of the respondents preferred formal form of training. 18(26.5%) of the respondents preferred on job training. 8(11.8%) of the respondents preferred informal training and a number of similar percentages also preferred workshop and seminar. 2(2.8%) of the respondents preferred other forms of training.

#### **4.4.4 Frequency of training**

This study sought to identify the frequency at which the respondents trained. Respondents were requested to indicate how frequently they trained in relevance to their type of business. The findings were as presented in table 4.10.

**Table 4.10: Frequency of training of the respondents**

<b>Frequency</b>	<b>Frequency</b>	<b>Percent</b>
Very frequently	1	1.5%
Less frequently	5	7.4%
Occasionally	13	19.0%
Intermittently	47	69.1%
Other	2	2.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 47(69.1%) of the respondents indicated that they were trained intermittently. That is, they never knew when the training will take place. 13 (19.0%) of the respondents indicated that they trained occasionally. 5(7.4%) of the respondents indicated that the training was less frequently. 2(2.9%) of the respondents indicated that they had never trained while 1(1.5%) of the respondents indicated that the training was very frequent. It can

therefore be said that majority of the youth entrepreneurs in Kuria East Sub-County were intermittently trained in the areas of businesses.

#### 4.5 Access to Finance

Under access to finance this study evaluated the source of funds, the cost of the funds, conditions of access and frequency at which funds are accessed.

##### 4.5.1 Sources of finance to the respondents

This study sought to establish how access to finance influenced growth of youth owned small businesses in Kuria East Sub-County. In this section, the study looked at the source of funds available for the youths, the cost of funds, condition of access and frequency at which funds were accessed. The findings are as presented in the table 4.11

**Table 4.11: Sources of finance to youth owned small businesses**

Source of finance	Frequency	Percent
Personal savings	26	38.2 %
Borrowed money	3	4.4%
A loan from financial institutions	22	32.4
Subsides/ grants from government	15	22.1%
Others	2	2.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 26(38.2%) raised the starting capital from personal savings. 22(32.4%) of the respondents secured a loan from financial institution to start up their businesses. 15(22.1%) of the respondents indicated that they received subsidies/grants from the government as the start-up capital. 3(4.4%) of the respondents indicated that they borrowed money from friends to start their businesses while 2(2.9%) of the respondents indicated that they sourced for capital through other sources.



#### 4.5.2 Conditions through which the respondents accessed finance

This study sought to examine the conditions in place through which youths in small businesses could access funds for their businesses and how this access influenced growth of youth owned small businesses in Kuria East Sub-County. The findings are as presented in the table 4.12

**Table 4.12: Conditions of accessing fund**

<b>Condition</b>	<b>Frequency</b>	<b>Percentage</b>
Legal agreement	12	17.6
Availability of collaterals	22	32.4
Official documents	4	5.8
Others	30	44.1
<b>Total</b>	<b>68</b>	<b>100.0</b>

From the findings of this study, 30(44.1%) accessed funds for beginning their businesses 22(32.4%) of the respondents had tangible collaterals like tree in a shamba. 12(17.6%) of the respondents indicated that they accessed this finance through legal agreement with the lender while 4(5.8%) of the respondents secured these funds official documents serving as security.

#### 4.5.3 Cost of start-up capital (cost of finance)

Respondents were asked to freely indicate their feelings on the cost of start-up capital. The findings are as presented in the table 4.13

**Table 4.13: The cost of finance for start-up**

<b>Cost</b>	<b>Frequency</b>	<b>Percentage</b>
Very high	12	17.6
High	20	29.4
Friendly	26	38.2
Low	3	4.4
Others	7	10.3
<b>Total</b>	<b>68</b>	<b>100.0</b>

From the findings of this study, 26(38.2%) of the respondents indicated that the cost of capital was friendly. 20(29.4%) of the respondents regarded the cost of capital as high.

12(17.6%) of the respondents indicated that the cost this finance was very high. (10.3%) of the respondents had divergent view on the cost of this finance while 3(4.4%) of felt it was low.

#### **4.5.4 Frequency at which funds were accessed by the respondents**

This study sought to identify the frequency at which the respondents accessed funds. Respondents were requested to indicate how frequently they accessed this funds for their business. The findings were as presented in table 4.14

**Table 4.14: Frequency of respondents accessing funds**

<b>Accessing funds</b>	<b>Frequency</b>	<b>Percentage</b>
Very frequently	2	2.9
Frequently	22	32.4
Less frequently	9	13.3
When available	16	23.5
Others	19	27.9
<b>Total</b>	<b>68</b>	<b>100.0</b>

#### **4.6 Access to Information**

Under access to information, this study examined the sources of information, ways of obtaining information in the business, the easiness of accessing information and the frequency at how information is generated in businesses influence growth of youth owned small business in Kuria East Sub-County.

##### **4.6.1 Preferred sources of Information by the respondents**

This study sought to establish the source of information which the respondents preferred. The findings are as presented in the table 4.15

**Table 4.15 Sources of information**

<b>Source of information</b>	<b>Frequency</b>	<b>Percent</b>
Print media	15	22.1 %
Electronic media	3	4.4%
Verbal communication	22	32.4%
Visits to other business	26	38.2%
Others	2	2.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 26(38.2%) of the respondents indicated that they preferred visiting other businesses so that practically could witness different progress. 22(32.4%) of the respondents indicated that they preferred verbal communication since it gave them first-hand information. 15(22.1%) of the respondents indicated that they preferred print media as it remained a point of reference. 3(4.4%) of the respondents indicated that they preferred electronic media since it was highly researched while 2(2.9%) of the respondents indicated that they preferred any source so long as it was relevant.

#### **4.6.2 How to obtain information in businesses**

This study sought to examine the way through which information was to be obtained in the businesses. The findings are as presented in the table 4.16

**Table 4.16 Ways to obtain information in the businesses**

<b>Way</b>	<b>Frequency</b>	<b>Percentage</b>
An employee	30	44.1
Officials	22	32.4
Data base	4	5.8
Others	12	17.6
<b>Total</b>	<b>68</b>	<b>100.0</b>

From the findings of this study, 30(44.1%) of the respondents indicated that one could easily get information from any employee. 22(32.4%) of the respondents indicated that the officials in the youth groups were the custodians of the information of their businesses. 12(17.6%) of the respondents indicated that majority of the information was kept secret and they were not

very sure of what information to give if asked while 4(5.8%) of the respondents indicated that they had a data base through which information could be obtained.

#### **4.6.3 Easiness of access to information in businesses**

This study sought to identify how easily one could access information about the whereabouts of the businesses. The findings were as presented in table 4.17

**Table 4.17: Easiness of access to information**

<b>Agreement</b>	<b>Frequency</b>	<b>Percent</b>
Strongly agree	32	47.1%
Agree	8	11.8%
Neutral	18	26.5%
Disagree	2	2.8%
Strongly disagree	8	11.8%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From this findings, the study found out that, 32(47.1%) of the respondents strongly agreed that to obtain information from their businesses was easy. 18(26.5%) of the respondents indicated that obtaining information was neutral. 8(11.8%) of the respondents showed that they strongly disagreed with equal percentage to those who agreed while 2(2.8%) of the respondents disagree that information access was easy in their businesses.

#### **4.6.4 Frequency of generating information**

This study sought to identify the frequency at which information was generated in the businesses. Respondents were requested to indicate how frequently their business generated information. The findings were as presented in table 4.18.

**Table 4.18: Frequency of information generation in the businesses**

<b>Frequency</b>	<b>Frequency</b>	<b>Percent</b>
Very frequently	1	1.5%
Frequently	5	7.4%
Occasionally	13	19.0%
When needed	47	69.1%
Other	2	2.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 47(69.1%) of the respondents indicated that information was intermittently. That is, they never knew when the detailed information will be given out. 13 (19.0%) of the respondents indicated that information was generated occasionally. 5(7.4%) of the respondents indicated that information was generated frequently. 2(2.9%) of the respondents indicated that they knew when information will be generated while 1(1.5%) of the respondents indicated that information generation was very frequent. It can therefore be said that information in the majority of the youth owned small businesses in Kuria East Sub-County was intermittently.

#### **4.7 The way security influences growth of businesses among the youths**

Under security, this study examined the number of police officers available on patrol, frequency at which crimes occur around the area of business, recovery of lost items through insecurity and the general level of security as how they influence growth of youth owned small business in Kuria East Sub-County.

##### **4.7.1 Police officers on patrol**

This study sought to identify the number of police officers on patrol. Respondents were requested to indicate the number of officer they normal see patrolling. The findings were as presented in table 4.19

**Table 4.19: Police officers on patrol**

<b>Number</b>	<b>Frequency</b>	<b>Percent</b>
None	41	60.3 %
1-2	8	11.8%
3-4	5	7.4%
5-6	3	4.4%
Others	11	16.2%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From this findings, the study found out that, 41(60.3%) of the respondents had not seen any police officer on patrol around their business location.. 11(16.2%) of the respondents indicated that they had only seen officer when a crime had occurred. 8(11.8%) of the respondents indicated that they had seen one to two officers when they had reported a crime as they come to take a statement.5(7.4%) of the respondents had seen three to four officer while 3(4.4) had seen five to six officer on patrol.

#### **4.7.2 Frequency of occurrence ofcrime.**

This study sought to identify the frequency at which crimes arose in the area where youth operated small businesses. Respondents were requested to indicate how frequently crimes occurred. The findings were as presented in table 4.2

**Table 4.20: Frequency of occurrence of crimes**

<b>Frequency</b>	<b>Frequency</b>	<b>Percent</b>
Very frequently	1	1.5%
Less frequently	5	7.4%
Occasionally	13	19.0%
Intermittently	47	69.1%
Other	2	2.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 47(69.1%) of the respondents indicated that crimes occurred intermittently. That is, they never knew when the crime could occur again. 13 (19.0%) of the

respondents indicated that crimes occurred occasionally. 5(7.4%) of the respondents indicated that the rate of crime occurrence was less frequently. 2(2.9%) of the respondents indicated that they had never witnessed any crime while 1(1.5%) of the respondents indicated that the rate of crime was very frequent. It can therefore be said that crimes occurrence in Kuria East Sub-County were intermittently.

#### **4.7.3 Recovery of lost/destroyed items**

This study sought to identify the frequency at which crimes arose in the area where youth operated small businesses. Respondents were requested to indicate how frequently crimes occurred. The findings were as presented in table 4.21

**Table 4.21: Occasions when lost/destroyed items were recovered**

<b>Occasions</b>	<b>Frequency</b>	<b>Percent</b>
Yes	56	82.4%
No	12	17.6%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings, majority 56(82.4%) of the respondents indicated that the destroyed items were never recovered while 12 (17.6%) of the respondents indicated that the items recovered. This shows that majority of items stolen or destroyed are never recovered.

#### **4.7.4 Security of business environment**

This study sought to identify the level of security around the business environments where youth operated small businesses. Respondents were requested to indicate the level of security around their business premises. The findings were as presented in table 4.22

**Table4.22: Security of business environment**

<b>Level</b>	<b>Frequency</b>	<b>Percent</b>
Very secure	13	19.1%
Secure	17	25.0%
Less volatile	34	50.0%
volatile	4	5.9%
<b>Total</b>	<b>68</b>	<b>100.0%</b>

From the findings of this study, 34(50.0%) of the respondents indicated that the situation was less volatile 17(25.0%) of the respondents indicated that their business environment was secure.

13(19.1%) of the respondents felt that their businesses operated in a very secure environment while 4(5.9%) of the respondents operated in a volatile environment which has led to closure of some youth owned small businesses in Kuria East Sub-County.



**CHAPTER FIVE**  
**SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSION AN**  
**RECOMMENDATIONS**

**5.1 Introduction**

This chapter provides the summary of the findings, the conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to assess factors influencing growth of youth owned small businesses in Kuria East Sub-County.

**5.2 Summary of Findings**

The findings established that majority(41.2%) of the youths owning small businesses in Kuria East Sub-Count were between age brackets of 30-35 years with few(2.9%) below 20 years and (8.8%) above 35 years. Gender distribution of the respondents indicated that majority of the youths (67.6%) in youth businesses are males with only (32.4%) being females. The marital status of majority (60.3%) of the youth entrepreneurs was found to be married with few cases (2.9%) of other orientations like divorces.

On the duration of time the business has been in existence, the finding established that majority of the youth owned small businesses (36.8%) were those below one year followed by businesses that have been operational between one and two years. Under this, this findings realised that only (4.4%) of the number of businesses in Kuria East Sub-County were operating above six years.

Regarding the level of education, majority (57.4%) of the youths had only primary education with only (11.8%) with tertiary education and (5.8%) with university education. This only basic education which majority of the youths have may have greatly contributed to constant failure on many businesses operated by the youths in Kuria East Sub-County

On Entrepreneurial Skills and training the study established that on the highest level of education, 55.9% of the respondents had only achieved primary education, 26.9 % of the respondents had achieved secondary school education as their highest level of education while 11.8% of the respondents had achieved tertiary form of education as their highest level of education. Only 5.7% of the respondents had achieved university level of education. On the educational system supporting the creation of entrepreneurial culture, 81.1% of the respondents perceived that the current Kenyan educational system did not support the

creation of entrepreneurial culture among the youths since majority of the respondents dropped in primary schools where subjects like business studies is never taught while 18.9% of the respondents indicated that Kenyan educational system real supported creation of entrepreneurial culture.

On access to finance, this study sought to find out whether the respondents obtained any form of start up financing. The findings indicated that 54.5% of the respondents had obtained some form of start up financing while 45.5% the respondents had not obtained any form of start up financing. On the kind of start-up finance obtained by the respondents, 4.4% of the respondents borrowed money from friends, family and personal contacts as their start-up finance. 32.4% of the respondents obtained their start-up finance through borrowing loans from a bank, micro-credit institutions, co-operatives or others while 2.9% of the respondents obtained their start-up finance from other sources.

On access to information, this study sought to examine the influence that information had on the growth of youth owned small businesses. The findings indicated that majority of the respondents preferred visits to other businesses since they had physical contacts with the concerned parts and provided an opportunity to know more. A small percentage indicated that they preferred electronic media since they believed it is highly researched and may serve as a point of reference and comparison. This study also sought to investigate the ways through which one could obtain information about the progress of the business. 44.1% of the respondents indicated that any employee could easily give out any information about their business while 5.5% indicated that their businesses had develop a data system through which information could easily be generated. On the easiness to access the information, 47.1% of the respondents strongly agreed that information access was easy in their businesses.

On security, this study sought to find out the influence of security in the growth of youth owned small businesses. 60.3% of the respondents indicated that they had never seen police officers on patrol around their business premises, 16.2% of the respondents indicated that they had only seen the police officers when a crime has occurred while 4.4% of the respondents observed that they had seen 5-6 police officer on patrol around premises located in market centres. On the frequency of occurrences of crimes, 69.1% indicated that all the crimes that has affected the youth owned projects were intermittent. 7.4% of the respondents observed that crimes were very frequent leading to collapsing of many youth projects and on

recovery of stolen/destroyed items 82.4% of the respondents indicated that they had never been recovered.

### **5.3 Discussions**

On the Entrepreneurial skills, the study established that on the highest level of education as a majority the respondents had only achieved primary education followed by those with secondary school education as their highest level of education. The respondents had average level of education and had not been in the position to receive business oriented courses or any managerial training. The finding of the study also concludes that entrepreneurial skills has an effect on the growth of youth owned small business since the skills foster the urge of risk taking in any business ventures. Education training and skills are necessarily to foster youth entrepreneurship. Therefore, the youth entrepreneurs in Kuria East Sub County had not received enough business management training. They only had limited knowledge on how to run and manage businesses.

On access to finance, the study sought to find out the sources of finance the respondents obtained as the start up financing. The findings indicated that 38.2% of the respondents had obtained some form of start up financing from personal saving 32.4% of the respondents had obtained form of start-up capital as a loan from financial institution. On the kind of start-up finance obtained by the respondents, 69.4% of the respondents borrowed money from friends, family and personal contacts as their start-up finance. 29.0% of the respondents obtained their start-up finance through borrowing loans from a bank, micro-credit institutions, co-operatives or others while 1.6% of the respondents obtained their start up finance from other sources.

On access to information, this study sought to examine the influence that information had on the growth of youth owned small businesses. The findings indicated that majority of the respondents preferred visits to other businesses since they had physical contacts with the concerned parts and provided an opportunity to know more. A small percentage indicated that they preferred electronic media since they believed it is highly researched and may serve as a point of reference and comparison. This study also sought to investigate the ways through which one could obtain information about the progress of the business. 44.1% of the respondents indicated that any employee could easily give out any information about their business while 5.5% indicated that their businesses had develop a data system through which information could easily be generated. On the easiness to access the information, 47.1% of the respondents strongly agreed that information access was easy in their businesses.

## **5.4 Conclusions**

On entrepreneurial skills, it was realised that majority of the youths running small businesses lacked skills on how to operate their businesses since majority of them have only primary education and they normally failed to attend seminars because of one or two reasons majorly being that they never knew of what importance these seminars were.

The finding of the study further concludes that access to finance and credit facilities influences performance youth enterprises. Youth entrepreneurs face a lot of challenges in accessing finances to inject in their business both as start-up, seed capital and finance expansion of the businesses. This is because of many factors which make their businesses less attractive in terms of lending. The youth entrepreneurs in Kuria East Sub-County did not have enough collateral to pledge when applying for loans from banks hence they borrowed from friends and family to start their businesses.

The finding of the study further concludes that lack of access to information has left many youth owned small businesses to maintain the same status quite for some time or further even collapse before they get beyond their staggering years.

On security, many youth owning small businesses have lost their investment more so those along Trans-Mara Kurian boarder. Further the respondents who operate bodaboda services have been maimed and their motor bikes seize never to appear again. This has played a negative impact to this sector.

## **5.5 Recommendations**

1)The youths who own small businesses should be trained on business management skills and innovativeness. Entrepreneurship should be introduced across all levels of education to enable the youths develop and nurture the necessary skills in good time before they venture into businesses. Entrepreneurship programmes require a lot of field work to enable youths gain enough exposure concerning business environment.

2) Financial institutions to continuously provide in good time financial aid to youths owning small businesses since majority lack start-up capital and end up borrowing from friends and other sources whose terms and conditions are not friendly leading to frustrations at the on-set of the business. This will make the work easy and create employment to cushion the economy.

3) Youths should be made to easily access information on what they are supposed to do how and at what time. This information should be very relevant to help them see their businesses beyond incubation stage.

4) On security grounds, the number of police posts should be increased to enhance security along Kuria East Trans-Mara boarder and a follow-up to be made on the motor-bikes which have already seized along this boarder.

### **5.6 Suggestions for further study**

1. This study focussed on factors that influence growth of youth owned small businesses. I recommend that the same research to be conducted in other sub-counties in Migori for comparison of the findings.
2. I also recommend that research to be carried out on how cultural practices deter growth of youth owned small businesses in Kuria East Sub-County.
3. I also recommend that a research be conducted on how proximity of the market from where youth owned small businesses can enhance effective performance.

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APPENDIX I

**Questionnaire for youths operating youth owned small business.**

This questionnaire is made to collect information in aid of conducting a study on factors influencing growth of youth owned small businesses in Kuria East Sub-County in Migori County. I therefore urge you to diligently and genuinely fill up this questionnaire. Among the choices given, use a tick to select your appropriate response and freely give your opinion in the spaces provided in specific questions. Do not write your name everywhere in this questionnaire. This study is purely academic and the information you are about to give will remain confidential.

**Section A: Demographic characteristics**

1 .Kindly state your age.

- a) Below 20 years
- b) 20-25 years
- c) 25-30 years
- d) 30-35 years
- e) Above 35 years

2. Indicate your gender

- a) Male
- b) Female

3. State your marital status

- a) Single
- b) Married
- c) Widowed
- d) Other marital orientations (specify)  
.....

4. For how long have you been in the business?

- a) One year and below
- b) 1-2 years

- c) 3-4 years
- d) 5-6 years
- e) Above 6years

5. Indicate your level of education

- a) Primary and below
- b) Secondary
- c) Tertiary
- d) University
- e) Other (specify)

.....

6. In which business category are you?

- a) Hawking
- b) Green grocery
- c) Retail
- d) Service
- e) Other (specify) .....

**Section B: Study variables**

7. Indicate your highest professional qualifications

- a) Certificate and below
- b) Diploma
- c) Degree
- d) Post Graduate Degree
- e) Other (specify) .....

8. In which area have you trained?

- a) Education
- b) Community Development
- c) Business Management
- d) Social Work
- e) Other (specify) .....

9. Indicate the form of training you often prefer?

- a) Formal training

- b) Informal training [ ]
- c) On the job training [ ]
- d) Workshops and seminars [ ]
- e) Other (specify) [ ]

10. How frequently do you train?

- a) Very frequently [ ]
- b) Less frequently [ ]
- c) Occasionally [ ]
- d) Intermittently [ ]
- e) Other (specify) .....

11. In your own opinion, explain the influence of entrepreneurial skills on growth of youth owned small businesses.

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12. Indicate your sources of finance.

- a) Personal savings [ ]
- b) Borrowed money from friends [ ]
- c) A loan from a financial institution [ ]
- d) Subsidies from the government [ ]
- e) Other (specify) .....

13. Indicate the cost of start-up capital (cost of finance)

- a) Very high [ ]
- b) High [ ]
- c) Friendly [ ]
- d) Low [ ]
- e) Other (specify) .....

14. Indicate the condition of accessing this finance.

- a) Legal agreement [ ]
- b) Availability of collateral [ ]

- c) Official documents
- d) Other (specify) .....

15. Indicate the frequency at which you access funds.

- a) Very frequently
- b) Frequently
- c) Less frequently
- d) When available
- e) Other (specify) .....

16. In your own opinion, explain how access to finance influences growth of youth owned small business.

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

17. Indicate you preferred source of information.

- a) Print media
- b) Electronic media
- c) Verbal communication
- d) Visit to other business
- e) Other (specify)

18. How does one obtain information in your business?

- a) An employee
- b) Owner
- c) Data base
- d) Other (specify)

19. To what extent do you agree or disagree that information access is easy in your business?

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree



20. How frequently is information generated in your business?

- a) Very frequently [ ]
- b) Frequently [ ]
- c) Less frequently [ ]
- d) Indifferently [ ]
- e) Other (specify) [ ]

21. In your own opinion, explain how access to information influences growth of youth owned small businesses.

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

22. Indicate the police officers you normally see in patrol around your business.

- a) None [ ]
- b) 1-2 [ ]
- c) 3-4 [ ]
- d) 5-6 [ ]
- e) Other (specify)

.....

23. How often do crimes arise in the area of your business?

- a) Very frequently [ ]
- b) Less frequently [ ]
- c) Occasionally [ ]
- d) Intermittently [ ]
- e) Other (specify) [ ]

24. Are there occasions when destroyed/ stolen items have been recovered?

- a) Yes [ ]
- b) No [ ]

25. Indicate the level of security around your business environment.

- a) Very secure [ ]
- b) Secure [ ]

c) Less volatile [ ]

d) Volatile [ ]

26. In your own opinion, explain the influence of security in growth of youth owned small businesses.

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