

**FACTORS INFLUENCING PARTICIPATION OF YOUTH
ENTEPRENEURS IN ENTERPRISE DEVELOPMENT: THE
CASE OF LIMURU SUB COUNTY, KIAMBU COUNTY, KENYA**

BY

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DECLARATION

This project research is my original work and has not been presented in any other university for academic qualification.

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DEDICATION

This work is dedicated to my husband Antony Frank Maina and my sons Vincent and Zackie who made sure that my studies was a success through moral support and inspiration.

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ABBREVIATIONS AND ACRONYMS

GOK Government of Kenya

GDP Gross Domestic Product

ILO International Labor Organization

SPSS Statistical Package for Social Sciences

SMEs Small Medium Enterprises

SCA Sustainable Competitive Advantage

UNFPA United Nations Population Fund

YEDF Youth Enterprise Development Fund

ABSTRACT

Entrepreneurship is the engine of economic growth and development. Youth entrepreneurship has a greater potential to aid the achievement of Millennium Development Goal 8, target 16 which aims at providing decent and productive work for youth. Provision of employment among the youth will save them from social exclusion. This study was aimed at identifying those factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub-county, Kiambu County, Kenya. The objectives of the study were; to establish the extent to which acquired entrepreneurial skills influence participation of youth entrepreneurs in enterprise development; to determine the extent to which accessibility of Youth Enterprise Development Fund influence participation of youth entrepreneurs in enterprise development; to establish how desire for self employment influence participation of youth entrepreneurs in enterprise development and to assess how the level of financial literacy influence youth entrepreneurs in enterprise development in Limuru sub county, Kiambu County. The researcher hoped that the recommendations would be of use to the Youth Ministry and other stakeholders at the Sub - County level to enhance feasibility of youth entrepreneurs in development as a step towards increasing economic opportunities for, and participation by Kenyan youth in nation building. This study used descriptive survey research design. The study used a target population of 250 individual youth entrepreneurs with existing enterprises which have been running at least for one year in Limuru Sub-county, Kiambu County. The target population included two officials from the ministry of youth and one from a financial institution. Proportionate method was used to decide on the sample size of 148. Primary data was collected using structured questionnaire. A pre-testing of the questionnaire was administered to a small sample of the youths (10% of respondents). The study used both qualitative and quantitative data. All the quantitative data was analyzed using SPSS, V.20.0. The findings were presented using tables and percentages, tabulations, frequencies and means. On whether entrepreneurial skills hamper youth enterprises growth, majority of the respondents agreed with the statement as shown with a mean of 3.5278 and standard deviation of 1.03633. The respondents further agreed that there was need to upgrade entrepreneurial skills in enterprise development as shown with a mean of 3.6759 and standard deviation of 1.16674. The study established that the respondents had learnt relevant entrepreneurial skills on how to start and manage a business. The study also revealed that information on the youth fund was not adequately disseminated. The study concluded that lack of entrepreneurial skills hamper youth enterprise growth. The study also concluded that the respondents had received sufficient financial literacy on enterprise development. The study recommended that relevant skills should be taught since they are key in managing businesses. The study recommended that there should be sufficient information on youth fund to enable them gain access to them.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Entrepreneurship has become a key focus of research over the past three decades. With the focus on entrepreneurship and its potential for economic development and job creation, the recognition of entrepreneurs as having an important role in the economy has emerged (ILO, 2010). Entrepreneurship is widely acknowledged as a driver of sustainable economic growth as entrepreneurs create new businesses, drive and shape innovation, speed up structural changes in the economy, and introduce new competition thereby contributing to productivity. Entrepreneurship also drives job creation and hence entrepreneurship is a critical contributor to economic growth that is inclusive and reduces poverty. The Global Entrepreneurship Monitor (GEM) defines entrepreneurship as any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business. (Haftendorn & Salzano , 2003).

As many as 73 million young people are estimated to be unemployed, studies by the International Labor Office (ILO) indicate that the youth are three times more likely than adults to be unemployed. The changing demographic profile in many countries is also leading to a significant increase in young people as a percentage of the total population, and youth-driven unrest in countries such as Egypt and Tunisia means that research into youth and entrepreneurship is becoming even more important. Projections by ILO, (2010) indicate that by 2015, 660 million young people will be looking for work. With the formal sector in many countries experiencing stagnant or extremely slow growth, it is unlikely that this sector will be able to offer work opportunities to the increasing number of young people looking for employment. Unless alternative employment options are encouraged, the number of unemployed, underemployed youths and youth in vulnerable employment will continue to increase. The traditional job for life career path has become rarer and youth entrepreneurship will need to be seen as an additional way of allowing the youth into the labor market and promoting job creation. It is estimated that each year 121 million young people turn 16 years old, of which 89% will potentially be searching for work in developing regions. (Mead & Liedholm ,1998)

With 73 million young people already unemployed and an estimated 1.1 billion new potential workers expected between 2012 and 2020, unemployment is likely to become an even greater problem over time. The figure of 73 million young people estimated to be unemployed, while hugely concerning, understates the problem as it does not include the vast number of young people that are underemployed or stuck in vulnerable employment opportunities.

The capacity of the world economy to create jobs has been steadily declining since the early 1990s and, other than Latin America, the economic crisis has further fuelled the trend of fewer jobs becoming available. Youth unemployment is particularly prevalent in the Middle East, North Africa, non-European Union and the Developed Economies and European Union. In these regions youth unemployment rates have continued to soar since 2008. Youth unemployment increased by as much as 24.9 percent in the Developed Economies and European Union between 2008 and 2012, and the youth unemployment rate was at a decade's long high of 18.1 percent in 2012. (Mead & Liedholm ,1998).

According to a study done by UNESCO in 2012 youth unemployment rates were highest in the Middle East and North Africa, at 28.3 percent and 23.7 percent, respectively, and lowest in East Asia (9.5 percent) and South Asia (9.3 percent). While South Asia and Sub-Saharan Africa present relatively low regional youth unemployment rates, it is important to note that the lower unemployment rate is linked to high levels of poverty, which means that while unemployment levels may be lower, this is not making huge inroads into decreasing poverty. The lower regional average for Sub-Saharan Africa disguises extremely high youth unemployment rates in certain countries. Youth unemployment rates in South Africa, where over half of young people in the labor force were unemployed in the first three quarters of 2012, (Irene, 2009).

Reducing youth unemployment is one of the major challenges facing most governments in the world . The small business sector as a major source of employment and income is argued to be even more important to the economies in developing countries. In Africa, about 25 percent of the people employed outside agriculture depend on this sector for their livelihood, improving the conditions for small business is thus seen as a solution to unemployment and poverty alleviation. Self-employment and micro and small enterprise creation are routes that young people can actively explore to forge their futures, (Haftendorn & Salzano, 2003).

The economic contribution of small enterprises in Kenya is widely acknowledged. However, it seems little efforts are made to look at it from the youth perspective. The specific needs of the youth and particularly their entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated (Irene, 2009). Small enterprises in Kenya cut across all sectors of the economy and provide one of the main sources of employment and generate widespread economic benefits (GoK, 2005). According to the economic survey of 2003, the Small and Medium Enterprise (SME) sector accounted for 74.2 percent of the total persons engaged in employment and contributed up to 18.4 percent of the country's GDP in 2003.

Further the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 recognized the need to establish and maintain a conducive environment for the growth and transformation of SMEs into medium sized enterprises that have capacity to create more employment opportunities (GoK, 2005). Given the importance of small business to the people and their economies in the developing countries, research effort should be directed towards understanding the factors that foster the creation and growth of successful small business activities among youths in these regions.

Although factors that influence youth entrepreneurs have called the attention of some researchers from various countries all over the world (Wanjohi, 2009 ; Olawale , Garwe, 2010 and Krasniqi ; 2010), little is still known about factors influencing participation of youth entrepreneurs in enterprise development. In as much as recent efforts have been made to better understand this subject in an African context, such as researches by Global Entrepreneurship Monitor (GEM, 2010), these studies only focused on youth enterprises owned by group entrepreneurs , (Fumo and Jabbur; 2011), not including enterprises owned individually by youths in Limuru Sub-county. Therefore, one can say that there is a relative gap in state-of the-art on this subject, mainly for individual youth entrepreneurs Limuru Sub- county. Thus, there is little apparent evidence on factors influencing participation of youth entrepreneurs in enterprise development. Unemployment and poverty are serious problems facing the youth in Limuru Sub county. The promotion of entrepreneurship among the youth for self employment in this area is derailed by skills challenge un accessibility of capital among other challenges .

As a consequence, the motivation for this study is: What are the factors influencing participation of youth entrepreneurs in enterprise development in Limuru sub – County? The originality of this study is that it provided empirical evidence of youth entrepreneurs in Limuru Sub county.

1.2 Statement of the Problem

The level of unemployment in Kenya is very high. The most affected by high unemployment rates are the youth who after graduating from Universities and other institutions of learning, and find themselves unable to secure formal employment opportunities, thereby failing to gainfully contribute to economic development of this country despite their enthusiasm, energy and drive.

The increase in number of graduates has led to difficulties in finding jobs, recently many graduates engage in entrepreneurship. In spite of the initiatives from both the Government and Private sectors youth entrepreneurship in Kenya seems not to perform well. The presence of Youth Enterprise Development Fund, Uwezo fund and the Women Enterprise Development Fund are some of the government initiatives whereby through them young entrepreneurs are helped and advised on entrepreneurship ventures.

According to ILO (2007), the increase in the number of youths in secondary and tertiary education is a positive development, however, labor markets in many countries are presently unable to accommodate the expanding pool of the skilled young graduates. In Africa, several African governments have developed entrepreneurial skills development programs in order to solve youth unemployment problem and ensure economic growth, (Nafukho , 1998). In the case of Kenya for instance, the Government has created both a youth entrepreneurship fund the belief that this will stimulate the creation of new business enterprises by Kenyan entrepreneurs, (Nafukho, 2007).

Entrepreneurship and business creation is a growing alternative for young people whose age group often faces a labor market with double digit unemployment rates. A growing number of young people are taking up the challenge of starting their own business to overcome poverty and to gain independence of being their own bosses. Entrepreneurship is increasingly being accepted as an important means and a useful alternative for income generation for young people. According to Chigunta (2002) , the importance of promoting youth entrepreneurship is that it creates employment opportunities for self-employed youth as well as the other young people

they employ. Youth entrepreneurship also helps the youth develop new skills and experiences that can then be applied to other challenges in life.

As the country gears towards Vision 2030, the Kenyan youth faces challenges, particularly in the economic context of livelihoods. The establishment of the YEDF in 2006 as one of the flagship projects of Kenya Vision 2030 under the Social pillar was meant to promote youth entrepreneurship as an alternative source of employment creation.

Despite the Government of Kenya conceiving the idea of institutional financing to provide young people with access to finance for self employment activities and provision of entrepreneurial skills development as a way of addressing unemployment and poverty which essentially are youth problems there is still many youth entrepreneurs who are still hunting for jobs . The Youth Enterprise Development Fund, Uwezo Fund, and the Women Enterprise Fund concept is based on the premise that it will encourage youth entrepreneurship leading to job creation this has not been the case (MOYAs, 2010). The Fund has continued to diversify its product base by focusing on interventions that are more responsive to the needs of the youth and are geared towards addressing specific challenges facing young entrepreneurs (MOYAs, 2011).

Youth entrepreneurs have acquired entrepreneurial skills that are advanced to them by government business development services this has been positive as many have been able to manage their businesses properly. The desire for self employment and flexibility of operating enterprises as compared to a formal job has seen many youth engage in businesses. Financial literacy levels help to teach people concepts of money and how to manage it wisely. With the many credit facilities by the Kenyan government all geared towards the youth financial literacy becomes key as it will enable youth entrepreneurs to make informed financial decision makers, develop awareness of personal financial issues and choices, and learn basic skills related to earning, spending, budgeting, saving, borrowing, and investing money. Lack of financial literacy would be disastrous as they will not have any financial goals and therefore cannot optimize their financial options.

1.3 Purpose of the Study

The purpose of this study was to establish factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub-County , Kiambu County, Kenya.

1.4 Objectives of the Study

This study is aimed at achieving the following objectives:

- i. To establish the extent to which acquired entrepreneurial skills influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County.
- ii. To determine the extent to which accessibility of Youth Enterprise development Fund influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County.
- iii. To establish how desire for self employment influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County.
- iv. To establish how financial literacy influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County.

1.5 Research Questions

The study sought to answer the following questions:

- i. To what extent do acquired entrepreneurial skills influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County?
- ii. To what extent does accessibility of Youth Enterprise development Fund influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County?
- iii. How does desire for self employment influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County?
- iv. How does level of financial literacy influence participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County?

1.6 Significance of the Study

The study sought to understand the factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub-County Kiambu County. As the rate of unemployment

increases and the need to create formal employment for the youth more people are thinking about the concept of youth enterprise development. There would be no reason to conduct a study on the factors that influence participation of youth entrepreneurs in development if there is no youth unemployment problem in Limuru Sub county Kiambu County.

The researcher hoped that the recommendations would be of use to the Youth Ministry and other stakeholders at the Sub - County level to enhance feasibility of youth entrepreneurs in development as a step towards increasing economic opportunities for, and participation by Kenyan youth in nation building. Most youth in Limuru Sub-County who are currently operating enterprises or those aspiring to venture into entrepreneurship may use the findings of this study to broaden their skills in identification and optimal utilization of the available opportunities as well as adopting appropriate mitigation strategies against the challenges that face youth entrepreneurs. The study addressed one of the key issues in the Kenyan Vision 2030 social pillar about youth empowerment.

The study was to benefit the government and Non-governmental organization to promote youth entrepreneurship as a viable alternative source of employment. It was also hoped that this research adds to the existing body of knowledge in youth entrepreneurship as the study focused on the youth specifically.

1.7 Basic Assumptions of the Study

The assumptions made in this study were that the research sample would be a representative of the target population. The study would also take into consideration the assumption that the research instruments would be valid and reliable in measuring the findings and that the respondents would give valid and accurate responses. The researcher assumed that the youths who are running their own enterprises will be available for the research. The researcher assumed the youth entrepreneurs who have defaulted in the repayment of the YEDF loans would not be afraid to participate in the research.

1.8 Limitations of the Study

The researcher foresaw a challenge in securing the youth entrepreneurs precious time considering their busy working schedules. The researcher solved this by making proper arrangements with youth entrepreneurs to avail themselves for the study during off-peak hours as well as motivating them on the importance of the study.

The researcher had a challenge with the respondents who have defaulted in YEDF loan repayment who were not willing to participate in the study and were afraid to give complete and correct information for fear of being victimized. The researcher overcame this by fully explaining the purpose of the study to the respondents to and this reduced the resistance and gained their total cooperation.

1.9 Delimitation of the Study

The study was delimited to individual youth entrepreneurs operating within Limuru Sub County. The focus was on youths entrepreneurs who had existing enterprises which have been in operation for at least one year in Limuru Sub County, Kiambu County. The Sub county covers approximately 335.9 square kilometers with a total population of 98,036. Males are 48,326 and females are 49,710 (ROK, 2010). Limuru Sub County is accessible and convenient for this study as it brings together various types of businesses within a small area. The study focused on youth entrepreneurs in Limuru sub county because the variables identified of acquired entrepreneurial skills , accessibility of youth enterprise development fund, desire for self employment and the level of financial literacy for youth entrepreneurs were unique to the researcher.

Other studies done in the area focused on different variable and especially to do with youth groups. This study is unique to the researcher as the variables focused on individual youth entrepreneurs. Limuru Sub County has been growing with an alarming rate with businesses springing at a very fast rate. There are many youth entrepreneurs who have opened enterprises with Limuru Sub County, Kiambu County and this pushed the researcher to want to study what is influencing the participation of youth entrepreneurs in enterprise development. The researcher drew descriptive conclusions on the overall goal of this study which was to understand factors influencing participation of youth entrepreneurs in enterprise development.

1.10 Definitions of Significant Terms Used in the Study

Accessibility of Youth Enterprise Development Fund – This an entity established by the government of institutionalized funds that are advanced to youths in groups to enable them start their own individual enterprises.

Development - A human endeavor that creates change, is limited in time and scope, has mixed goals and objectives, involving a variety of resources and it is unique.

Desire for self employment – This concept as used in this study, is the personal drive in an individual that stimulates one to start up their own enterprise so as they are independent and their own boss

Enterprise Development - The practice of designing, developing, launching and growing viable businesses that can create income and assets for youth entrepreneurs that can create income and assets for them.

Entrepreneur - An Entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. An entrepreneur identifies opportunities and seizes opportunities for economic benefits. Someone who is involved in entrepreneurial activity such as establishing a new firm or entering into self-employment.

Entrepreneurial skills acquired in enterprise development- This concept involves the development and acquisition of entrepreneurial attitudes, skills and opportunities for youth entrepreneurs.

Level of Financial Literacy – As a concept used in this study it is the ability of a youth entrepreneur to make informed judgments and decisions regarding the use and management of enterprise money.

Youth Entrepreneurs in Enterprise Development – As a concept used in the study , these are young people between the ages of 22 – 35 years who have existing enterprises and manage the operations and growth of enterprises.

Youth Enterprise Development Fund - A state corporation with the mandate to increase access to capital by young entrepreneurs and provide business development services to support growth of youth businesses.

1.11 Organization of the Study

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

Chapter Two outlines the various schools of thought on what constitutes youth entrepreneurship and challenges facing it. The themes discussed are entrepreneurial skills acquired on enterprise development, Accessibility of Youth Enterprise development Fund on enterprise development , Desire for self employment on enterprise development and level of financial literacy on enterprise development in Limuru sub county, Kiambu County. The chapter has also looked at various empirical studies that have been carried out by other researchers which later has been crucial in identifying the literature review gaps.

Chapter three outlines the research design and methodology used for purposes of completing the study. It also describes in details, research design, target population, sample, sampling procedure and data collection instruments.

Chapter four contains data analysis, presentation and interpretation. This section will organize the data in an orderly manner in order to make useful analysis before the data is presented. By organizing the data the researcher will identify errors, code and store data in appropriate form.

Chapter five provides a summary of findings, discussion, conclusions and recommendations. This section will look at the findings of the study and compare the findings with what has been found out by other researchers. This is followed by references and appendices sections.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter has a detailed review of similar studies done by other scholars on factors influencing participation of youth entrepreneurs in enterprise development. The main variables relevant to answer the research questions of this study are further elaborated. The chapter commences with an introduction to the field of entrepreneurship and enterprise development . The chapter then proceeds to examine how the study independent variables of acquired entrepreneurial skills , accessibility of Youth Enterprise Development Fund , desire for self employment and the level of financial literacy influence participation of youth entrepreneurs in enterprise development. The chapter looked at various empirical studies that have been carried out by other researchers which later has been crucial in identifying the literature review gaps. The essence of this is to examine any previous research relating to what is the driving force for youth entrepreneurs in youth enterprise development. This chapter also contains the conceptual framework, theoretical framework and research gaps.

2.2 Concept of Entrepreneurship and Enterprise Development

Entrepreneurship is argued to be key to economic growth in developing countries. Entrepreneurship contributes immensely to the economic growth and hence plays a vital role in the development process of a country. The level of income as well as the living standards of the people is raised with the vision and work of entrepreneurs. Entrepreneurs and a helping Government can change a developing economy into a developed economy, (Schumpeter, 1934).

The term entrepreneurship is often used synonymously with the term entrepreneur though, conceptually they are different. According to Druckerm (1985) entrepreneurship merely reflects the creation of a new organization and that any individual who starts a new business venture is an entrepreneur; even those that fail to make a profit. The development of small and medium enterprise sector (SMEs) forms the core of entrepreneurship. Low levels of entrepreneurship come with consequences such as less innovation and fewer business start-ups. This has a negative consequence on employment and economic growth. Entrepreneurship refers to the practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work and environment using the appropriate skills necessary for success in that

environment and culture Entrepreneurship involves the development of entrepreneurial attitudes, skills and opportunities for young people, from middle school level through young adulthood. Chigunta (2002). Youth entrepreneurship is the process whereby youth become aware of the self employment career option, develop ideas, take and manage risks, learn the process and take the initiative in developing and owning a business (Chigunta, 2002). The study borrows heavily from the Schumpeter's economic theory of entrepreneurship; since to survive and grow, youth enterprises must adopt entrepreneurial initiatives as part of their strategy by implementing a dynamic process that stimulates a continuous flow of ideas and thereby provide the potential for an ongoing competitive advantage (Krueger, 2002). Youth entrepreneurship promotes innovation and resilience as it encourages young people to find new solutions, ideas and ways of doing things through experience based learning (White and Kenyon, 2000).

2.3 Acquired Entrepreneurial Skills on Enterprise Development

The Government of Kenya recognizes that access to entrepreneurial skills development is key to the growth and development of any enterprise (Republic of Kenya, 2005). Skilled entrepreneurs have what it takes to pursue their dreams and acquire their objective and they have a way of surviving the tough situations. 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).

Despite the numerous institutions providing training and advisory services, there is still a skills gap in entrepreneurship (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. According to , (Ahmad, 2009) factors that hamper youth enterprises growth include a lack of abilities and skills. Further, (Ihua , 2009, p. 199) reports that one of the serious constraints on small business growth is lack of management skills, which results in the

Literature makes it clear that 54 per cent of those who manage the enterprises had no training at all, while 38 per cent had some limited project management knowledge (Wawire and Nafukho, 2010). The literature is confirmed by findings of (Mboniyane and Ladzani, 2011) that almost no training was provided for most entrepreneurs. Entrepreneurial skills assist youth entrepreneurs to be 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 help entrepreneurs to muster the abilities and efforts made by their team members. Mediating and handling 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. Youth entrepreneurs enhance their 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. 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 (Gakure, 2001).

Promoting entrepreneurship as an option for young people is difficult even in high –income countries due to the risk averse nature of many institutions from banks to education providers.

According to Curtain (2004) in his study on conditions needed to foster entrepreneurship said that entrepreneurship is difficult process to foster because it requires so many different supporting components for an individual to move beyond an idea or concept of what might be viable to successful execution. Important features in high-income countries include the quality of the intellectual property protection regime, skill levels of the population in the country and

support for starting a new business; including access to informal investors. However, in middle or low- income countries, the task is even more formidable. This is due to barriers which can range from hostile attitudes in society at large to entrepreneurship as an option for young people, to the lack of appropriate training and mentor support as well as access to credit. These barriers in middle or low-income countries are further compounded where the entrepreneurship involve the use of Information and Communication Technology (ICT), due to the shortage of the technical and skill supports needed to make effective use of the new technology.

2.4 Accessibility of Youth Enterprise Fund on Enterprise Development

Access to financing and capital is, without question, a critical enabler for young entrepreneurs. According to (ILO, 2010) funding is a key barrier that would prevent youth entrepreneurs to start a business, particularly since they are less likely to have a strong credit history. Most tap into personal savings, in addition to obtaining money from family and friends, to finance their early operations. Often, this limits initial business offerings, at least until more substantial capital can support a broader range of products or services. As Chigunta, (2002) puts it, lack of access to finance is one of the major challenges facing youth run enterprises worldwide. Further, (Chigunta, 2001) continues to emphasize that credit programmes specifically targeting the youth present are an important alternative motivation for those seeking small affordable loans for starting up their own small businesses.

Youth seeking loan funds from the foundation are not asked for collaterals other than just genuine commitment, appropriate business training, a valid business plan and an agreement to a mandatory mentor programme. According to, (Chigunta, 2001) youth enterprise support programmes in developing countries should consider socio-cultural constraints that limit the participation of youth in particular young women who want to engage in entrepreneurship and self-employment. However, the problem of credit access to youth run enterprises seem to be more pronounced in developing nations.

Developing countries have very few microcredit schemes targeting the youth. Kenya for instance came up with institutionalized fund specifically targeting the youth only in 2006 (Ayodele, 2006)

A study carried out by Chigunta (2005) in Zambia, suggested that the majority of potential youth entrepreneurs (72.4 per cent) cited lack of capital as the major reason as to why they were not

self-employed. Another scholar Ayodele (2006) has also identified inadequate capital to be one of the principal factors hindering entrepreneurship in the Nigeria. According to the World Youth Report (2003) many youth in developing countries relied on personal savings or turned to family and friends for start-up funding and expansion. Without such finances they had minimal chances of starting their own businesses. However, of late different African countries have set up special credit programmes to promote credit access among the youth. Majority of these credit schemes has promoted skills development for employment creation and provisions of capital among other services to address the growing youth unemployment problem. They make finance available to young people through partnerships with financial institutions and other providers of finance. In Zambia, they have a Youth Enterprise Promotion scheme established in 1994 through government initiative to enable young people become more aware of self-employment through entrepreneurship and take it as a potential and viable career option (Chigunta, 2001). Its main aim is to provide loans to various youth groups and individual youth who do not have their own properties to use as collateral to secure funds from financial institutions.

A study carried out by Prof. Bwisa, of Jomo Kenyatta University of Agricultural and Technology, said that to assist Kenya's process of increasing the supply of youth entrepreneurs, it is necessary to understand and address the problem which affects the youth entrepreneurs, where he mentioned the need of opportunity and willingness to become an entrepreneur. He conducted a rapid assessment of 22 youth entrepreneurs to find their views about youth entrepreneurship and their challenges in Kenya and discovered that starting or working capital was among of the challenges. The Youth Enterprise Development Fund (YEDF) in Kenya started in 2006 as a state corporation focuses on enterprise development as a key strategy to increase economic opportunities for, and participation by Kenyan youth in nation building YEDF Board Report (2009).

Other than increasing capital access to young entrepreneurs, other mandates of the fund include; provision of business development services, facilitating linkages in supply chains, creating market opportunities locally and abroad for products and services of youth enterprises, and facilitating creation of commercial infrastructure to support growth of youth businesses. Most state-sponsored youth credit schemes in Africa have suffered from a number of weaknesses, ranging from: poor programme design; poor implementation; poor loan disbursement; poor loan repayment rates; lack of monitoring skills; lack of strong financial control systems; lack of youth

training in business and loan management; and politicization as is the case with Youth Constituency Funds. Information on the youth fund is not adequately disseminated and the loaning process is cumbersome. The whole process needs to be made more youth friendly.

2.5 Level of Financial Literacy on Enterprise Development

Financial literacy is a crucial factor affecting individuals, households, financial institutions and the broader economy. Financial illiteracy has been cited as a major reason for falling saving rates, mounting consumer debt, inadequate planning for retirement and mismanagement of personal finances . (Hilgert, Hogarth and Beverly , 2003). Financial literacy, encompass several concepts ranging from financial awareness and knowledge, financial skills like the ability to calculate compound interest payments and financial capability which has to do with money management and financial planning. (World Bank, 2012). Recent studies have shown that financial literacy levels in developing countries is quite low. DFID (2008) study found that in 7 African countries only about a third (29%) of adults had a bank account and that approx. 50% used no financial products whatsoever.

In South Africa, various studies have revealed that the level of financial literacy is alarmingly low . A study carried out by Godfrey (2008) found that 60% of respondents do not understand the term interest. Without doubt, improving financial literacy can benefit all levels of the economy and will support the financial services sector reduce social and economic exclusion and spending power, innovation and competitiveness will increase and loan defaults will decrease (Currie, 2005). Oseifuah (2010) conducted a study to examined the relationship between financial literacy and youth entrepreneurship in Vhembe District, South Africa .

Financial literacy level was measured based on responses on mathematical literacy, computer literacy, financial attitude, knowledge and financial behavior. The results revealed that the level financial literacy among youth entrepreneurs in the Vhembe District is above average. The study found that majority of young people would prefer to spend money than to save it, that the majority of young people never enjoy dealing with financial matters and that young people are least likely to stay within their budgets.

The study concludes with a recommendation of a more comprehensive and aggressive programme of consumer financial education in South Africa (Roberts, Struwig, Gordon, Viljoen, and Wentzel, 2012).

Positive financial behaviors and attitudes contribute to financial satisfaction, and life satisfaction. Studies by Marcolin and Abraham (2006); Schuchardt et al., (2008); Remund (2010) and Huston (2010) found that despite the rapid growth of interest in and funding for financial literacy and financial education programs, it remains the case that the field of financial literacy has a major obstacle to overcome the lack of a widely disseminated measure of financial literacy, developed through rigorous psychometric analyses.

The purpose of financial education is to teach people concepts of money and how to manage it wisely. According to Michael (2009) argues that a lack of financial literacy can hamper the ability of individuals to make well-informed financial decisions. For people who exhibit problems with financial decision making, financial advice has the potential to serve as a substitute for financial knowledge and capability. Kumar and Samir (2012) conducted a study among 3000 individuals, and found that financial knowledge among Indians is very low than the International standards. But the financial behavior and attitude of the employees and retired seems to be positive. The aim is to enable people to become more informed financial decision makers, develop awareness of personal financial issues and choices, and learn basic skills related to earning, spending, budgeting, saving, borrowing, and investing money. Financial literacy can help people set financial goals and optimize their financial options. Financial education can help youth entrepreneurs choose wisely among a growing number of financial options and use YEDF services to their best advantage. With better knowledge of the range of financial services available, their costs, and the risks associated with their use, clients can decide which one is best to meet their needs. Improved financial management help reduce the risks of running a business and financing business activities with loans.

For YEDF, improved ability of clients to manage debt can help keep repayment rates up and delinquency rates down. Involvement of YEDF in assessing financial education needs of clients can help staff understand financial management strategies of the poor, financial service gaps and how microfinance products and services could be improved and expanded. Ultimately, financially savvy clients can reduce portfolio risks, stimulate competition, and contribute to the

growth and development of YEDF. In view of the problems of inaccessibility of financial services and their vulnerability of not knowing or understanding how the micro-lenders operate or the rules and regulation governing such micro-lenders, the poor households resort to the informal means of finance in order to survive. The households access finance through various forms of informal savings and lending which are mostly used in the poor black communities.

Many government have come up micro credit schemes to give finances to the youth to enable them set up enterprises. A stokvel is the umbrella term used for informal savings organizations in the African community in South Africa for survival. A stokvel is a credit association made up of a group of people usually numbering less than 30 or even 10, depending on the stokvel type, to give each other certain amount of money on a rotational basis. In most cases, the contributed amounts are saved and also made available as loans to the stokvel members. These stokvels assist the households to provide for their basic needs, that is, they provide financial services for entertainment, household utensils and groceries, education, and funding for predictable expensive events such as marriages and most importantly, unpredictable ones like illnesses and funerals. The households themselves decide on how the stokvels should operate by stipulating own rules and regulations in the form of the constitution. The households manage the finances themselves and exert peer pressure on one another to repay the loans for the purpose of sustaining the stokvels. (Chiguta , 2006)

2.6 Desire for Self Employment on Enterprise Development

Young entrepreneurs start businesses for a wide range of reasons. Young entrepreneurs cite various personal motivations and reasons to start their own business such as to be one's own boss, to be more independent and flexible, to pursue a new job perspective, to seek a new challenge, to earn more money, to realize a vision or an idea, to get more reputation and to connect a passion with the job, or to continue family traditions. Many strive for the independence that comes from working for themselves, while, for others, the current economic climate and a shortage of job opportunities motivate them to establish their own businesses, rather than face unemployment.

A common motivator among almost youth entrepreneurs is a great business idea, the right opportunity in the market. According to (Chiguta , 2005) the most common driver among young entrepreneurs is having a great business idea that addresses a perceived gap in the market.

He continued to argue that young people decide to start a business, relating to their living circumstances, their personal attitudes, preferences and objectives and their particular interests and individual strengths. Several authors have argued that the decision to become an entrepreneur is a complex and multi-faceted phenomenon, Marlow and Strange, (1994). Youth in developing countries tend to go into business out of economic necessity or need to survive, or out of failure to find productive use of their energy in other avenues. Survey data from Zambia show that the overwhelming majority 92.3 % of the respondents cited socio-economic problems as the major reason for starting the business (Chigunta, 2001). Of these, close to half 46.2 % cited lack of employment, a third that 30.8 % the need to supplement household income and 15.4 % poverty. Only 7.7 % of the respondents cited the need to accumulate wealth as the major reason for starting the business. Similarly, in Malawi, the majority of youth entrepreneurs cited unemployment and poverty as the major reasons for starting their businesses (Kambewa, 2001). Motivation is concerned with the factors that influence people to behave in certain ways. According to (Chiguta, 2009) business owners are self motivated and determined to succeed. Motivating other people is about getting them to move in the direction you want them to go into, motivated people are those with clearly defined goals who take action that they expect will achieve those goals (Bwisa, 2010).

An organization as a whole can provide the context within which high levels of motivation can be achieved by providing incentives and rewards, satisfying work and opportunities for learning and growth (Bwisa, 2010). According to Mahinda (2004), in his study on what is affecting youth entrepreneurs in Kenya, he started by defining the term entrepreneur in which he failed to a right definition for term since it becomes apparent that a velar cut and controversial is now where which reach. In Kenya we are looking at self employment as one way of creating employment for youth entrepreneurs. Approximately 500,000 graduates tertiary academic institution enter the labor market annually. However, due to low academic growth, rampant corruption, nepotism and demand for experience by potential employees, a majority of graduates remain unemployed (National Employment policy 2002). We must therefore work hard to understand how entrepreneurs succeed, as this is key in ensuring youths employment.

Entrepreneurship is driven by economic necessity when there is no other alternative for income generation or making a living. According to GEM study, necessity-driven entrepreneurship

levels in a country is associated with factors like low tax revenue as a percentage of GDP, lower levels of participation in both secondary and tertiary education and high levels of income disparity and low levels of social security. That is why especially youth in developing and low-income countries tend to engage in business out of economic necessity e.g. lack of employment opportunities, need to supplement household income and poverty (Kambewa, 2001).

In contrast, opportunity-driven entrepreneurship refers to entrepreneurship that is the result of the desire to pursue a perceived business opportunity, which is not the only option for generating an income and making a living at a time. The level of opportunity entrepreneurship is associated with a belief in having the skills to start a business, knowing someone who has started a business in the last two years, seeing good business opportunities in the future, and high business angel investment and support activity. (National Employment policy 2002). Furthermore, in industrialized countries, young people cite various personal motivations and reasons to start their own business, to be one's own boss, to be more independent and flexible, to pursue a new job perspective, to seek a new challenge, to earn more money, to realize a vision or an idea, to get more reputation and to connect a passion with the job in order to obtain better quality of life , and to continue family traditions (Hirsch, 2005).

From an economics perspective, it is argued that an individual will choose to become self-employed if the expected life-time utility from self employment is greater than the life-time utility from dependent employment (Hirsch, 2005). According to Baumol (1990) individuals choose to be entrepreneurs when or because their utility is maximized by doing so. There is evidence that non-monetary reasons for being self-employed play a much greater role than monetary aspects and there is doubt on the suggestion that people mainly choose self-employment as a means of gaining higher income than they could attain as employees (Hirsch, 2005). In some countries, the different life experiences and expectations or different socialization processes of females and males in society influence their reasons for starting an enterprise.

For example, the data from Zambia suggest that the need to supplement household income is the motivating factor for starting an enterprise among female youth proprietors, while among male youth proprietors it is lack of employment. According to, (Gray, 1995) several of the main reasons often cited for starting a business in North America, Europe and Japan are to be one's

own boss, with more control over one's own work and life, to obtain an alternative route for advancement from a dead-end job, to obtain additional money, and to provide products not elsewhere available. The youth, especially the graduates, are motivated primarily by desires for independence and flexibility and not necessarily money (OECD, 2001).

2.7 Theoretical frame work

There are several theories that have been advanced for entrepreneurship. This study was based on the following theories:

2.7.1 The resource Based Theory

According to (Dollinger, 1999) this theory explains how entrepreneurs themselves build their businesses from the resources they currently possess or can realistically acquire in order to gain a sustained competitive advantage.

The resource based theory recognizes the following types of resources available to an entrepreneur, financial, physical, human, technological, reputational and organizational. The resource based theory argues that the choice of which industry to enter and what business to be in is not enough to ensure success. The theory says the nature and the quality of the resources the entrepreneur possesses and can lead to long term success.

The theory treats the individual as an important unique recourse to the firm, resources that money cannot buy. Youth entrepreneurs themselves have a lot of energy , enthusiasms which is a great resource to their enterprises. As the resource based theory indicates the youth by virtue of their age, creativity are a resource to their businesses. The resource based theory holds that Sustainable Competitive Advantage (SCA) is created when firms possess and employ recourses that are valuable because they exploit some environment opportunity, (Dollinger (1999)

This theory formed the basis of this study since the government of Kenya initiated the Youth Enterprise Development Fund which is a powerful resource to the setting up and running the business has been helpful to the youth as the fund is easily accessible. The vision 2030 social pillar which the country is gearing toward has a pillar specifically focusing on youth empowerment. This in itself is a resources to youth entrepreneurs as the government has clear policies targeting youth entrepreneurs.

2.7.2 Economic Theory

This theory emerged through the work of (Amasa Walker, 1799), who saw the role of the entrepreneur as creator of wealth. He believed profit is the return to the entrepreneur for his or her skills, ability or talent. Hawley (1929), saw profit as the reward to the entrepreneur for assuming risk and as a result of his work, the concepts of risks and uncertainty. An economist (Schumpeter, 1883-1950) saw an entrepreneur as someone who implements new combinations of means of production, an innovator. In his theory of economic development, the entrepreneurs role is to disturb the status quo through innovation.

Schumpeter claimed that all change that altered the normal circular flow of industry was as a result of entrepreneurship and he called this force the creative destruction of capital. Schumpeter saw entrepreneur not so much as a lubricant that oiled the wheels of the economy, but as self interested individuals who sought short term monopolies based in some innovation. Schumpeter introduces new combinations, new products, production processes, new markets, new sources of supplies, and developing new organization or industry. According to (Schumpeter,1999) entrepreneurship is the source of change. Innovation creates new activities and markets. Under such circumstances, profit is a surplus or residual that rises due to an innovative activity.

2.8 Conceptual framework

This study is guided by the conceptual framework as shown in figure 1. The conceptual framework has been conceived based on the literature review and theoretical framework .

Independent Variables
Variable

Dependent Variable

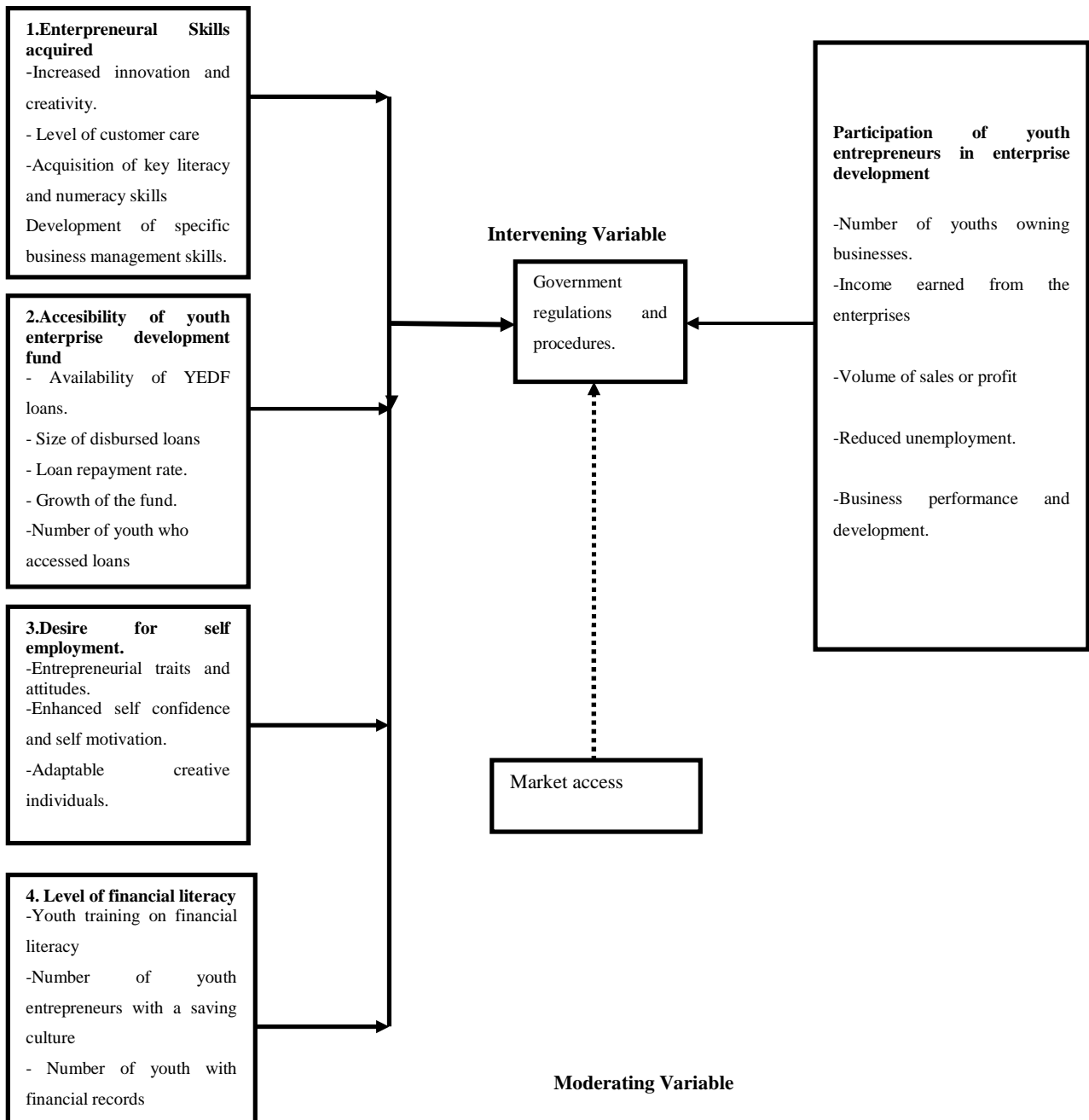


Figure 2. 1: Conceptual Framework

The conceptual framework explains the relationship between the independent variables and the dependent variables. The former is presumed to be the cause of the changes while the former influences the latter (Kothari, 2003). According to the conceptual framework, entrepreneurial skills acquired, level of financial literacy, desire for self employment and accessibility of youth

enterprise development fund affect participation youth entrepreneurs in development. This means that, youth entrepreneurial activities could be enhanced when these factors are high. Favorable Government policies and procedures could also enhance youth enterprises as it intervenes between both independent and dependent variables.

2.9 Literature gap

Empirical studies of Curtain (2004); Mahinda (2004); and World of work The Magazine of ILO - No.70. December 2010 points out the importance of youth entrepreneurs in improving the economy of a country by diverging into self-employment from both public and private sectors. The studies also view youth entrepreneurs who engage in entrepreneurship as the only major source of employment due to continuous increase of unemployment. The study have identified the following gaps:

From the study conducted by Curtain,(2004), he said that entrepreneurship is a difficult process to foster because it requires so many supporting components; but he failed to mention those components. Therefore this study will focus on identifying those components which make youth entrepreneurs want to engage in entrepreneurship. From the study conducted by Mahinda (2004) he said that starting or working capital is among the challenges facing youth entrepreneurs who engage in entrepreneurship; but he failed to identify other challenges. Unavailability and inaccessibility of credit among youth has also been a major problem for those intending to engage in entrepreneurship as an alternative source of self employment. The number of credit programmes targeting the youth in developing countries have also been quite few thereby creating a major financing gap for youth run enterprises (Curtain, 2000). The fact that the government has set up a youth fund is not doing enough to reduce unemployment. The youth enterprise support programmes in place have also failed to consider socio-cultural constraints limiting youth participation to engage in entrepreneurship.

Administrative and regulatory burdens on youth entrepreneurship according to reviewed literature are key barriers for business start ups by young people in developing countries and needs to be reformed. Therefore our study will focus on identifying other challenges facing youth entrepreneurs who engage in entrepreneurship. From World of work THE MAGAZINE OF ILO No.70. DECEMBER, 2010 explained about the increase of unemployment rate but it did

not show the possible solutions and measures to be taken. Therefore our study will focus on the identification of possible measures and

2.10 Summary of Literature

Literature reviewed earlier in this chapter indicate that development of youth enterprise development projects by youth groups may be positively or negatively influenced by entrepreneurial skills acquired by the entrepreneur. Lack of or inadequate entrepreneurial skills in enterprise development may lead to fewer businesses started, owned and run by youth as well as growth of such enterprises. The higher the level of relevant entrepreneurial skills acquired in business, the higher the number of successful businesses started, owned and run by youth entrepreneurs. Similarly, increased access of youth enterprise development fund will result in more new businesses registered by youth entrepreneurs and increased chances of growth and survival of the enterprises developed. Without finances youth entrepreneurs had minimal chances of starting their own businesses. Many countries have set up special credit programmes to promote credit access among the youth. Also the need for being dependent and desire for self employment will lead to many enterprises being opened up. The higher the level of financial literacy the more development enterprises that will be opened up. Lack of sound financial literacy is leads to making financial goals that are not sustainable. The intervening variable is the government regulations and procedures. Favorable environment will make many youths to open up many businesses as the challenges will be minimized on the other hand when the regulations are tough few youth entrepreneurs will not want to engage in enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the methodology that was used in conducting this research. It described the procedures that were used in gathering data, analyzing the data and reporting the results. This section is an overall structure conceived to aid the study in answering the raised research questions. Specifically the following subsections were included research design, target population, data collection instruments, data collection procedures and finally methods of data analysis.

3.2 Research Design

This study adopted descriptive survey approach to analyze factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub-county, Kiambu County. This design is most appropriate given the exploratory and descriptive nature of this study (Wawire & Nafukho, 2010). According to (Mugenda and Mugenda, 2003), descriptive research is a process of collecting data in order to answer questions concerning the current status of the subjects in the study. A descriptive research determines and reports the way things are and it attempts to describe such things as possible behavior, attitudes, values and characteristics. Schindler and Cooper (2003) observed that descriptive studies are structured with clearly stated questions to be investigated. According to (Mugenda and Mugenda, 1993), a descriptive survey research is probably the best method in collecting original data for the purpose of describing a population which is too large to be observed directly.

Mugenda and Mugenda (1993) further notes that surveys are excellent vehicles for the measurements of characteristics of a large population. Descriptive survey design is best suited for this study because the data required for analysis is to be collected from a large population, in which it might be hard to observe the features of each youth entrepreneur. This design allowed the researcher to generate both numerical and descriptive data that was used in measuring the relationship between variables were under study.

This made it possible for the researcher to produce statistical information on factors influencing participation of youth entrepreneurs in enterprise development. The researcher used questionnaires and structured interview guide to collect data.

Descriptive research is concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation this is according to Kothari (2004). The descriptive design was used since it ensured complete description of factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub - County and it made sure that there was minimum bias in the collection of data and it reduced errors in interpreting the data collected. The design provided a detailed and highly accurate picture of the situation that was very useful in literature research.

3.3 Target Population

The target population were individual youth entrepreneurs in Limuru Sub county Kiambu County. The total number of registered youth entrepreneurs with the youth ministry in Limuru is 250. The research dealt with active youth entrepreneurs and activity in this context was determined by having an existing enterprise for at least one year. According to Mugenda and Mugenda (2003), defined target population as that population the researcher studies, and whose findings were used to generalize to the entire population. The population of interest in this research consisted of 250 youth entrepreneurs between (18 - 35) years from Limuru Sub County, Kiambu County owning and operating enterprises in the provision various goods and services. In addition one administrative official from Youth Enterprise Fund and one official from a financial institution was interviewed and formed part of the target group.

3.4 Sample Size and Sampling Procedure

The sampling frame describes the list of all population units from which the sample size will be selected (Cooper and Schindler, 2003). The sample size was 148 youth entrepreneurs. Krejcie and Morgan (1970) table was used to come up with a sample size. Table 3.1 describes the number of respondents who were selected in order to form the study population.

3.4.1 Sample Size

Out of the targeted two hundred and fifty (250) youth entrepreneurs a sample size of 148 youth entrepreneurs were selected from the target population. The sample size was reached through Krejcie & Morgan (1970).

3.4.2 Sampling procedure

According to Kathuri and Pals (1993), the size of a sample should be sufficiently large to allow an accurate interpretation of the results and at the same time ensure that the data is manageable.

The sampling procedure describes the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the sample was selected (Cooper and Schindler, 2003). Proportionate Sampling is a sampling strategy for gathering participants for a study. It is used when the population is composed of several subgroups that are vastly different in number. The number of participants from each subgroup is determined by their number relative to the entire population. According to (Kerlinger, 1986) purposive sampling as another type of non-probability sampling, which is characterized by the use of judgment and a deliberate effort to obtain representative samples by including typical areas or groups in the sample. The researcher did proportional clustering with randomization accomplishes by using human judgment and logic. The researcher used purposive sampling to select one administrative officer in charge of Youth Enterprise Development Fund within the district and another officer from a micro finance institution involved in loan extension to the youth in the area.

Table 3.1 Enterprise Activity Involved in

Enterprise Activity	Frequency	Percent
Retail/wholesale trade	7	6.48%
Cybercafé	6	5.55%
M-pesa shop	13	7.40%
Fruit/Vegetable	6	5.55%
Cosmetics	5	4.62%
Bookshops	9	8.33%
Hardware	5	4.62%
Matatu/taxes	10	4.62%
Repairs/maintenance	11	5.55%
Mitumba dealers	20	13.88%
Saloons/Kinyozi	18	7.40%
Bar/Butchery	9	8.33%
Electronics/accessories	11	5.55%
Hotel & Restaurant	9	3.70%
Charcoal	9	8.33%
Total	148	100%

3.5 Research Instruments

The study used questionnaires to collect primary data. The questionnaire was structured in a way so as to include both open and closed ended questions. The closed ended questions were used so as to standardize the responses. A five point Likert scale technique was used. The questionnaire was divided into two sections. the first section covered general information about the respondents and the next section covered the objectives to be discussed.

3.6 Pilot Testing

Based on the theory of sampling by (Mugenda and Mugenda,2003) a pre – testing of the questionnaire was conducted to a small sample of the youths entrepreneurs (10% of respondents) within Limuru Sub- County using a pretest questionnaire to test the reliability and validity of the questionnaires. The researcher conducted the pilot testing by selecting a sample that had the same characteristics as the target population.

The selected sample were given the questionnaires already prepared. This helped identify potential problem areas and clarify the respondents' interpretation of each question. This assessed the capability of the survey instruments to collect the required data for the survey. The aim of the pilot survey was to test whether the design of questions was logical, if questions were clear and easily understood. It also tested whether the stated responses were exhaustive and how long it took to complete the questionnaire. Schwap (2005) notes that the pre-test will also allow the researcher to check on whether the variables collected can easily be processed and analyzed. Any questions that was found to be interpreted differently during the pre-testing was rephrased so that they gave the same meaning to all respondents. Views given by the respondents during pre-testing were analyzed and used to improve the questionnaires before the actual collection of data.

3.7 Validity and Reliability of Research Instruments

The study conducted validity and reliability tests to enhance the data that was to be gathered by the instruments. These tests ensured the instruments were exhaustive and would collect data that would be processed, analyzed and interpreted.

3.7.1 Validity of the Research Instruments

Validity of the research instruments is the extent to which the research tools provide a true measure of what they are designed to measure. When a tool has content validity, the items on the test represent the entire range of possible items the test should cover. (Taylor, Graham and Lewins, 2005). A content validity test was used to measure instrument validity. This type of validity measured the degree to which data collected using a particular instrument represent a specific domain of indicators or content of a particular concept (Mugenda and Mugenda, 1999). To enhance content validity, the researcher read through the questionnaires with the supervisor to ensure validity was achieved. An expert in the field of entrepreneurship was given the instruments to assess the degree to which the tools measured and answered the questions being sought. The pilot study too helped in identifying items in the instrument which were ambiguous and inappropriate in order to improve its quality and validity.

3.7.2 Reliability of the Research Instruments

Reliability of the research instruments is the measure of how consistent the results from a test come out. An instrument is reliable when it can measure a variable accurately and consistently and obtain the same results under the same conditions over a period of time. To test reliability of the instrument test-retest technique was used. This test-retest method involved administering the

same instrument twice to the same group of subjects. The second administration was done after a time lapse of one week after the first test and found that the results were the same .

3.8 Data Collection Procedures

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

3.9 Data Analysis Techniques

The study used both qualitative and quantitative data. Descriptive statistics was applied to analyze both qualitative and quantitative data. Data obtained from the questionnaires was processed through editing and coding and then entering the data into a computer for analysis using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 21.0, which offers extensive data handling capabilities and numerous statistical analysis procedures that analyses small to very large data statistics (Bell, 2007).

Descriptive statistics aided to compute measures of central tendencies and measures of variability (Bell, 2007). Descriptive analysis are important since they provide the foundation upon which correlation and experimental studies emerge; they also provide clues regarding the issues that should be focused on leading to further studies (Mugenda & Mugenda, 2003). Qualitative data was analyzed using content analysis. The analyzed findings were then presented in form of frequency tables as it was user friendly and gave a graphical representation of the different responses given by the respondents.

3.10 Ethical Considerations

Ethics in research requires personal integrity from the researcher. According to (Cooper & Schindler, 2003) ethics in research ensure that no one is harmed or suffer adverse consequences from research activities. In this research, respondents were informed about the nature and the purpose of the study. The researcher obtained an informed consent from the respondents before undertaking to collect data from the field. The researcher informed and explained the objectives of the research in order to solicit informed consent from the respondents.

The respondents also participated in the study voluntarily. High level of confidentiality on the information provided by respondents through interview or questionnaires was maintained. The

researcher ensured that the questionnaires were non-invasive and the information gathered was solely for academic purposes and not for any other purpose. Prior to the distribution of the questionnaires the researcher sought the requisite permission from the relevant authorities including authorities at the Limuru Sub-County Youth Affairs Ministry. In addition, the researcher obtained an introduction letter from the University of Nairobi to accompany the questionnaires to the research.

3.11 Operational Definition of the Variables

Table 3.2 clearly illustrates the operational definition of the independent variables and the dependent variable identified for the study. The table defines how the variables were measured in the study.

Table 3. 1: Operational Definition of the Variables

Variable	Indicators	Measurements	Measurement of Scale	Data Collection Instruments	Tools of Analysis
Dependent Variable Youth entrepreneurs in enterprise development projects	Income earned from the enterprises Volume of sales or profit Reduced unemployment. Business performance and development.	Number of youths owning enterprises.	Ordinal	Administering questionnaires and interview	Descriptive analysis by computing the percentages and frequencies.
Research Objective 1 To establish the extent to which acquired entrepreneurial skills influence youth entrepreneurs in enterprise development in Limuru sub county, Kiambu County.					
Independent Variable Acquired entrepreneurial skills	Increased innovation and creativity.	Level of innovation	Nominal	Administering questionnaires and interview	Descriptive statistical analysis by computing the percentages and frequencies
	Level of customer care	Level of customer satisfaction	Nominal	In depth Interview	Descriptive statistical analysis by computing the percentages and frequencies
	Development of specific business management skills.	Acquisition of management skills	Nominal	Administering questionnaires and interview	Descriptive statistical analysis by computing the percentages and frequencies
Research Objective 2 To determine the extent to which accessibility of Youth Enterprise development Fund influence participation of youth entrepreneurs in enterprise development.					
Independent Variable Accessibility of Youth Enterprise development Fund	Accessibility of YEDF loans.	Number of youth entrepreneurs who accessed the YEDF Loans	Ordinal	Administering questionnaires and interview	Descriptive statistical analysis by computing the percentages and frequencies
	Size of disbursed loans	Amount of loan given to a youth entrepreneur	Ordinal	Administering questionnaires and interview	Descriptive statistical analysis by computing the percentages and frequencies
	Loan repayment rate.	Rate of the loan repayment	Nominal	Administering questionnaires and interview	Descriptive statistical analysis by computing the percentages and frequencies

Research Objective 3 To establish how desire for self employment influence participation youth entrepreneurs in enterprise development in Limuru sub county, Kiambu County.

Independent Variable Desire for self employment	Entrepreneurial traits and attitudes.	Positive attitude towards business	Nominal	Administering questionnaires and interview	Descriptive statistical analysis
	Enhanced self confidence and self motivation.	Through observation of self motivated entrepreneurs	Nominal	In depth interview	Descriptive statistical analysis
	Adaptable creative individuals.	Level of creative business ideas	Nominal	In depth interview and observation	Descriptive statistical analysis

Research Objective 4 To assess how the level of financial literacy influence participation of youth entrepreneurs in enterprise development in Limuru sub county, Kiambu County.

Independent Variable Level of financial literacy	Youth with past experience in financial management	Number of youths with financial experience	Ordinal	Administering questionnaires and interview	Descriptive
	Adequacy of the financial management module	Number of qualified youths	Ordinal	Administering questionnaires and interview	Frequencies and percentages
	Content of financial management module.	Standard of the financial management module offered.	Nominal	Administering questionnaires and interview	Descriptive statistical
	Saving habits for the enterprise	Number of youth entrepreneurs with saving culture	Ordinal	In depth interview and observation	Descriptive

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the study findings which have been analyzed in line with the thematic and sub thematic areas as per objective. This includes Questionnaire return rate, Demographic information, Acquired entrepreneurial skills on enterprise development, Accessibility of Youth Enterprise Development Fund on enterprise development, Desire for self employment on enterprise development and Level of financial literacy on enterprise development.

4.2 Questionnaire Return rate

The study targeted 250 youth entrepreneurs, 108 questionnaires were completely filled and returned. This translates to 108 (73.0%). Mugenda and Mugenda (2008) asserted that for a response rate to be statistically significant for an analysis then it should be at least 50%. The finding was as shown on Table 4.1

Table 4.1: Questionnaire Return Rate

Responses	Frequency	Percentage
Responded	108	73.0%
Did not Respond	40	27.0%
Total	148	100%

4.3 Demographic Information

This section describes demographic information of the respondents which include distribution of the respondents by age, distribution of the respondents by gender , distribution of the respondents by marital status , distribution of the respondents by their level of education and type of enterprise activity of the respondents. The rationale behind inclusion of these attributes in the study is that it helped to shed some light on respondent's characteristics as some may have some bearing on influence participation of youth entrepreneurs in enterprise development. Of importance is that these demographic characteristics touch on the personal attributes which have impact on how an enterprise is run and therefore the need to include them in the study.

4.3.1 Distribution of the respondents by age

The study sought to establish the age of the respondents. The findings are shown in Table 4.2

Table 4. 2: Age of the Respondents

Age Bracket	Frequency	Percentage
18-21 years	28	25.9%
23-26 years	31	28.7%
27-30 years	17	15.7%
31-35 years	32	29.7%
Total	108	100%

The data presented in table 4.2 shows that 32 (29.7%) were aged between 31-35 years, 31 (28.7%) were aged between 23-26 years, 28 (25.9%) were aged between 18-21 years while 17 (15.7%) were aged between 27-30 years. Age in this study was considered important as it categorized the entrepreneurs and explained the differences found among them. According to (Reynolds, 1997) the person's age has been considered as key demographic characteristic in understanding the entrepreneurs' behavior and intentions. The study showed that older youth entrepreneurs from the target group are more into enterprise development compared to the younger entrepreneurs from the target group. This could be because the older youth have life responsibilities making them therefore to engage in entrepreneurship to make an income . It could also be because more opportunities increase with age and this could therefore be a reason why more engaged in business. Age distribution of the respondents was considered by the researcher because by considering the age of the respondents the researcher would derive opinions from different age groups thus enriching the findings of the study.

4.3.2 Distribution of Respondents by gender

The study sought to establish the distribution of the respondents by gender. The findings were as shown in Table 4.3

Table 4.3: Gender of the Respondents

Gender of Respondents	Frequency	Percentage
Male	67	62.03%
Female	41	37.97%
Total	108	100%

From the finding, majority of the respondents were males as evidenced by 62.03% (67) while 37.97% (41). This implies that all the genders were involved in the study and therefore the study captured opinions of both male and female thus getting rid of gender bias. Majority of the respondents were males which shows male had more entrepreneurial intentions compared to the female this could be explained by the reason that male not risk averse . The gap between men and women has always existed. Female participation in entrepreneur activity was lower than that of male this could be explained by the reason that socially women are to stay at home and take care of the children

4.3.4 Marital status of the Respondents

The researcher also sought to know the marital status of the respondents. The results are as shown in Table 4.4.

Table 4.4 Marital Status of the Respondents

Marital Status	Frequency	Percentage
Married	76	65%
Single	40	35%
Total	116	100%

Majority of the respondents 76 (65%) indicated they were married, while 40 (35%) of them were single. This is an indication that youth entrepreneurs who are married would have a lot of commitments and life responsibilities such as upbringing and taking care of the children's needs school fees for the children, medical expenses, hence the reason why they engage in an activity so that they can make money.

4.3.5 Distribution of the respondents by the highest level of education

The study sought to establish the respondents' level of education and the impact on youth entrepreneurs. The findings were as shown in Table 4.5

Table 4.5 Education Level of the Respondents

Education Level	Frequency	Percentage
University Degree	13	12.1%
Secondary	31	28.7%
Primary	16	14.8%
Technical and Vocational	27	25.0%
None	21	19.4%
Total	108	100%

As indicated in the findings, 19.4% (21) of the respondents had not attended school at all, 25.0% (27) of the respondents had Technical and Vocational training as their highest level of education, 14.8% (16) of the respondents had Primary as their highest level of education, 28.7% (31) of the respondents had Secondary school as their highest level of education while 12.1% (13) of the respondents had University as their highest level of education. This implies that majority of the respondents had knowledge that would enable them understand enterprise development. Description of respondents age is important to the study as the respondent will be more positive knowing their education level is being taken into account. 21 (19%) of the respondent had not gone to any school despite the government reviving the vocational centers which are affordable. This is perhaps because of the poor attitude towards technical/vocational education exacerbated by a rigid education system that is more academic.

According to (Chiguta , 2005) the most common driver among young entrepreneurs is having a great business idea that addresses a perceived gap in the market and education is necessary for the growth and sustainability of the business.

4.3.6 Enterprise Activity

The study sought to establish the enterprise activity the respondents were engaged in. The findings were as shown on Table 4.6

Table 4.6 Type Enterprise Activity Involved in

Enterprise Activity	Frequency	Percent
Retail/wholesale trade	7	6.48%
Cybercafé	6	5.55%
M-pesa shop	8	7.40%
Fruit/Vegetable	6	5.55%
Cosmetics	5	4.62%
Bookshops	9	8.33%
Hardware	5	4.62%
Matatu/taxes	5	4.62%
Repairs/maintenance	6	5.55%
Mitumba dealers	15	13.88%
Saloons/Kinyozi	8	7.40%
Bar/Butchery	9	8.33%
Electronics/accessories	6	5.55%
Hotel & Restaurant	4	3.70%
Charcoal	9	8.33%
Total	108	100%

As indicated above, 6.48% of the respondents were engaged in Retail/wholesale trade, 5.55% in Cybercafé business, Fruit/Vegetable, Repairs/maintenance. 7.40% of the respondents were engaged in M-pesa shop and Saloons/Kinyozi. 4.62% of the respondents were engaged in Cosmetics and Matatu/taxes. 8.33% were engaged in Bookshops, Bar/Butchery and Charcoal while 3.70% were engaged in Hotel & Restaurant. This indicated that all the respondents were engaged in an enterprise activity. The finding agrees with GOK (2005) who reported that small enterprises in Kenya cut across all sectors of the economy and provide one of the main sources of employment and generate widespread economic benefits. The finding further concurs with the economic survey of 2003 that reported that the Small and Medium Enterprise (SME) sector accounted for 74.2 percent of the total persons engaged in employment and contributed up to 18.4 percent of the country's GDP in 2003.

Mitumba enterprise from the study had the highest percentage of 13.88% this implies that the requirements to set up such an enterprise would be less cumbersome compared to Hotel and restraint which had the least as it requires a lot of permits to engage in food handling business. There are no skills required to engage in Mitumba sales compared to other type of enterprises which require specialized training, this could therefore be the reason why many entrepreneurs were involved in this type of enterprise.

4.5 Acquired Entrepreneurial Skills on Enterprise Development

The respondents were asked to rate several aspects of acquired entrepreneurial skills on enterprise development. The scale of measurement of 1-5 was used where ; 1 = Strongly Agree ; 2= Disagree ; 3= Neutral ; and 4 = Strongly Agree . The findings were as indicated on Table 4.7

Table 4.7 Acquired Entrepreneurial Skills on Enterprise Development

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
Relevant skills and knowledge to start and manage business	2	1.9	0	0	4	3.7	59	54.6	43	39.8	4.3056	0.71641
Hard work and commitment are the strong entrepreneurial skills	0	0	10	9.3	0	0	58	53.7	27	25	3.9444	0.86287
Entrepreneurial skills hamper youth enterprises growth	3	2.8	3	2.8	26	24.1	44	40.7	18	16.7	3.5278	1.03633
There is need to upgrade entrepreneurial skills in enterprise development	9	8.3	11	10.2	9	8.3	56	51.9	23	21.3	4.0463	1.16674
Being a risk taker is a natural trait of enterprise developer	2	1.9	2	1.9	4	3.7	53	49.1	40	37.0	4.1111	0.95049
Entrepreneurs cannot afford the high cost of training and advisory services	0	0	0	0	0	0	53	49.1	55	50.9	4.5093	0.50224
Communication and delegation of entrepreneurial skills helps to master the abilities made by their team members	3	2.8	21	19.4	9	8.3	53	49.1	21	19.4	4.1944	1.0135
Shortage of technical and skill support is a challenge in enterprise development	0	0	1	0.9	4	3.7	63	58.3	40	37.0	4.3148	0.59039
Plan for my business	14	13	14	13.0	26	24.1	37	34.3	17	15.7	3.2685	1.25010
Market my products	2	1.9	17	15.7	26	24.1	39	36.1	24	22.2	3.6111	1.05753
Approach enterprise risks cautiously	2	1.9	15	13.9	4	3.7	56	51.9	31	28.7	3.9167	1.02424

The respondents agreed that they learnt relevant entrepreneurial Skills on how to start and manage a business as shown with a mean of 4.0356 and standard deviation of 0.71641. This is consistent with the work of Rasmussen and Sorheim (2006) who posited that 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. The respondents also agreed that hard work and commitment are the strong entrepreneurial traits as shown with a mean of 3.9444 and standard deviation of 0.86287. On whether entrepreneurial skills hamper youth enterprises growth, majority of the respondents agreed with the statement as shown with a mean of 3.5278 and standard deviation of 1.03633

The respondents further agreed that there was need to upgrade entrepreneurial skills in enterprise development as shown with a mean of 3.6759 and standard deviation of 1.16674. On whether being a risk taker is a natural trait of enterprise developer, majority of those interviewed agreed with a mean of 4.1111 and standard deviation of 0.95049. This is in line with the work of Mokaya (2010) who posited that setbacks and risks do not discourage entrepreneurs and they are relentless in their pursuit of goals.

The respondents strongly agreed that entrepreneurs cannot afford the high cost of training and advisory services as shown with a mean of 4.5093 and standard deviation of 0.50224.

The respondents agreed that communication and delegation of entrepreneurial skills help to muster the abilities made by their team members as shown with a mean of 4.0093 and standard deviation of 1.0135. This is in line with Rasmussen and Sorheim (2006) being passionate about their venture, their sheer belief and conviction in an idea or action is an entrepreneurial skill that helps the entrepreneurs survive. The study found out that shortage of the technical and skill supports is a challenge in enterprise development as shown with a mean of 4.3148 and standard deviation of 0.59039. On whether the respondents acquired knowledge and skill in Business Planning, majority of the respondents were neutral on the said statement as shown with a mean of 3.2685 and standard deviation of 1.25010. The respondents agreed that they had acquired knowledge and skill in Products Marketing as shown with a mean of 3.6111 and standard deviation of 1.05753. Majority of the respondents agreed that they had approached the enterprise risks cautiously as shown with a mean of 3.9167 and standard deviation of 1.02424.

4.6 Accessibility of Youth Enterprise Development fund for Youth Entrepreneurs on Enterprise Development

The respondents were asked to rate accessibility of youth enterprise development fund for youth entrepreneurs on enterprise development.

The scale of measurement of 1-5 was used where ; 1 = Strongly Agree ; 2= Disagree; 3= Neutral ; and 4 = Strongly Agree . The findings were shown on Table 4.8

Table 4.8 Accessibility of Youth Enterprise Development Fund to Youth Entrepreneurs

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
Access to financing and capital is a critical enabler for young entrepreneurs	3	2.8	19	17.6	40	37	31	28.7	15	13.9	4.518	0.50199
Socio-cultural constraints limit the participation of youth engage in entrepreneurship and self-employment.	3	2.8	19	17.6	40	37	30	27.8	16	14.8	3.833	1.03671
There are few microcredit schemes targeting the youth	16	14.8	3	2.8	40	37	30	27.8	19	17.6	1.287	.83219
Personal savings, family and friends finance start-up funding and expansion	0	0	2	1.9	19	17.6	50	46.3	37	34.3	4.435	0.61558
Lack of opportunity and willingness affects youth entrepreneurship	2	1.9	19	17.6	50	46.3	37	34.3	0	0	4.429	1.232
Information on the youth fund is not adequately disseminated	2	1.9	8	7.4	28	25.9	39	36.1	31	28.7	4.674	1.563

From the responses, the study established that the respondents strongly agreed that access to financing and capital is a critical enabler for young entrepreneurs as shown with a mean of 4.518 and a deviation of 0.50199. This is consistent with the work of Chigunta (2002) who argued that lack of access to finance is one of the major challenges facing youth run enterprises worldwide. On whether Socio-cultural constraints limit the participation of youth to engage in entrepreneurship and self-employment, majority of the respondents agreed with a mean of 3.833 and a deviation of 1.03671. The finding differs with Chigunta (2001) who posited that youth enterprise support programmes in developing countries should consider socio-cultural constraints that limit the participation of youth in particular young women who want to engage in entrepreneurship and self-employment. However, the problem of credit access to youth run enterprises seem to be more pronounced in developing nations.

Regarding the statement as to whether there were few microcredit schemes targeting the youth, majority of the respondents disagreed with a mean of 1.287 and a deviation of 0.432. This contradicts with Ayodele (2006) who indicated that developing countries have very few microcredit schemes targeting the youth. Kenya for instance came up with institutionalized fund specifically targeting the youth only in 2006, the respondents agreed that personal savings, family and friends financed start-up funding and expansion of their business as opposed to youth enterprise fund as shown with a mean of 3.974 and a deviation of 0.432.

The respondents agreed that majority of the respondents agreed that opportunity and willingness affects youth entrepreneurship as shown with a mean of 4.416 and a deviation of 0.1.210.

The respondents strongly agreed that information on the youth fund is not adequately disseminated as shown with a mean of 4.612 and a standard deviation of 1.3242. The finding is consistent with Bwisa (1998) who postulated that youth need of opportunity and willingness to become an entrepreneur.

4.7 Level of Financial Literacy on Enterprise Development

The respondents were asked to rate level of financial literacy on enterprise development. The scale of measurements of 1-5 was used where 1 = Not important; 2 = Less important; 3 = Moderately Important; 4 = Important and 5 = Very Important. The findings are shown in table 4.9.

Table 4.9 Level of Financial Literacy on Enterprise Development

Statement	Not important		Less important		Moderately important		Important		Very Important		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
I have received sufficient financial literacy on enterprise development	24	22.1	31	28.7	25	23.1	18	16.7	10	9.3	4.420	1.025
I have been through financial literacy training program before beginning my business	0	0	4	3.7	33	30.6	56	51.9	15	13.9	4.259	0.93460
I have financial capability in with money management and financial planning	4	3.7	0	0	24	22.2	48	44.4	32	29.6	3.651	0.70669
Personal savings, family and friends finance start-up funding and expansion	0	0	9	8.3	31	28.7	43	39.8	25	23.1	3.677	0.634
Lack of opportunity and willingness affects youth	0	0	4	3.7	35	32.4	53	49.1	16	14.8	4.150	0.85039
Ability to manage debt can help keep repayment rates up and delinquency rates down	4	3.7	32	29.6	47	43.5	25	23.1	0	0	3.661	0.8411
Information on the youth fund is not adequately disseminated and the loaning process is cumbersome	3	2.7	16	14.5	38	34.5	34	30.9	17	15.5	3.061	0.554
The loaning process is usually cumbersome	1	0.9	14	13	41	38	37	34.3	15	13.9	4.553	1.209

The respondents agreed that they received sufficient financial literacy on enterprise development as shown with a mean of 4.465 and a deviation of 1.02584. This is consistent with the work of Hilgert, Hogarth and Beverly (2003) who inferred that financial literacy is a crucial factor affecting individuals, households, financial institutions and the broader economy. On whether the respondents have been through financial literacy training program before beginning their businesses, majority of them agreed with the statement as shown with a mean of 4.210 and a deviation of 0.9916. The respondents further agreed that they have capabilities in financial management and financial planning as shown with a mean of 3.8519 and a deviation 0.80669. This is in line with World Bank (2012) which underlined that financial literacy encompasses

several concepts ranging from financial awareness and knowledge, financial skills like the ability to calculate compound interest payments and financial capability which has to do with money management and financial planning.

The study revealed that lack of opportunity and willingness affects financial literacy in youth entrepreneurship as shown with a mean of 4.112 and a deviation of 0.845. Majority of the respondents agreed that the ability to manage debt can help keep repayment rates up and delinquency rates down as shown with a mean of 3.061 and a deviation of 0.554. Information on the youth fund was not adequately disseminated and the loaning process was cumbersome as shown with a mean of 4.693 and a deviation of 1.3628. The respondents strongly agreed that the loaning process was cumbersome as shown with a mean of 4.553 and a deviation of 1.209. This is in line with Michael (2009) who argues that a cumbersome loaning can hamper the ability of individuals to make well-informed financial decisions.

4.8 Desire for Self Employment on Enterprise Development

The respondents were asked to give reasons for their desire to venture into self employment. The measurements of scale of 1= Not Important ; 2 =Less Important ; 3 = Moderately Important ; 4 = Important ; 5 = Very Important, were used. The findings were as given on Table 4.10

Table 4.10 Desire for Self Employment on Enterprise Development

Statement	Not important		Less important		Moderately important		Important		Very Important		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
Personal Independence	22	21.1	29	27.7	23	22.1	17	13.3	12	9.7	4.420	1.025
Source of Income	0	0	4	3.7	33	30.6	56	51.9	15	13.9	4.259	0.934
Family well being	4	3.7	0	0	24	22.2	48	44.4	32	29.6	3.651	0.706
Self employment	0	0	9	8.3	31	28.7	43	39.8	25	23.1	3.677	0.634
Profit Returns	0	0	4	3.7	35	32.4	53	49.1	16	14.8	4.150	0.850
Develop economy	4	3.7	32	29.6	47	43.5	25	23.1	0	0	3.661	0.841
To get Youth Fund	3	2.7	16	14.5	38	34.5	34	30.9	17	15.5	3.061	0.554

The respondents agreed that they started enterprises for personal independence as shown with a mean of 4.420 and a deviation of 1.02584. This is consistent with the work of Hilgert, Hogarth and Beverly (2003) who inferred that personal independence is a critical driver for many entrepreneurs when they set up their own enterprises. On whether the respondents have engaged in enterprises so that they can get the Youth Fund, majority of them agreed with the statement as shown with a mean of 3.061 and a deviation of 0.554. This is in line with World Bank (2012) which underlined that business capital encompasses several concepts ranging from financial awareness and knowledge, financial skills like the ability to calculate compound interest payments and financial capability which has to do with money management and financial planning.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study sought to explore the factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub-County, Kiambu County, Kenya. The chapter presents the summary of findings giving a descriptions of the thematic areas for the study, and conclusions drawn from the themes of the study. In addition, it presents the recommendations of the study.

5.2 Summary of Findings

The study explored factors influencing participation of youth entrepreneurs in enterprise development through examining the extent of acquired entrepreneurial skills on enterprise development, Accessibility of Youth Enterprise development Fund on enterprise development, Desire for self employment on enterprise development and level of financial literacy on enterprise development. Further examined were the regulatory challenges and the influence of Government policies on enterprise development.

5.2.1 Acquired Entrepreneurial skills on enterprise development

The study established that the respondents had learnt relevant entrepreneurial skills on enterprise development. This is consistent with the work of Chiguta (2006) who posited that 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. The study also established that majority of the respondents agreed that hard work and commitment are the strong entrepreneurial skills. On whether entrepreneurial skills hamper youth enterprises growth, the study found out that majority of the respondents agreed that entrepreneurial skills hamper youth enterprises growth. The study revealed that majority of the entrepreneurs are risk takers and that there was need to upgrade entrepreneurial skills in enterprise development. This is in line with the work of Mokaya (2010) who posited that setbacks and risks do not discourage entrepreneurs and they are relentless in their pursuit of goals.

5.2.2 Accessibility of Youth enterprise development Fund on enterprise development

The study revealed that access to financing and capital was a critical enabler for young entrepreneurs in enterprise development. This is consistent with the work of Chigunta (2002) who argued that lack of access to finance is one of the major challenges facing youth run

enterprises worldwide. The study further revealed that information on the youth fund was not adequately disseminated and that the loaning process is cumbersome.

5.2.3 Desire for Self Employment on Enterprise Development

The youth entrepreneurs cited several reasons for starting their enterprises. The study found out the need to be one's own boss, with more control over one's own work and life; to obtain an alternative route for advancement from a dead-end job; to obtain additional money; and to provide products not elsewhere available as the motivation behind engaging in entrepreneurship. In addition the youth were found out from the study to be motivated primarily by desires for independence and flexibility and not necessarily money . It was also found out majority of the youth entrepreneurs tend to go into enterprise development out of economic necessity or need to survive, or out of failure to find productive use of their energy in other avenues. 92.3% of the respondents cited socio-economic problems as the major reason for starting the business . Many youth entrepreneurs were motivated to engage in enterprise development to be self employed and perhaps this may be an indication that they want to be self reliant.

5.2.4 Level of Financial Literacy on Enterprise Development

The study revealed that financial literacy is important factor in enterprise development since it determines how the enterprise money is managed. Regarding statements on financial literacy, the respondents agreed that they had received sufficient financial literacy on enterprise development. This concurs with the work of Hilgert, Hogarth and Beverly (2003) who inferred that financial literacy is a crucial factor affecting individuals, households, financial institutions and the broader economy. On whether the respondents have been through financial literacy training program before beginning their businesses, the study established that majority of them agreed with the statement. The study revealed that lack of opportunity and willingness affects financial literacy in youth entrepreneurship. The study established that majority of the respondents agreed that the ability to manage debt can help keep repayment rates up and delinquency rates down. The study also established that the respondents strongly agreed that the loaning process was cumbersome. This is in line with Michael (2009) who argues that a cumbersome loaning can hamper the ability of individuals to make well-informed financial decisions. Financial literacy can help the youth in making wise decisions and improve financial management skills and behavior to reduce risk of running a business.

5.3 Conclusions of the Study

From the findings of the study the following conclusions were drawn;

The study established that majority of the respondents had relevant entrepreneurial skills on enterprise development. The study therefore concludes that entrepreneurial skills on enterprise development are important in managing businesses. The study established that majority of the respondents agreed that hard work and commitment are the strong entrepreneurial traits. The study therefore concludes that hard work and commitment are the strong entrepreneurial traits in enterprise development. The study established that majority of the respondents agreed that lack of entrepreneurial skills hamper youth enterprises growth. The study therefore concludes that lack of entrepreneurial skills hamper youth enterprises growth.

The study revealed that majority of the respondents indicated that access to financing and capital was a critical enabler for young entrepreneurs in enterprise development. The study therefore concludes that access to financing and capital was a critical factor in enterprise development. The study revealed that information on the youth fund was not adequately disseminated. Hence the study concludes that there was no sufficient information on youth fund and the requirements to access the funds were cumbersome.

The study concluded that the respondents had received sufficient financial literacy on enterprise development. On whether the respondents have been through financial literacy training program before beginning their businesses, the study concludes that majority of them had been through financial literacy training program. The study revealed that lack of opportunity and willingness affects financial literacy in youth entrepreneurship. The study therefore concludes that there was insufficient financial knowledge due to lack of willingness from the respondents.

This study concluded that young entrepreneurs desire to be self employed strive for the independence that comes from working for themselves, while, for others, the current economic climate and a shortage of job opportunities motivate them to establish their own businesses, rather than face unemployment.

5.4 Recommendations of the Study

Based on the findings of this study, the researcher came up with several recommendations to promote participation of youth entrepreneurs in enterprise development.

1. State sponsored financial trainings programmes should be redesigned to overcome the weaknesses that hinder their effectiveness. The barriers faced by the youth entrepreneurs when accessing finance on individual basis from financial institutions and these programmes should be addressed.
2. Financial literacy on loan repayment is very important this would encourage entrepreneurs to make informed decisions. It would help them group together effectively.
3. Entrepreneurship education and training programmes should be introduced at primary and secondary school levels where they are either nonexistent or inadequate. These programmes should be tailored in a manner that can equip the youth with skills to start their own enterprises and not just passing examinations.
4. The government policies and regulations in relation to business activities should be made more favorable for youth run enterprises through provision of tax holidays for startups as well as relaxing licensing regulations and the cost of business registration. The government should increase its consumption of products from youth run enterprises from the current 10% to 50% across all its ministries and parastatals. The government should improve its tendering system by making it easier for youth enterprises to win government tenders.

Suggestions for Further Research

1. A study can be done to examine the effect of entrepreneurship education on the development of youth entrepreneurship in other parts of the country.
2. Another study should be done on the involvement of youth in the administration of Youth Enterprise Development Fund in Kenya.
3. A study should be done on factors influencing uptake of Youth Enterprise Development Fund loans.

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APPENDICES

APPENDIX I: Letter of Introduction

Dear Respondent.

I am a master student at the University of Nairobi. I am carrying out a study on factors influencing participation of youth entrepreneurs in enterprise development in Limuru Sub-county Kiambu County. The aim of this questionnaire is to gather information related to this topic. You are therefore requested to respond to the questions as honest as possible and information given shall be treated confidentially and will be used only for academic purpose. However, your participation in this exercise is voluntary. Your assistance and cooperation will be highly appreciated.

Thank you .

Yours sincerely,

Sign.....

Lucy Nduta Njuguna

APPENDIX II: Questionnaire for Youth Entrepreneurs

SECTION 1: PERSONAL INFORMATION

Profile of youth entrepreneur

Age

- a) 18-21 years []
- b) 23-26 years []
- c) 27-30 years []
- d) 31-35 years []

Gender

- a) Male []
- b) Female []

Level of education attained

- a) None []
- b) Technical and Vocational []
- c) University []
- d) Primary []
- e) Secondary []

Marital status

- a) Married []
- b) Single []

Type of enterprises activity engaged in?

	Enterprise Activity	Tick appropriately
1	Retail/wholesale trade	
2	Cybercafé	
3	M-pesa shop	
4	Fruit/Vegetable	
5	Cosmetics	
6	Bookshops	
7	Hardware	

8	Matatu/taxes	
9	Repairs/maintenance	
10	Mitumba dealers	
11	Saloons/Kinyozi	
12	Bar/Butchery	
13	Electronics/accessories	
14	Hotel & Restaurant	
15	Charcoal	

SECTION 2: ACQUIRED ENTERPRENIRAL SKILLS ON ENTEPRISE DEVELOPMENT

Below are several aspects of acquired enterpreniral skills on enterprise development. Please answer by ticking in one of the boxes given in each of the statements labelled 1-5 below that indicate what you consider an important indicator. 5(Strongly Agree), 4(Agree), 3(Neutral), 2 (Disagree) 1(Strongly Disagree)

Statement	1	2	3	4	5
I have relevant Skills and knowledge on how to start and manage a business					
Hard work and commitment are the strong entrepreneurial traits					
entrepreneurial skills hamper youth enterprises growth					
There is need to upgrade entrepreneurial skills in enterprise development					
Being a risk taker is a natural trait of enterprise developer					
Entrepreneurs cannot afford the high cost of training and advisory services					
Communication and delegation entrepreneurial skills helps to muster the abilities made by their team members					
shortage of the technical and skill supports is a challenge in enterprise development					
Acquired Knowledge and skill					
Plan for my business					
Market my products					
Approach enterprise risks cautiously					

SECTION 3: ACCESSIBILITY OF YOUTH ENTERPRISE DEVELOPMENT FUND FOR YOUTH ENTREPRENEURS ON ENTERPRISE DEVELOPMENT

Below are statements on accessibility of youth enterprise development fund for youth entrepreneurs on enterprise development. Please answer by ticking in one of the boxes given in each of the statements labelled 1-5 below that indicate what you consider. Note: 5(Strongly Agree), 4(Agree), 3(Neutral), 2(Disagree), 1(Strongly Disagree)

Statement	1	2	3	4	5
Access to financing and capital is a critical enabler for young entrepreneurs					
Socio-cultural constraints limit the participation of youth engage in entrepreneurship and self-employment.					
There are few microcredit schemes targeting the youth					
personal savings, family and friends finance start-up funding and expansion					
Lack of opportunity and willingness affects youth entrepreneurship					
Information on the youth fund is not adequately disseminated					

SECTION 4: LEVEL OF FINANCIAL LITERACY ON ENTERPRISE DEVELOPMENT

What were your reasons for starting this business enterprise? 1-5 indicate level importance respectively where 5=very Important, 4= Important, 3= Moderately Important, 2=Less Important, 1= Not Important

Statement	1	2	3	4	5
I have received sufficient financial literacy on enterprise development					
I have been through financial literacy training program before beginning my business					
I have financial capability in with money management and financial planning					
personal savings, family and friends finance start-up funding and expansion					
Lack of opportunity and willingness affects youth entrepreneurship					
ability to manage debt can help keep repayment rates up and delinquency rates down					
Information on the youth fund is not adequately disseminated and the loaning process is cumbersome					
The loaning process is usually cumbersome					

Have you ever been through any kind financial literacy training program since you began your business?

a)Yes []

b) No []

SECTION 5: DESIRE FOR SELF EMPLOYMENT ON ENTERPRISE DEVELOPMENT

What were your reasons for starting this business enterprise? 1-5 indicate level importance respectively where 5=very Important, 4= Important, 3= Moderately Important, 2=Less Important, 1= Not Important

Reason	1	2	3	4	5
Personal independence					
Source of income					
Family wellbeing					
Self employment					
Profit returns					
Develop economy					
To get Youth Fund					

APPENDIX III: IN-Depth Interview Guide for the Officers of Youth Enterprise Development Fund and the Bank

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

Acquired entrepreneurial skills for youth enterprises in enterprise development

1. Do you yourself have any knowledge/experience/training /skills in entrepreneurship?
2. In your opinion, what is the overall performance of the youth owned enterprises in this area? Why?

Accessibility of Youth Enterprise Development Fund for youth enterprises in enterprise development

3. In your opinion do you think youth enterprise development fund has helped in increasing entrepreneurial activities for youth entrepreneurs in this area? Why?
4. In your opinion do you see the youth enterprise fund as having the capacity to solve all funding difficulties for start up?

Desire for self employment for youth entrepreneurs in enterprise development

5. According to you, what are the major reasons that drive the youths in this area to engage in enterprises

Level of financial literacy for youth entrepreneurs in enterprise development

6. In your opinion do you perceive the financial literacy courses offered at to youth entrepreneurs by the government as adequate?
7. What measures would you propose to improve the level of financial literacy?
8. Do you think financial education is important to youth entrepreneurs ? If yes why
9. At what stage is it helpful to youth entrepreneurs and why , during the start-up phase of their businesses or as their business grow?
10. In your opinion, what measures could improve the performance of youth owned businesses in this area?

Thank you for your Cooperation

Appendix IV: Sample Size

Table 1: Table for Determining Sample Size for a Given Population

Table for Determining Sample Size for a Given Population									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
"S" is sample size.

Source: Krejcie & Morgan, 1970