

**FACTORS AFFECTING PERFORMANCE OF BUSINESS
ENTERPRISES FUNDED UNDER CONSTITUENCY
YOUTH ENTERPRISE SCHEME IN MWINGI NORTH
CONSTITUENCY, KITUI COUNTY, KENYA**

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**A Research Project Report submitted in partial fulfillment of the
requirement for the award of Master of Arts Degree in Project Planning
and Management of the University of Nairobi**

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DECLARATION

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

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DEDICATION

This study is dedicated to my wife Miriam Mumbanu Musee and my children Veronica Musee, Joyce Musee and Steve Musee.

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ABSTRACT

The government of Kenya through youth enterprise development fund, finances viable youth enterprises in all constituencies in the country. Despite this noble initiative by the government and other stakeholders involved in financing youth enterprise projects, the performance of these enterprises was below expected level at the time this study was carried out. In Mwingi North constituency the repayment rate of the loan as at 2013 stood at 68.80% of the fund disbursed. This indicated that 31.20% of the disbursed fund was not repaid, which was an implication that some youth enterprises were performing very well while others badly. The study investigated factors affecting performance of business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency, Kitui county, Kenya. It was guided by the following objectives: to establish the extent to which entrepreneurship training influences performance of youth business enterprises ; to assess the extent to which amount loaned influences performance of youth business enterprises; to assess the extent to which monitoring and evaluation of youth business enterprises affect their performance and to examine the extent to which market accessibility affect performance of the youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency, Kitui county. A descriptive survey design was used in a quantitative research approach for this study. This study targeted 102 youth groups funded under constituency youth enterprise scheme in Mwingi North constituency, simple random sampling was used to select 30% of the youth groups giving a sample size of 31 youth groups. Data was analyzed using descriptive and inferential statistics that involved frequency distribution tables, percentages and Pearson moment correlation by use of SPSS (statistical package for social sciences).The study established that business management skills influence youth business performance. Also the study revealed the amount of money allocated to youth groups as a loan is not adequate for running their businesses. It was established that monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affects their performance. It was finally established that there is a strong positive correlation between market accessibility and business performance. The study recommended, government should train youth on business management skills before and after disbursement of the loan. The amount allocated as a loan to the youth groups should be increased based on the need assessment of the projects' activities. There is dire need for continuous monitoring and evaluation of the youth groups' projects by the youth and ministry of youth affairs and sports officers. The government should create local and international markets for the youth groups' products.

LIST OF ABBREVIATIONS AND ACRONYMS

CEC- Commission of European Communities

C-YES -Constituency Youth Enterprises Scheme

DYO -District Youth Officer

GOK -Government of Kenya

ILO -International Labor Organization

KIHBS -Kenya Integrated Household Budget Survey

LDCs- Less developed countries

MA -Master of Arts

M &E -Monitoring and evaluation

MDGs- Millennium Development Goals

MOYAS -Ministry of Youth Affairs and Sports

MSES -Micro and small Enterprises

MSME-Micro-small and medium enterprises

OECD -Entrepreneurship and Local Economic Development

SMES -Small and Micro-enterprises

SPSS-Statistical package for social sciences

UNDP - United Nation Development Programme

UON -University of Nairobi

YEDFB -Youth Enterprise Development Fund Board

YEDF -Youth Enterprise Development Fund

YEN -Youth Employment Network

YEP - Youth Employment Programme

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

A 2009 Report by the international labor organization (ILO) estimated that the World unemployment has remained constant at an average of 6.1 percent over the eleven year period 1998 and 2008. In 2008, the World unemployment stood at 6 percent up from 5.7 percent in 2007. Globally the number of youth unemployed increased to 76 million with youth-adult employment ratio remaining almost constant at 2.8 (ILO, 2009). According to the ILO,2009 report on unemployment, the rate of unemployment in sub-Saharan Africa eased marginally from an average of 8.1 to 7.9%(1998-2008) respectively, with the youth bearing a relatively large burden of unemployment. The scenario is not any different in Kenya where the employment challenge has been growing overtime with youth being the main casualties (Republic of Kenya, 2008 b &c). At independence in 1963, the Kenya government identified poverty and unemployment as the twin challenges facing the country. More than fifty years later, and despite numerous policy efforts, poverty and unemployment continues to affect many Kenyans. Millions of Kenyans especially youth and women are unemployed, underemployed or are in swelling ranks of the working poor (Omollo, 2010). According to the Kenya Integrated Household Budget survey (KIHBS, 2005/06), 12.7 million out of 14.6 million labor force were reported as employed with the remaining 1.9 million people being openly unemployed. Approximately 67 percent of the unemployed in the country were youth (Republic of Kenya, 2008c).

In2006government of Kenya conceived the youth enterprise development fund (YEDF) as one of the strategy to address youth unemployment (YEDF status report, 2011). The fund was established in order: to provide loans to existing micro-finance institutions (MFIs);registered non-governmental organizations(NGOs)involved in micro-financing and savings and credit

cooperative organizations(SACCOs) for on-lending to youth enterprises; attracting and facilitating investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks, markets ,business incubators that was beneficial to the youth enterprises, support youth oriented micro, small and medium enterprises to develop linkages with large enterprises, facilitate marketing of products and services both in the domestic and the international markets, provide business development services to youth enterprises and facilitate employment of youth in the international marketw.w.w.yedf.go.ke,(2013). Constituency youth enterprise scheme (C-yes) is a type of loan product targeting viable youth groups' businesses both start up and expansion (YEDF guide, 2013).The constituency youth enterprise scheme is a constituency based disbursement channel, purposely designed to inculcate entrepreneurial culture among the youth in all parts of the country. It is targeting very poor youth and those with no experience in dealing with mainstream financial sector especially commercial banks.

According to the YEDF status report 2011, Kshs 5 billion has been disbursed as a loan to 144,000 youth enterprises since inception four years ago. Out of this money, Kshs 545.3 million was given to 12,407 youth groups' business enterprises under C-yes. In Kitui county 518 youth groups had benefited with Kshs 20,916 250.00 in Mwingi North constituency the groups that benefited under C-yes were 96 youth groups. Latest status report as at 30 January,2013 indicated that in Lower Eastern Kshs 70,605,3252.00 had been disbursed to youth groups enterprises under C-yes, out of this Kshs 48,522,984.50 is outstanding(not repaid).In Kitui county Kshs 28,956,432.00 had been disbursed to 688 youth groups' business enterprises under C-yes ,out of this Kshs 17,605,739.50 was outstanding (not repaid).In Mwingi North constituency the fund had disbursed Kshs 4,702,499.00 to 102 youth groups business enterprises under C-yes ,out of this Kshs 2,812,876.50 was outstanding(not repaid). The repayment rate was 68.80 per cent implying 31.20 per cent of youth groups funded under

C-yes were not repaying the loan in Mwingi North constituency (C-yes Status Report Lower Eastern, 2013). This meant that some youth groups' business enterprises performance was very good; others partially good while others very poor.

Youth is defined as a person between 18 and 35 years (National Youth council Act, 2009). The National youth policy (2006) defines youth as a person resident in Kenya in age bracket 15-30 years. This takes into the account the physical, psychological, biological, cultural, social and political definition of the term. Mabinda,(2012), defines youth business enterprises as a company or other organization owned by youth aged 18-35 years, using youth enterprise development fund (YEDF) , engaged in commerce, involving selling of goods and/or services to clients for profit .

Despite the fact that government of Kenya, in its blueprint vision 2030, identified youth enterprise development fund as a flagship project under social pillar, aimed at gainfully engaging youth in viable economic activities through provision of credit and equipping the youth with appropriate skills. Evidence had shown that the performance of the youth business enterprises was relatively low (Amenya, 2011&Omukhango, 2012). Ameyia,(2011) in his study on an analysis of the challenges facing youth enterprise development fund: a case of Nyaribari Chache constituency in Kenya found that , out of the youth interviewed about their enterprises funded under C-yes, 52% of them said that youth enterprises lacked frequent monitoring and evaluation, 60% of them said there is insufficient funding of those enterprises, capacity building or entrepreneurship training is a great challenge to the performance of the youth business enterprises funded under C-yes. Businesses funded under C-yes had not been properly managed and hence low repayment rates which connoted poor performance.

Enlers and Lazenby, (2007) provided evidence that economic forces can influence market opportunities and ultimately result in prosperity or adversity on organizations in different

industries and in different localities. If youth had negative perceptions regarding the environment of the business they might not start their own business. Mollentz,(2002) affirm that market issues and demand for products are the most important factors that positively influence new enterprises growth. In order to promote markets for the youth products and services, YEDF had assisted 1,800 youth to market their products and services through trade fairs at the district, provincial and national levels (YEDF status report, 2011).

Shaw and Pretorius, (2004) observe that a large percentage of the failure of entrepreneurial ventures in South Africa was attributed to inadequate capital structure or resource poverty. Amount of the loan disbursed under C-yes had positive influence on the performance of the youth business enterprises (Omukhango, 2012). Mwingi North constituency has an area of 4,814.90km² ,it is divided into three administrative districts: Kyuso; Tseikuru and Mumoni (Kyuso district Development plan 2008 – 2012). It is a dry constituency characterized by persistent drought in Kitui County, Kenya (GoK, 2010, Kyuso District Vision 2030) .Main land use is unreliable short rains crop and livestock husbandry (Christian and Mbutia, 2008). The rainfall pattern is bimodal but erratic and unreliable within the range of 500mm to 700mm annually, (Vasudevan and Gichohi, 2008). The rain food production is unreliable, except among the farmers who grow crops such as millet, sorghum, green grams and cowpeas. Thus, there is rampant food insufficiency in the constituency, (Vasudevan and Gichohi, 2008).

According to the status report on youth fund loans repayment (Jan, 2013), 102 youth groups were loaned under C-yes, since the inception of youth enterprise development fund scheme in Mwingi North constituency. Out of those youth groups' enterprises, 32 youth groups have repaid their loan fully, 50 youth groups paid partially and 20 youth groups have not paid anything to date, translating to 68.80 per cent repayment rate and defaulting rate to 31.20 per cent (Lower Eastern C-yes Status report, 2013).It was against this background that this study

investigated factors affecting performance of business enterprises funded under C-yes in Mwingi North constituency, Kitui county, Kenya.

1.2 Statement of the problem

Starting small business is one sure way to create wealth and provide jobs for the youth. The Government of Kenya in its blue print vision 2030 is committed in ensuring sustainability and increase of the youth enterprise development fund from Kshs 1 to 2 billion in the medium term plan 2008-2012 (Kenya Vision 2030, 2007). This fund is intended to address youth unemployment in the country by financing viable youth enterprises in all constituencies in the country (YEDF status report, 2011).

However, studies have shown that some actions are needed to enable the fund achieve its objectives, Ameyia, (2011) & Omukhango, (2012). Ameyia,(2011) found that business enterprises funded under this fund lacked frequent monitoring and evaluation which greatly affect the loan repayment by the youth groups and its general performance in job creation, (2011).According to the latest YEDF Repayment Status Report of Lower Eastern (2013), repayment rate stood at only 68.80% of the 102 youth groups funded under C-yes when this study was carried out. This meant 31.20% of the youth groups were not repaying. Implying that some youth groups were performing very well whereas others were doing badly. Therefore, it was against this background that the study investigated factors affecting performance of the business enterprises funded under C-yes in Mwingi North constituency, Kitui county, Kenya.

1.3 Purpose of the study

The purpose of this study was to investigate factors affecting performance of business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency, Kitui county, Kenya.

1.4 Objectives of the study

This study was guided by the following objectives.

- (i) To establish the extent to which entrepreneurship training influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency.
- (ii) To assess the extent to which the amount of the loan influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency.
- (iii) To assess the extent to which monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affects their performance in Mwingi North constituency.
- (iv) To examine the extent to which market accessibility affects performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency.

1.5 Research questions

- (i) To what extent does entrepreneurship trainings influence performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency?
- (ii) To what extent does the amount loaned influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency?
- (iii) To what extent does monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affect their performance in Mwingi North constituency?

- (iv) To what extent does access to the market for the products and services of youth business enterprises funded under constituency youth enterprise scheme affect their performance in Mwingi North constituency?

1.6 Hypotheses of the study

1. Ho: There is no significant relationship between entrepreneurship trainings and youth businesses' performance in Mwingi North constituency.

H1: There is a significant relationship between entrepreneurship trainings and youth businesses' performance in Mwingi North constituency.

2. Ho: There is no significant relationship between amount loaned and youth businesses' performance in Mwingi North constituency.

H1: There is a significant relationship between amount loaned and youth businesses' Performance in Mwingi North constituency.

3. Ho: There is no significant relationship between monitoring and evaluation and youth businesses' performance in Mwingi North constituency.

H1: There is a significant relationship between monitoring and evaluation and youth businesses' performance in Mwingi North constituency.

4. Ho: There is no significant relationship between market accessibility and youth businesses' performance in Mwingi North constituency.

H1: There is a significant relationship between market accessibility and youth businesses' Performance in Mwingi North constituency.

1.7 Significance of the study

Importance of the study is underscored in the number of the beneficiaries of the study results. The study findings are beneficial to all youth development stakeholders working with and for the youth as they provide data for devising successful strategies in management of the youth enterprises. The findings were used for making conclusions, recommendations and

suggestions for further studies. This study finding would benefit youth enterprise development fund board (YEDFB) in knowing the reasons why there are successes or failures of the youth groups' businesses hence help in formulating intervention measures. These study findings are helpful to the youth groups for they are in a position to understand the factors that could promote growth or inhibit its progress.

1.8 Delimitations of the study

This study was delimited by the following factors: there was large number of youth groups funded under C-yes in the Constituency. The researcher was knowledgeable in the research process thus enabling successful attainment of research results .The research assistants used, collected and gave unbiased data. In addition the literature materials were accessible for the success of this study.

1.9 Limitations of the study

This study was limited by inadequate time and funds for facilitating the research process. The researcher to overcome this, ensured that time and resources present were utilized efficiently and effectively. Some respondents were subjective thus providing biased data to the study, hence affecting objectivity of the study results. The researcher to overcome this, pre-visited the respondents to create rapport with them, then explained to them the importance of the study and requested for neutrality and objectivity when filling in the questionnaires.

1.10 Assumptions of the study

This study was based on the following assumptions; the youth groups' members selected were to be accessible to respond to the questionnaires .It was assumed that, there was to be peace and tranquility during the research period in Mwingi North constituency. It was assumed that the researcher and the two research assistants were to maintain neutrality during the research process.

1.11 Definition of significant terms

Amount loaned – refers to the money lend to youth groups under constituency youth enterprise scheme programme which is currently a maximum of Kshs 50,000.

Entrepreneurships training – refers to the training in business management skills, youth business counseling skills and leadership skills so as to develop proactiveness, risk taking, innovativeness, competitive aggressiveness and autonomy.

Evaluation - Is the comparison of the actual business enterprises impacts against the agreed strategic plans. It looks at what you set out to do, and what you have accomplished, and how you accomplished it. That is, assessment of the enterprise functioning as per the objectives.

Fund- means youth enterprise development fund board.

Market accessibility – this refers to access to market fairs, developed infrastructure and access to the government tenders.

Monitoring – Is the systematic collection and analysis of information as business enterprises progress. It is aimed at improving the efficiency and effectiveness of a business enterprise or organization. It involves assessment of input deliveries, work schedules and target outputs.

Monitoring and evaluation – for the sake of this study, monitoring and evaluation is geared towards learning from what you are doing and how you are doing it by focusing on efficiency, effectiveness and impact of the C-yes funded youth business enterprises.

Performance of youth business enterprises- is by attention the performance of a business organization owned by youth aged 18-35 years using youth enterprise development fund (YEDF) engaged in commerce, involving selling of goods and /or services to clients for profit.

Youth – refers to any citizen who has attained the age of eighteen but has not attained the age of thirty five years.

Youth business enterprises – is a company or other organization owned by youth aged 18-35 years, engaged in commerce, involving selling of goods and/or services to clients for profit.

1.12 Organization of the study

This study is organized into five chapters; chapter one is the introduction of the study and consists of the following sub-headings: background to the study , Statement of the problem , purpose of the study, objectives of the study, research questions, hypotheses of the study and significance of the study. Further it highlights delimitations, limitations, assumptions of the study and definitions of significant terms. Chapter two is the literature that supports the study and comprises of introduction of chapter's content, literature review is presented according to the objectives of the study, conceptual framework and at the end of the chapter summary and research gaps is presented.

Chapter three is the research methodology and consists of introduction, research design, target population, sampling procedures and sample size, research instruments, data collections procedure, validity and reliability of research instruments and data analysis techniques. Further the chapter highlights ethical and logistical considerations of the study; finally the study variables are operationalized. Chapter four consists of introduction of the chapter, data presentations, analysis and interpretation while chapter five is summary, discussions, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review in the following subheadings introduction; the entrepreneurship training influence on performance of youth business enterprises, the loan amount disbursed influence on performance of youth business enterprises, monitoring and evaluation influence on performance of the youth business enterprises and market accessibility influence on performance of the youth business enterprises; a conceptual framework and finally summary and research gaps is presented at the end.

2.2 The entrepreneurship trainings influence on performance of youth business enterprises

Knowledge empowers people in a society: training in entrepreneurship is relevant in promoting innovative leadership in business in different countries (Ntale, 2010). Kenya vision 2030 emphasizes the need for appropriate entrepreneurship strategy for wealth creation as one of the means to make Kenya a globally competitive and a prosperous nation. Entrepreneurship is the process of wealth creation and individuals referred to as entrepreneurs create this wealth by innovatively operating competitive business (Ntale, 2010). They assume the major risks in terms of equity, time and /or career commitment of providing value for some products or services. The product may not be unique or new, but entrepreneurs add value into it to make it more competitive. Millennium development goals (MDGS), Kenya vision 2030 and competition necessitate entrepreneurs to apply new technologies and approaches and exploit the opportunities for globalization.

According to Macke and Markley, (2003), economies with high rates of entrepreneurship are performing well and this is evidenced by high levels of prosperity. Some authors argue that entrepreneurship is large a phenomenon of developed and industrialized countries and that, if

was transferred together with western management practices then the problems of under development can be solved (Casson, 1982 & Hisrich, 2008). Entrepreneurship has been seen as key to economic development in many countries across the globe for many years (OECD, 1998 and 2003). For instance in the European Union employment strategies, entrepreneurship has been given a major role to increase the dynamism of economics and help employment creation and improvement (CEC, 1999).

Although entrepreneurs have been an important part of society for many years, there are still many different perceptions and misconceptions about them. Entrepreneurship is commonly linked directly to small and medium enterprises (SMES) and micro and small enterprises (MSES); category for the youth business enterprises. However, the view presents several problems as most small business owners do not innovate and most small business are founded on the existing ideas and practices, and in such situations, the so called entrepreneurs have to adapt and react rather than direct and create (Casson,1982). This is supported by (Macke and Markley, 2003), by stating that, all entrepreneurs must be successful business people, but not all business people are entrepreneurs.

According to Schumpeter (1934), entrepreneurship is a process of “creative destruction” where new firms, technologies, or modes of commerce displace the old established order. He further asserts that entrepreneurship is a subversive activity and powerful destabilize of the status quo as it brings about innovations, technological growth and economic development, thus there is need to promote entrepreneurship training so as to promote youth business performance. Scott and Twomey, (1988), define entrepreneurship as a factor of (a) predisposing factors: those elements that prepare individuals for entrepreneurship such as work experience, education, family background and entrepreneurial traits;(b) triggering factors;- those element that pull individuals into entrepreneurship, for example, windfall, desire for independence, desire to exploit an opportunity, financial incentives, liberalization,

privatization, political, sound or economic revolution on the other hand, some individuals are pushed into entrepreneurship by circumstance like economic hardship, unemployment, retrenchment, redundancy, divorce, disagreement and separation (c) Business ideas: these are the concepts that individuals have when implemented ,nascent business emerges.

McCormick, (1996) concurs with Scott and Twomey, (1999) on the predisposing factors and introduces the concepts of constraining factors such as retrogressive cultural practices, limited finance, limited information and weak market. Macke and Markely, (2003), underscores the importance of readiness factors in the community entrepreneurial behavior namely, willingness to invest, leadership team, balancing business attraction, entrepreneurial programs, openness to entrepreneurship and beyond the town borders. According to Sathiabama, (2010) entrepreneurship is a dynamic process of creating wealth by individuals or group of individuals. Rwigema and Venter, (2004) defines entrepreneurship as the process of conceptualizing, organizing, launching and through innovation, nurturing a business opportunities into a potentially high growth venture in a complete unstable environment.

Entrepreneurship is a vehicle to economic growth, development and prosperity (Chindonga, 2011). Kew and Kew, (2009) points out that the entrepreneur is one that shifts economic resources out of an area of low productivity into an area of higher productivity and greater yield. Entrepreneurship training refers to the training on the process of wealth creation by individuals or groups of individuals. Training youth groups on entrepreneurship is expected to boost the performance of youth businesses. According to YEDF status report, (2011) 200,000 youth have been trained on entrepreneurship this is aimed at boosting the performance of the youth business enterprises.

According to Von Broembsen, (2005) youth in South Africa are far less likely to start their own business compared to those from other countries. The low entrepreneurship activity among the youth is one of the primary reasons for overall low rate of entrepreneurship

activity in South Africa. Entrepreneurship training is one of the solutions to low rate of entrepreneurship activity in South Africa (Von Broembsen, 2005). According to Lefebvre and Lefebvre, (2002) and Peterman and Kennedy, (2003) management competency and skills are important for new firms' formation. Herrington and Wood, (2003) in the global entrepreneurship monitor report point out that lack of education and training have reduced management capacity and entrepreneurship in South Africa.

According to Fatoki, (2011) entrepreneurship education is one of the initiatives that can be designed to enhance skills and knowledge in entrepreneurship. Entrepreneurship skills include creativity, innovation, risk taking and ability to interpret successful entrepreneurial role models and identification of opportunities. Fatoki, (2011) further states that there is evident skills mismatch between what skill, graduate entrepreneurs developed in higher education and what they need in order to survive in the business world. It is recommended that university students and high school students should go for industrial attachment for at least a year during their study to gain valuable business and technical experience. Education institutions should introduce and strengthen entrepreneurial education. Training seminars and workshops are necessary in disseminating entrepreneurship education to the youth. According to Climenson, (2010) evidence shows that where jobs are scarce, especially young person are generally likely to be unemployed. In the current economic crisis young people are the first to be laid off (Last in, first out). This had led to millions of laid off youth workers going back to rural areas where prospects for securing alternative jobs are slim. Compared to the adult, youth of today are almost three times as likely to be unemployed and globally one in five working youth continue to live in extreme poverty of one US dollar/day (ILO, 2005).

Many young people are therefore simply pushed into self-employment becoming "entrepreneurs by necessity" rather than "entrepreneurs by choice". Many struggle in the

informal sector with few acquired entrepreneurial skills, little, if any knowledge about what it takes to run a business and with little or no access to affordable finance or business development services. The promotion of more effective youth entrepreneurship policies and strategies is therefore getting increased attention among governments and international organizations and there is growing recognition that responsible youth entrepreneurship must be at the heart of tackling environmental, economic and employment challenges. The ILO has a clear and unique mandate to improve the business environment for sustainable enterprises. Enterprises are the principle source of economic growth and employment in nearly all countries. Business owners, managers and workers combine their skills and resources to produce enterprises that are able to compete effectively in the local, national and international markets. It is within this context that the ILO's primary goal of "promoting opportunities for women and men to obtain decent and productive work, conditions of freedom, equity, security and human dignity" is recognized (ILO, 1999). Youth entrepreneurship fall within the mandate and is a strategic component of the ILO's youth employment programme (YEP) as well as the Youth Employment networks (YEN) in which the world bank, UNDP and ILO are partnering with governments across the World.

Experiences gained by ILO over the past 10 years has identified that various barriers and constraints to youth entrepreneurship. Typical challenges are lack of entrepreneurial culture in many countries; unfavorable legal policy and regulatory frameworks for youth entrepreneurship, lack of entrepreneurship education, access formal and informal systems; lack of working capital and little knowledge about and access to affordable financing in form of startup, important services and support schemes for youth already in business or for those interested in pursuing an entrepreneurial career (Schoof, 2007). Hence for effective entrepreneurship there is need for promotion of entrepreneurship culture, entrepreneurship

education of different education levels, relevant business development services; one stop shop youth enterprise centers and business incubation.

A number of studies have established that there exists a numerous and complete constraints that face young people in the process of owning, managing, operating and developing their enterprises (Semboja, 2005). In the case of Kenya, many micro small and medium enterprises remain informal because the administrative procedures for business registration are cumbersome, long-winded and/or costly. The barriers to setting new business are particularly huge for youth who on the other hand, face complete entrepreneurship barriers. These structural problems include lack of voice and representation; lack access to credit and seed funding, isolation and lack of support which makes different youth owned enterprises to gain foot hold in the modern expansive business advises and support services, absence of entrepreneurship mentorship programs remain part of the key challenges facing youth integration into MSMES, and national economic grid (Omollo, 2010).

According to YEDF status report (2011), the provision of continuous and relevant business development services to the youth entrepreneurs is a key to the success of the business enterprises initiatives in creating, long term employment .The provision of entrepreneurship training, to sensitize and inculcate entrepreneurial culture among the young people is crucial to identifying emerging business talents. The fund has done this through itself and other partners trained 200,000 youth on entrepreneurship and 400 youth development officers for further training to the youth at local areas. Omukhango, (2012) in her study found that training youth on the entrepreneurship has positive influence on the performance of youth business enterprises. Most youth business enterprises fail due to the lack of entrepreneurship culture which needs to be adopted through entrepreneurship training. According to Ameyia, (2011) 50% of the respondents said that they very oftenly lack capacity building in term of financial management.

2.3 The loan amount disbursed influence on performance of the youth business enterprises

History and experience in most business enterprises has shown that the amount of the capital invested determines the success or failure of the business enterprises .Most youth enterprises fail to survive due to the low amounts of capital for running the business. Pretorius and Shaw, (2004) and Atieno, (2009) reported that lack of finance is one of the major constraints to the formation of new enterprises. Entrepreneurs need to access both internal and external finance to ensure survival and growth. Pretorius and Shaw, (2004) observes that large percentage of the failure of entrepreneurial ventures in South Africa is attributed to inadequate capital structure or resource property.

Amenya, (2011) in his study found that YEDF had not received sufficient funding to finance the youth business enterprise. This translated to that, some business enterprise upon receiving Kshs 50,000/= (YEDF guide, 2013) were not performing well leading to the business closure. Omukhango, (2012) in her study found that amount of the loan disbursed under constituency youth enterprise scheme had a positive influence of the youth business enterprises in Kenya. Majority of young people start their business enterprises with lower levels of initial capital hence exposed to risks of failing, Chigunta, (2002). Fitzsimmons and Douglas, (2005) established that inadequate financial resource is a major constraint in one's gaining the initial business inertia for further growth to successful entrepreneur. Therefore, in any state inadequacy of the government revenue to provide adequate financial allocation for YEDF is limiting factor towards enhancement of the performance of the youth business enterprises (Fitzsimmons & Douglas, 2005).

Even after the adoption of YEDF policy in Kenya, majority 62% of the youth claim that they have not felt the impact of the youth fund in the Ministry of youth affairs and sports. However, where financial resources are the constraint, innovation are the more important in

enhancing performance of the youth business enterprises (Baker & Sinkula, 2009). Wolf and Pett, (2006) observe that inadequate financial resource endowment may be compensated for by flexibility, agility and innovation. Thus, Kenya requires the mobilization of its government resource to provide adequate financial allocation to its current YEDF programme.

2.4 The monitoring and evaluation influence on the performance of youth business enterprises

Project monitoring is a continuous and periodical review, and overseeing of the project to ensure that input deliveries, work schedules, target outputs and other required actions proceed according to the project plan (Nyonje, Kyalo and Mulwa, 2012). Monitoring is a continuous process of collecting information at regular intervals about ongoing projects or programmes concerning the nature and the level of their performance (Nyonje, Kyalo and Mulwa, 2012). Project evaluation is a process that involves systematic collection, analysis and interpretation of project related data that can be used to understand how the project is functioning in relation to project objectives. It is a process of ascertaining decision area of concern, selecting appropriate information, collecting and analyzing information in order to report summary data useful to decision makers in selecting among alternatives (Alkin, 1969).

Nuguti, (2009) discussed importance of monitoring and evaluation for projects. He said that any credible project manager wants to get feedback on the project being implemented. This feedback is very important in ascertaining the strengths and weakness of the project being implemented. Monitoring and evaluation assists to see whether the project is on track and if there is need to change direction. Monitoring and evaluation provides full picture of the project performance as per particular time. This gives full indication of what should be expected at the end of the project cycle. M&E therefore enables project managers to put strategies that can redirect results. Monitoring and evaluation is a deliberate process that

involves systematic collection and analysis of information. The process can be designed in a way to capture more data that led to completely understand the project. Measure progress, project constitutes key milestones that must be met if any success is to be registered. M & E provides information that help in ascertaining whether the key milestones were made and thus measuring the progress of the project.

Amenya, (2011) in his study on the analysis of the challenges facing youth enterprise development fund; a case study of Nyaribari Chache constituency, Kenya; found that there is lack of frequent monitoring and evaluation of the C-yes funded youth business enterprises. This translates to the poor performance of the enterprises. This has been attributed to a few number of the MOYAS and YEDF officers in the country, therefore government of Kenya should employ more officers if the success of the programme is to be achieved. Omukhango, (2012) found that monitoring and evaluation is of significant importance to the youth business enterprises for it spearheads its progress. In addition she found that there is low frequency of monitoring and evaluation of youth business enterprises.

2.5 The market accessibility influence on performance of youth business enterprises

For the business enterprise to succeed the market for the products or services should be in place, an entrepreneur when producing a certain product or deciding to provide a certain services should have the final consumer in mind. Enlers and Lazenby, (2007) provide evidence that economic forces can influence market opportunity or adversity on the organizations in different industries in different locations. If youth have negative perception regarding the environment of the business, they might not decide to start their own business. Mollentz, (2002) affirm that market issues and demand for product are the most important factors that positively influence new enterprises growth. This is true for an industry to continue production; its products should have been bought or ordered if there is demand for the products automatically there is a high probability of enterprises growth. According to

Chigunta, (2002) most enterprises owned by young people have lower market value or inventory hence many youth-run enterprises both in developed and developing countries largely rely on the local markets. Evidence available suggests that heavy reliance on the local market, especially in poor countries is a key constraint on earnings and growth of enterprises (Chigunta, 2002). However, there are circumstances in which local market has adequate market for its products and services. In such cases there is great possibility of the enterprises growth.

Philip, (2002) noted that the critical advantage of producing for local market is that the entrepreneurs know and understand local needs and opportunities, as well as the quality standards and expectations of that market. In many LDCs, government and domestic company patronage on the informal sector is extremely limited. Data from Zambia suggest that only 14.9% and 4.8% of the youth entrepreneurs had been given contract by a private sector or government departments respectively (Chigunta, 2001). In many poor countries, the informal sector virtually has no foreign consumers among its entire clients. This has serious implication on the growth of the youth run enterprises. Available evidence suggests that heavy reliance on the local markets especially in a developing country context is a key constraint in earnings. This is due to the fact that in many LDCs, the customers are poor and generally buy a limited range of products (Philip, 2002; Chigunta, 2001).

Another consequence is what Philip, (2002) calls “copycat entrepreneurship” where one successful enterprise was copied by everyone else, until they all collapse under the weight of their own competition or lack of diversity in the local economy. Too often, the young youth and female proprietors are concentrated in a narrow range of micro enterprise activities largely trading (Chigunta, 2002). In Kenya, though the Ministry of youth affairs and sports (MOYAS) and YEDF is mandated in establishing market linkages for the youth enterprises products and services both locally and internationally (YEDF status report, 2011), as per the

status report of the fund 2011, the fund has organized national trade fairs for over 1800 youth entrepreneurs drawn across the country to show case their products and services to the public. During this event, youth exhibition, made critical contact for selling their products/services with most successfully reporting good sales. The fund has also provided support to youth market days organized at the district and provincial levels. It has lobbied the government to support youth enterprises through deliberate policy of buying goods/services.

The government has committed at least 10% of its procurement needs to be sourced from youth enterprises (Fund status report, 2009). The fund has engaged city council of Nairobi and local authorities to partner with the fund in establishing market infrastructure appropriate for youth needs. These partners are also lobbied to mainstream youth entrepreneurs in the existing market infrastructure (YEDF status report, 2011).Macke and Markley, (2003) noted that small and weak markets are an obstacle to entrepreneurial activities because of their limited opportunities. Rapando, (2008) suggests that the government and other regulating bodies should protect local entrepreneurial youth when faced with serious challenges that could ruin their enterprises. He goes further on to say that performance of youth business enterprises ought to play an important role to achieve MDGs and also realize Kenya vision 2030.

2.6 Conceptual framework

Conceptual framework shows the study variables network where independent variables were networked with the moderating and intervening variables to give the output variable also called the dependent variable of the study as shown in Figure 1

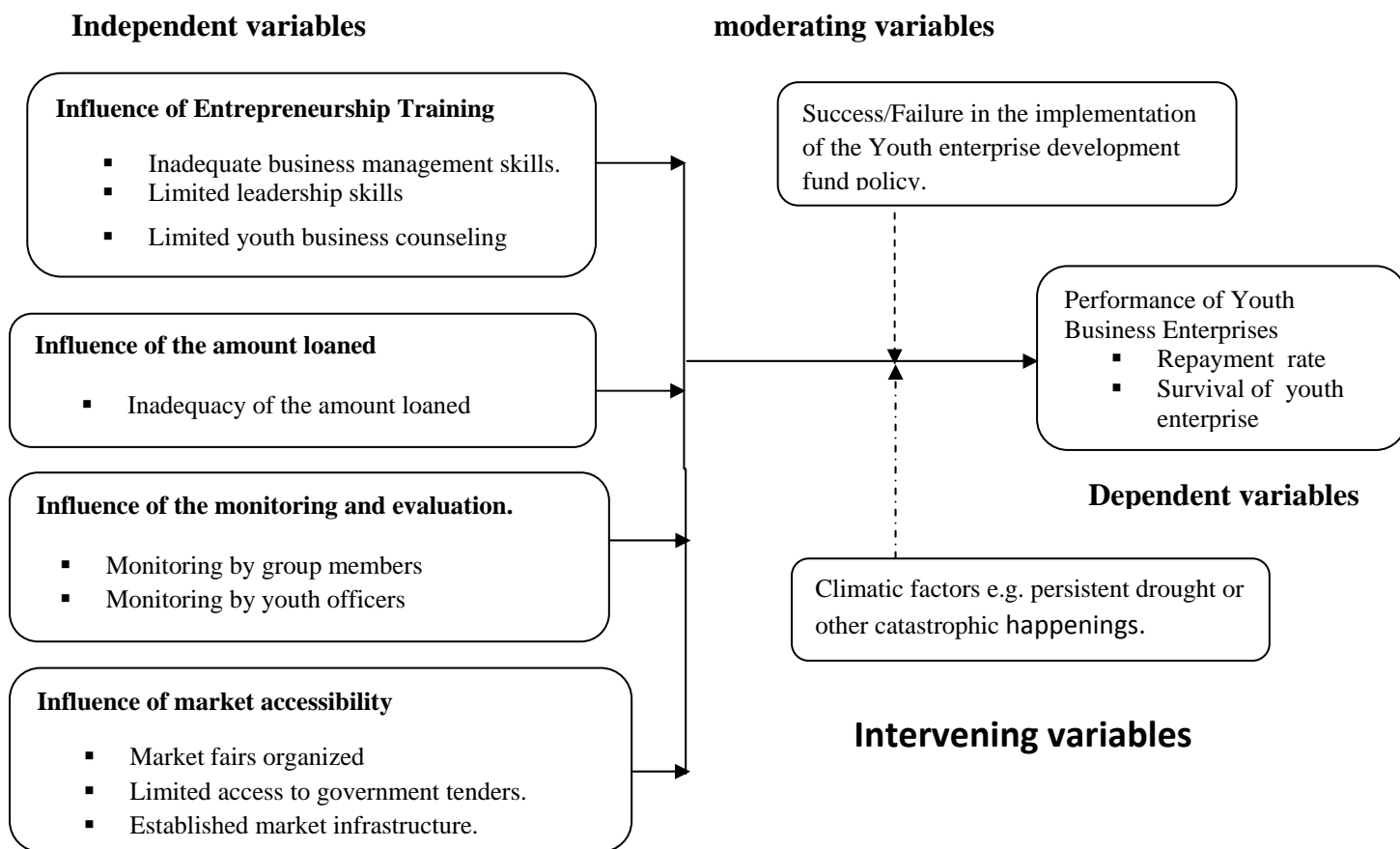


Figure 1: Conceptual framework.

Conceptual framework is the conceptualization of the relationship between variables in the study and shows the relationship graphically or diagrammatically, Mugenda and Mugenda,(2008).In this study the independent variables are :influence of entrepreneurship training, influence of amount loaned, influence of monitoring and evaluation and influence of market accessibility. The dependent variable is the performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency .The moderating and intervening variables are youth enterprise development fund policy and climatic factors respectively.

2.7 Summary and research gaps

According to Macke and Markley, (2003), economies with high rates of entrepreneurship are performing well and this is evidenced by high levels of prosperity. Some authors argue that entrepreneurship is large a phenomenon of developed and industrialized countries and that, if

was transferred together with western management practices then the problems of under development can be solved (Casson, 1982 & Hisrich, 2008). Entrepreneurship has been seen as key to economic development in many countries across the globe for many years (OECD, 1998 and 2003). However there seem to be a research gap in that enough research has not been done on the effect of entrepreneurial training and business performance.

History and experience in most business enterprises has shown that the amount of the capital invested determines the success or failure of the business enterprises. Most youth enterprises fail to survive due to the low amounts of capital for running the business. Pretorius and Shaw, (2004) and Atieno, (2009) reported that lack of finance is one of the major constraints to the formation of new enterprises. Entrepreneurs need to access both internal and external finance to ensure survival and growth. Pretorius and Shaw, (2004) observes that large percentage of the failure of entrepreneurial ventures in South Africa is attributed to inadequate capital structure or resource property. However research should be done on the influence of amount of loan on business performance.

Monitoring is a continuous process of collecting information at regular intervals about ongoing projects or programmes concerning the nature and the level of their performance (Nyonje, Kyalo and Mulwa, 2012). Project evaluation is a process that involves systematic collection, analysis and interpretation of project related data that can be used to understand how the project is functioning in relation to project objectives. This means that the business performance of youth groups funded by the government should also be monitored. However there is little information about the relationship between monitoring and evaluation and performance of businesses.

For the business enterprise to succeed the market for the products or services should be in place, an entrepreneur when producing a certain product or deciding to provide a certain

services should have the final consumer in mind. According to Chigunta, (2002) most enterprises owned by young people have lower market value or inventory hence many youth-run enterprises both in developed and developing countries largely rely on the local markets. Evidence available suggests that heavy reliance on the local market, especially in poor countries is a key constraint on earnings and growth of enterprises (Chigunta, 2002). There is still need to do more investigation on accessibility of markets and business performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used in the process of the study. The chapter consists of the research design, target population, sampling procedures and sample size, research instruments, reliability and validity of the instruments, data collection procedures, data analysis, logistical and ethical considerations and operationalization of the study variables.

3.2 Research Design

This study adopted a descriptive survey design. The survey is a non-experimental descriptive research method, in the survey design, data is collected using questionnaire or interview guide either in form of probability or non-probability; randomized or non-randomized of the selected sample from target population (Orodho, 2005). This design was preferred because very large samples were feasible making the results statistically significant. When analyzing multiple variables surveys are useful in describing the characteristics of a large population. Additionally, high reliability was easy to obtain by subjecting all subjects with a standardized stimulus which ensures that observer's subjectivity was greatly eliminated (Mugenda and Mugenda, 2008).

3.3 Target Population

Population is the aggregate of all that conforms to a given specification (Mugenda & Mugenda, 2008). This study targeted 102 youth groups that had benefited from constituency youth enterprise scheme in Mwingi North constituency, Kitui county as shown in Table 3.1 (Ministry of youth affairs and Sports Kitui county statistics, 2013). Mwingi North constituency was selected for this study because of all the groups funded under C-yes only 68.80% had repaid the loan as indicated in the Table 3.1 below. This called for the need to

investigate factors affecting performance of youth business enterprises in Mwingi North constituency.

Table3.1: Status report for Constituency youth enterprise scheme loan disbursement and repayment from 2007-2013 in Kitui County.

County	Constituency	No. of Groups	Amount	Repayment
			Disbursed(Kshs)	rate in%
Kitui	Mutito	160	7,239,000	68.51
	Kitui West	123	5,700,000	72.53
	Mwingi North	102	4,702,499	68.80
	Kitui Central	99	4,616,250	45.14
	Mwingi South	61	2,945 ,000	69.01
	Kitui South	89	3,753,683	79.53

Source: Ministry of Youth Affairs and Sports: YEDF Status Report, 2013.

3.4 Sampling procedures and sample size

The researcher used simple random sampling to select 30% of the youth groups for the sample of this study from the target population. Thus the sample size $30/100 \times 102 = 31$; that is 31 youth groups' business enterprises formed the sample size of the study, as stated by (Mugenda and Mugenda, 2008) who have recommended 30% of a small target population to be representative sample size for a study. In each of the selected group, one person chairman, treasurer or secretary was interviewed.

3.5 Research instruments

Questionnaires were used to collect data for this study with closed ended items. The researcher arranged with all the youth involved to fill the questionnaires. The questionnaires

had three sections; section I introduction and guideline section, section II the personal details of the respondents and the questions in groups of various study variables. The questionnaires with closed ended items only were used in order to ascertain collection of numerical data and consistency of data elicitation from the selected youth. Most questionnaire items were of the five-point likert rating scale of the range (1-5 for example 1-strongly agree, 2 – agree 3- undecided, 4-disagree; 5-strongly disagree). Data was analyzed using descriptive and inferential statistics(Kasomo, 2006).The preference for questionnaire for use was based on the fact that respondents were able to complete them without help, anonymously, and it is cheaper and quicker than other methods while reaching out to larger sample (Bryman, 2008; Cohen, 2007).

3.6 Data collection procedure

A research authorization permit was obtained from the District youth officer (DYO) Kyuso, Tseikuru and Mumoni Districts ;the areas covering Mwingi North constituency, in order to be allowed to collect data from the youth groups. The youth groups were pre-visited by the researcher to establish rapport with them before the actual data collection date, also to allow familiarization with the respondents. The researcher self-administered the questionnaires to the respondents to fill in the data and then collected the filled in questionnaires. The researcher was assisted by two research assistants.

3.7 Validity of research instruments

Validity is the degree to which sample of test items represents the content that is designed to measure (Kasomo,2006).The study adopted content validity so as to ensure the test items represent the content that the test was designed to measure. Research tools are valid depending on how the data collected is related in terms of how effective the items have sampled significant aspects of the general objective of the study (Kasomo, 2006). Content validity of the instrument was determined by experts in the University of Nairobi who looked

at the measuring techniques and coverage of the study. Lecturers from the University of Nairobi ascertained the validity of the research instruments. The corrections identified were incorporated in the instruments so as to increase the validity (Mugenda & Mugenda, 2008).

3.8 Reliability of research instruments

Reliability refers to the consistency of scores or answers from one administration of an instrument to another, and from one set of items to another (Mugenda and Mugenda ,2008).To establish reliability of the research instruments the researcher used split-half method through a pilot study. During the pretest the questionnaires were administered on a random sample of 22 sampled youth groups from one of the three administrative units (Districts in Mwingi North Constituency). The participants in the pilot study were not included in the actual sampling for the study. A correlation coefficient was calculated using Pearson's product moment correlation formula. The correlation coefficient calculated should be greater than 0.75 for the questionnaire to have a sufficient high pre-test reliability (Orodho, 2005).The correlation coefficient calculated was 0.80 meaning the instruments used were reliable.

3.9 Data analysis technique

The researcher analyzed data using descriptive and inferential statistics using SPSS that involved; frequency distribution tables; percentages and Pearson's product moment correlation to analyze the data quantitatively. Statistical tally system was used to generate frequency counts from the responses so as to prepare frequency distributions. A percentage in the 5-point rating likert scale response out of the total study sample responses per item was calculated. The findings were presented in frequency distribution tables. Each table was followed by brief explanations, inferences, and interpretations of the findings from the earlier related reviewed literature with the aim of bridging the research gaps by seeking the study problem (Orodho, 2005).

3.10 Ethical and logistical consideration of the study

The researcher got research authorization permit from District youth officers; Kyuso, Mumoni and Tseikuru (Districts in Mwingi North constituency), so as to get permission to collect data from the youth on the factors affecting performance of business enterprises funded under C-yes. Informed consent was fulfilled by seeking participant's permission before administering the questionnaire to the sampled youth in the constituency. The researcher and the two research assistants pre-visited the youth groups to establish rapport. The researcher further assured the respondents that the information obtained from the respondents was confidential and that no name of the respondents was used to refer them.

3.11 Operationalization of the study variables

To achieve the study objectives for the study: factors affecting performance of business enterprises funded under C-yes in Mwingi North constituency, Kitui county, Kenya. The study objectives were : to establish the extent to which entrepreneurship training influences performance of youth business enterprises; to assess the extent to which amount loaned influences performance of the youth business enterprises funded under C-yes in Mwingi North constituency; to assess the extent to which monitoring and evaluation influences performance of business enterprises funded under C-yes in Mwingi North constituency, and to examine the extent to which market accessibility affect performance of the youth business enterprises funded under C-yes in Mwingi North constituency.

TABLE 3.2: OPERATIONALIZATION OF THE STUDY VARIABLES.

Objectives	Independent Variable	Dependent Variable	Indicators	Measurements	Level of scale	Tools of analysis.
To establish the extent to which entrepreneurship training influence performance of youth business enterprises funded under C-yes.	Influence of entrepreneurship training.	Performance of youth Business Enterprise.	<ul style="list-style-type: none"> ▪ Business management skills ▪ Leadership skills. ▪ Business counseling 	<ul style="list-style-type: none"> ▪ Business management skills ▪ No. of youth groups repaying ▪ Leadership skills ▪ No. of businesses after counseling 	<ul style="list-style-type: none"> Ordinal Nominal Ordinal Ordinal 	<ul style="list-style-type: none"> Descriptive statistics - Tables - Percentages Inferential statistics - Pearsons moment correlation
To assess the extent to which amount loaned influences	Influence of the amount loaned.	Performance of youth Business enterprises.	<ul style="list-style-type: none"> ▪ Amount available for disbursement ▪ Youth fund policy 	<ul style="list-style-type: none"> ▪ Lack of fund for youth fund. ▪ Youth 	<ul style="list-style-type: none"> Nominal Interval 	<ul style="list-style-type: none"> Descriptive statistics - Tables - Percentages Inferential

performance of youth business enterprises funded under C-yes.				fund policy.		statistics -Pearson's product moment correlation
To assess the extent to which monitoring and evaluation of youth business enterprises funded under C-yes affect their performance .	Influence of monitoring and evaluation .	Performance of youth business enterprises.	<ul style="list-style-type: none"> ▪ Limited assessment of input deliveries, target outputs, ▪ Limited assessment of project as per the objective ▪ Limited taking of corrective actions in case of deviance. 	<ul style="list-style-type: none"> ▪ No. of the field monitoring visits. ▪ Assessment of the projects per the objective ▪ Corrective action taken. 	Ordinal Interval Nominal	Descriptive statistics - Tables - Percentages Inferential statistics - Pearson's product moment correlation

<p>To examine the extent to which market accessibility affect performance of youth business enterprises funded under C-yes.</p>	<p>Influence of market accessibility.</p>	<p>Performance of youth Business enterprises.</p>	<ul style="list-style-type: none"> ▪ .Market fairs organized. ▪ Access to government tenders. ▪ Established market infrastructure 	<ul style="list-style-type: none"> ▪ No. of market fairs organized ▪ Access to government tenders. ▪ No. of established market infrastructure. 	<p>Nominal. Ordinal. Nominal.</p>	<p>Descriptive statistics -Tables percentages Inferential statistics Pearson's product moment correlation coefficient</p>
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CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis, presentation and interpretation following research objectives. The research first investigated the demographic data of the respondents.

4.2 Questionnaire return rate

The results on questionnaire return rate are presented in Table 4.1

Table 4.1: Questionnaire return rate

Response rate	Frequency	Percentage
Returned	31	100
Not returned	0	0
Total	31	100

Table 4.1 shows that 100% of the questionnaires were returned.

4.3 Distribution of respondents by gender

The respondents were asked to indicate their gender with the aim of establishing whether the study was gender sensitive and to establish if gender influenced performance of youth business enterprises. The results are shown in Table 4.2

Table 4.2: Distribution of respondents by gender

Gender	Frequency	Percentage
Female	12	39
Male	19	61
Total	31	100

Table 4.2 shows that 61% of the respondents were male while 39% were female.

4.4 Age Distribution of respondents

The results for age distribution of the respondents are presented on Table 4.3

Table 4.3: Age distribution of respondents

Age in years	Frequency	Percentage
Less than 18	0	0
18-22	3	9.8
23-26	12	38.7
26-31	10	32
32 -35	6	19.5
Total	31	100

Table 4.3 shows that (38.7%) were aged between 23-26years. This was followed by those who were aged between 26-31 years with 32%. This was followed by those aged between 32-35years (19.5%). However none of the respondents was below 18years.

4.5 Education level of respondents

The researcher sought to establish the education level of the respondents. The responses are presented in Table 4.4

Table 4.4: Respondents level of education

Level	Frequency	Percentage
Primary	10	32
Secondary	13	42
Technical/ vocational	7	23
University	1	3
Others	0	0
Total	31	100

Table 4.4 reveals that majority of the groups (42%) had secondary education. This was followed by those with primary education (32%). The least were the groups with technical/ vocational and university with 23% and 3% respectively.

4.6 Business sectors for the youth groups

The researcher sought to investigate the business sectors for the respondents. The responses are presented in Table 4.5

Table 4.5: Group business sector

Level	Frequency	Percentage
Agriculture	20	65
Wholesale	1	3
Manufacturing	6	19
Retail	4	13
Others	0	0
Total	31	100

Tables 4.5 reveals that majority of the groups (65%) were doing business related to agriculture. This was followed by those with manufacturing business (19%). The least were the groups with retail (13%) and wholesale (3%) business respectively.

4.7 Entrepreneurship training and performance of youth business

The first objective for this study was to establish the extent to which entrepreneurship training influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. To achieve this objective the respondents were required to fill a 5-point likert rating scale, 1-2-3-4-5 given as: 1-Strongly Agree (**SA**), Agree (**A**), 3-Neutral (**N**), Disagree (**D**) 5-Strongly Disagree (**SD**). The responses are presented in Table 4.6

Table 4.6 Entrepreneurship training and performance of youth business

Statement	1	2	3	4	5	Total/%
Training on entrepreneurship influences						
business performance	25(80)	6(20)	0 (0)	0 (0)	0 (0)	31 (100)
Training is necessary before and after						
disbursement of funds	30 (97)	1(3)	0 (0)	0 (0)	0 (0)	31 (100)
Business management skills influences						
business performance	31(100)	0 (0)	0 (0)	0(0)	0(0)	31(100)

Table 4.6 reveals that majority of respondents, (100%) strongly agreed that business management skills influences business performance. Also 97% and 80% strongly agreed that training is necessary before and after disbursement of funds and training on entrepreneurship influences business performance respectively. This therefore indicates that training determines business performance. Further the researcher used Pearson’s correlation coefficient to test the hypothesis below.

Ho: There is no significant relationship between entrepreneurship trainings and youth businesses’ performance in Mwingi North constituency.

H1: There is a significant relationship between entrepreneurship trainings and youth businesses’ performance in Mwingi North constituency.

The results are presented in Table 4.7.

Table 4.7 Relationship between entrepreneurship trainings and youth businesses’ performance

		Training	Business performance
Training	Pearson Correlation	1	0.8
	Sig. (2-tailed)		0.05
	N	31	31
Business performance	Pearson Correlation	0.8	1
	Sig. (2-tailed)	0.05	
	N	31	31

The correlation coefficient relationship between entrepreneurship trainings and youth businesses’ performance is +0.80 with 0.084 significant level. This correlation coefficient is very high implying that there is a strong positive relationship between entrepreneurship trainings and youth businesses’ performance. We therefore reject the hypothesis and conclude that there is a significant relationship between entrepreneurship trainings and youth businesses’ performance.

4.8 Amount of the loan and performance of youth business enterprises

The second objective for this study to assess the extent to which the amount of the loan influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. The responses are presented in Table 4.8

Table 4.8: Amount of loan allocated

Amount in Kshs	Frequency	Percentage
Less than 30,000	0	0
31,000 – 50,000	31	100
>50,000	0	0
Total	31	100

According to Table 4.8, majority of the groups (100%) had received a loan of Kshs 31,000 - 50,000 while none had received less than Kshs 30,000 or more than Kshs 50,000. Further the researcher investigated the respondents opinion on the adequacy of youth funds allocated to the groups as a loan. The responses are presented in Table 4.9

Table 4.9: Adequacy of amount of loan

Adequacy	Frequency	Percentage
Adequate	0	0
Not adequate	31	31
Total	31	100

Table 4.9 reveals that 100% of the respondents had the opinion that the amount of money allocated to them as a loan was no adequate for running their businesses. This affected the performance of the businesses since they were not able to expand as they would have wished. They all wished the government would at least double the allocated amount. Further the researcher used Pearsons' correlation coefficient to test the hypothesis below:-

Ho : There is no significant relationship between amount of the loan allocated and performance of youth business enterprises.

H₁ :There is significant relationship between amount of the loan allocated and performance of youth business enterprises.

Table 4.10 Correlation between amount of the loan allocated and performance of youth business enterprises

		Amount of loan	Performance of business
Amount of loan	Pearson Correlation	1	0.70
	Sig. (2-tailed)		0.50
	N	31	31
Performance	Pearson Correlation	0.70	1
	Sig. (2-tailed)	0.50	
	N	31	31

The correlation coefficient between amount of the loan allocated and performance of youth business enterprises is + 0.70. This correlation coefficient implies that there is a strong positive relationship between amount of the loan allocated and performance of youth business enterprises. We therefore reject the hypothesis and conclude that there is significant

relationship between amount of the loan allocated and performance of youth business enterprises.

4.9 Monitoring and evaluation of youth business enterprises and their performance

The third objective for this study was to assess the extent to which monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affected their performance in Mwingi North constituency. To achieve this, the respondents were required to first state their level of agreement or disagreement that monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affect their performance in Mwingi North constituency. The results are presented in Table 4.11

Table 4.11: Influence of monitoring and evaluation on business performance

Opinion	Frequency	Percentage
Strongly agree	15	48
Agree	10	32
Undecided	6	20
Disagree	0	0
Strongly disagree	0	0
TOTAL	31	100

Table 4.11 reveals that majority of the respondents (48%) strongly agreed that monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affect their performance. This was followed by 32% and 20% of respondents who only agreed and were undecided about the statement respectively.

Further the researcher investigated the frequency of monitoring and evaluation by the members and the ministry of youth affairs and sports officers. The results are presented in Table 4.12.

Table 4.12: Frequency of monitoring and evaluation on business performance

Frequency	Frequency	Percentage
Very frequently	0	0
Frequently	0	0
Undecided	1	3
Low frequency	10	32
Very low frequency	20	65
TOTAL	31	100

Table 4.12 reveals that majority of the respondents (65%) admitted that there was very low frequency of monitoring and evaluation by the youth group members and the ministry of youth affairs and sports officers. This was followed by 32% who agreed that monitoring and evaluation had low frequency. The least was 3% who were undecided. However no respondents agreed that the monitoring and evaluation was very frequent or frequent.

Further the researcher tested the hypothesis:-

Ho: There is no significant relationship between monitoring/evaluation and performance of youth business enterprises.

H₁: There is significant relationship between monitoring/evaluation and performance of youth business enterprises.

Table 4.13 Correlation between monitoring/evaluation and performance of youth business enterprises

		Amount of loan	Performance of business
Amount of loan	Pearson Correlation	1	0.75
	Sig. (2-tailed)		0.50
	N	31	31
Performance	Pearson Correlation	0.75	1
	Sig. (2-tailed)	0.50	
	N	31	31

Table 4.13 shows that the correlation coefficient between monitoring/evaluation and performance of youth business enterprises is 0.75. We therefore reject the hypothesis and conclude that there is strong positive relationship between monitoring/evaluation and performance of business enterprises.

4. 10 Market accessibility and performance of youth business enterprises

The last objective for this study was to investigate the extent to which market accessibility affects performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. To achieve this objective the researcher investigated the level of agreement about the extent to which market accessibility affects performance of youth business enterprises funded under constituency youth enterprise scheme. The responses are presented in Table 4.14

Table 4.14: Influence of Market accessibility and performance of youth business enterprises

Opinion	Frequency	Percentage
Strongly agree	23	74
Agree	9	36
Undecided	0	0
Disagree	0	0
Strongly disagree	0	0
TOTAL	31	100

Table 4.14 reveals that majority of the respondents (74%) strongly agreed that market accessibility influences the performance of youth business enterprises. This was followed by 36% who agreed. However none of the respondents was undecided or disagreed. Further the researcher investigated the association between market fairs and performance of business enterprises. This was done by use of Pearson's correlation coefficient. The results are presented in Table 4.15

Table 4.15 Correlation between market fairs and performance of business enterprises

		Market fairs	Business performance
Market fairs	Pearson Correlation	1	0.78
	Sig. (2-tailed)		0.56
	N	31	31
Business performance	Pearson Correlation	0.78	1
	Sig. (2-tailed)	0.56	
	N	31	31

The correlation coefficient between market fairs and performance of business enterprises is + 0.78 with 0.56 significant level. This correlation coefficient implies that there is a strong positive association between market fairs and performance of business enterprises.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, discussions, conclusions, recommendations and suggestions for further research.

5.2 Summary of the Findings

The purpose of this study was to investigate factors affecting performance of business enterprises funded under C-yes in Mwingi North constituency, Kitui county, Kenya. This was in the light that business enterprises funded under this fund were not performing well which greatly affected the loan repayment by the youth groups and its general performance in job creation.

The researcher first sought to establish the extent to which entrepreneurship training influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. The study revealed that majority of respondents,(100%) strongly agreed that business management skills influences business performance. Also 97% and 80% strongly agreed that entrepreneurship training is necessary before and after disbursement of funds and training on entrepreneurship influences business performance respectively. This therefore indicates that training determines business performance.

The study also sought to assess the extent to which the amount of the loan influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. It was revealed that majority of the groups (100%) had received a loan of Kshs 31,000 -50,000 while none had received less than Kshs 30,000 or more than Kshs 50,000. Also the study reveals that 100% of the respondents had the opinion that the amount of money allocated to them as a loan was not adequate for running

their businesses. This affected the performance of the businesses since they were not able to expand as they would have wished. They all wished the government would at least double the allocated amount.

The study sought to assess the extent to which monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affect their performance in Mwingi North constituency. It was established that majority of the respondents (48%) strongly agreed that monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affects their performance. This was followed by 32% and 20% of respondents who only agreed and were undecided about the statement respectively. It was also established that, 65% of the respondents admitted that there was very low frequency of monitoring and evaluation by the group members and the ministry of youth affairs and sports officers. This was followed by 32% who agreed that monitoring and evaluation had low frequency. The least was 3% who were undecided. However no respondents agreed that the monitoring and evaluation was very frequent or frequent.

Finally the study sought to examine the extent to which market accessibility affects performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. It was revealed that there is a strong positive correlation between market accessibility and business performance.

5.3 Discussion of the findings

The study first sought to establish the extent to which entrepreneurship training influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. The study reveals that majority of respondents,(100%) strongly agreed that business management skills influences business performance. This agrees with Schumpeter (1934) who argued that, entrepreneurship is a process of “creative destruction” where new firms, technologies, or modes of commerce

displace the old established order. He further asserts that entrepreneurship is a subversive activity and powerful destabilize of the status quo as it brings about innovations, technological growth and economic development, thus there is need to promote entrepreneurship training so as to promote youth business performance. He asserted that training youth groups on entrepreneurship is expected to boost the performance of youth business. According to YEDF status report, (2011) 200,000 youth have been trained on entrepreneurship this is aimed at boosting the performance of the youth business enterprises. The study also sought to assess the extent to which the amount of the loan influences performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. It was revealed that majority of the groups (100%) had received a loan of Kshs 31,000 -50,000. Also the study revealed that 100% of the respondents had the opinion that the amount of money allocated to them as a loan was not adequate for running their businesses. This affected the performance of the businesses since they were not able to expand as they would have wished. They all wished the government would at least double the allocated amount. This agrees with Pretorius and Shaw, (2004) who argued that lack of finance is one of the major constraints to the formation of new enterprise and that entrepreneurs need to access both internal and external finance to ensure survival and growth. Pretorius and Shaw, (2004) observes that large percentage of the failure of entrepreneurial ventures in South Africa is attributed to inadequate capital structure or resource property. Omukhango, (2012) in her study found that amount of the loan disbursed under constituency youth enterprise scheme had a positive influence of the youth business enterprises in Kenya. Majority of young people start their business enterprises with lower levels of initial capital hence exposed to risks of failing, Chigunta, (2002). Fitzsimmons and Douglas, (2005) established that inadequate financial resource is a major constraint in one's gaining the initial business inertia for further growth to successful entrepreneur. Therefore, in

any state inadequacy of the government revenue to provide adequate financial allocation for YEDF is limiting factor towards enhancement of the performance of the youth business enterprises (Fitzsimmons & Douglas, 2005).

The study sought to assess the extent to which monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affect their performance in Mwingi North constituency. It was established that majority of the respondents (48%) strongly agreed that monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affected their performance. This agrees with Amenya, (2011) in the study on the analysis of the challenges facing youth enterprise development fund who argued that, there is lack of frequent monitoring and evaluation of the C-yes funded youth business enterprises. This translated to the poor performance of the enterprises. This has been attributed to the few number of ministry of youth affairs and sports and YEDF officers in the country, therefore government of Kenya should employ more officers if the success of the programme is to be achieved.

Finally the study sought to examine the extent to which market accessibility affects performance of youth business enterprises funded under constituency youth enterprise scheme in Mwingi North constituency. It was revealed that there is a strong positive correlation between market accessibility and business performance. This agrees with Mollentz, (2002) who affirmed that market issues and demand for product are the most important factors that positively influence new enterprises growth. This is true for an industry to continue production; its products should have been bought or ordered if there is demand for the products, the probability of enterprises growth is high. According to Chigunta, (2002) most enterprises owned by young people have lower market value or inventory hence many youth-run enterprises both in developed and developing countries largely rely on the local markets. Evidence available suggests that heavy reliance on the local

market, especially in poor countries is a key constraint on earnings and growth of enterprises (Chigunta, 2002). However, there are circumstances in which local market has adequate market for its products and services. In such cases there is great possibility of the enterprises growth.

5.4 Conclusions of the study

The study established that business management skills influences business performance. This agrees with Schumpeter (1934) who asserted that there is need to promote entrepreneurship training so as to promote youth business performance.

Also the study revealed the amount of money allocated to youth groups as a loan was not adequate for running their businesses. This affected the performance of the businesses since they were not able to expand as they would have wished. They all wished the government would at least double the allocated amount.

It was established that monitoring and evaluation of youth business enterprises funded under constituency youth enterprise scheme affected their performance. There is lack of frequent monitoring and evaluation of the C-yes funded youth business enterprises .This translated to the poor performance of the enterprises.

It was finally established that there is a strong positive correlation between market accessibility and business performance. Market issues and demand for product are the most important factors that positively influence new enterprises growth. This is true for an industry to continue production; its products should have been bought or ordered if there is demand for the products automatically there is high probability of enterprises growth.

5.5 Recommendations of the study

In view of the research findings, the research recommends the following: the government should train the youth groups on business management before and after disbursement of

funds so as to have business management skills. The youth groups should be allocated more than Kshs 50,000 so that they can expand their businesses so as to earn more profit, thus promoting the business performance. The youth groups' business proposals should be financed based on the need assessment of the business activities, this is crucial for there will not be deficient in terms of projects activities facilitation.

Further there should be close monitoring and evaluation of business enterprises owned by the youths so as to ascertain their progress. This is important for the lessons learnt and corrective actions recommended once adopted there are a great possibility of improved businesses performance. The government of Kenya should recruit more ministry of youth affairs and sports officers to intensify monitoring and evaluation of C-yes funded projects. In addition youth group members should frequently monitor their group projects. Finally the government should assist the youth groups in creating market locally and internationally for their products. This is of great help because if there is demand for the products, sales increases meaning profits are high thus improved performance of the business enterprises.

5.6 Suggestions for further research

Based on the findings of the study, the researcher makes the following suggestions for further research; factors influencing the business activities for youth groups, factors influencing market accessibility of the youth businesses and the impact of youth businesses on rural development.

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Appendices

Appendix 1: Transmittal Letter

Vincent Musee Ndinda

P.O. Box 432-90200

KITUI.

Dear Respondent,

Ref: Transmittal letter.

I am a post graduate Student at the University of Nairobi Pursuing a Master of Arts (MA) Degree in Project planning and management (PPM).As part of the requirements for award of the MA degree in PPM. I am conducting a study on the factors affecting performance of Business Enterprises funded under constituency youth enterprise scheme in Mwingi North constituency, Kitui County, Kenya. Being one of the youth groups, your group has been selected together with other groups in Mwingi North constituency to participate in this study. Consequently you have been selected as a key respondent. I kindly request you on behalf of your group to cooperate and assist me by correctly filling in the questionnaire. The information you will give was be kept confidential and strictly used for the purpose of this study. I also assure you that your identity plus that of your group wasto remain anonymous. I am very grateful for your cooperation.

Thank you in advance.

Yours faithfully,

Vincent Musee Ndinda

University of Nairobi.

Appendix II: Questionnaire for youth accessing constituency youth enterprise scheme loan in Mwingi.

I: Introduction and guidelines.

This questionnaire is made to collect information to assist in conducting a study on the factors affecting performance of business enterprises funded under Constituency youth enterprise scheme in Mwingi North constituency, Kitui County, Kenya. I kindly request you to complete the questionnaire as honestly and objectively as possible giving necessary details.

Use tick (✓) to select your correct value among the multiple choices given.

II: Personal characteristics/ Enterprise Information.

1) What is your gender?

a) Male ()

b) Female ()

2) What is your age?

a) 18-22 ()

b) 22- 26 ()

c) 27-31 ()

d) 32-35 ()

3) What is your level of educational?

a) Primary ()

b) Secondary ()

c) Technical and vocational ()

d) University ()

e) Others specify. ()

4) Which sector does your business enterprise belongs?

- a) Agriculture ()
- b) Wholesale ()
- c) Manufacturing ()
- d) Retail ()
- e) Other, specify ()

5) What is the Legal status of your business enterprise?

- a) Sole proprietorship ()
- b) Partnership ()
- c) Private limited company ()
- d) Informal ()

6) What is the Current situation of your business enterprise?

- a) Critical ()
- b) Struggling to survive ()
- c) Growing ()

III: The Entrepreneurship training influence on performance of business enterprises

Funded under Constituency youth enterprise scheme

7) What is your level of agreement or disagreement that youth training on entrepreneurship influences performance of businesses enterprises funded under Constituency youth enterprise scheme?

- a) Strongly agree ()

- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly disagree ()

8) What is your level of agreement or disagreement on the need for training before and after disbursement of the Constituency youth enterprise scheme loan?

- a) Strongly agree ()
- b) Agree ()
- c) Undecided ()
- d) Disagree ()
- e) Strongly Disagree ()

9) What is your level of agreement or disagreement that training youth on business management skills influences performance of business enterprises funded under Constituency youth enterprise scheme ?

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

10) How do you rate association of youth leadership training with performance of youth business enterprise?

- a) Very highly association ()
- b) High Association ()

- c) Undecided ()
- d) Low Association ()
- e) Very low Association ()

11). How frequently are you trained on leadership skills in your group?

- a) Very frequently ()
- b) Frequently ()
- c) Undecided ()
- d) Low frequently ()
- e) Very low frequently ()

12) How do you rate association of business counseling with performance of youth business enterprises?

- a) Very high association ()
- b) High Association ()
- c) Undecided ()
- d) Low Association ()
- e) Very low Association ()

13) How frequent is business counseling done in your group?

- a) Very frequently ()
- b) Frequently ()
- c) Undecided ()
- d) Low Frequently ()
- e) Very Low frequently ()

IV: The amount loaned influence on the performance of business enterprises funded under Constituency youth enterprise scheme

14) State how much Constituency youth enterprise scheme loan you get from the Kenya youth Enterprise development fund in Kshs._____

15). In your opinion is this amount of money adequate for running your group business?

- a) Yes ()
- b) No ()

16). If No in (P above), how much of the Constituency youth enterprise scheme loan would be adequate for running the group business enterprise? Kshs._____

17). If yes in (P above), what is the extent to which you agree or disagree with the fact that Constituency youth enterprise loan repayment is effective and you are in competitive business enterprises?

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

V: Monitoring and Evaluation influence on performance of Youth business enterprises.

18) What is your level of agreement or disagreement that monitoring and evaluation influences performance of business enterprises funded under Constituency youth enterprise scheme?

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

19) How frequent you and your group members monitor and evaluate your business enterprise?

- a) Very frequently ()
- b) Frequently ()
- c) Undecided ()
- d) Low frequently ()
- e) Very low frequently()

20). How often do you and Ministry of youth affairs and Sports officers monitor and evaluate your business enterprise?

- a) Very often ()
- b) Often ()
- c) Undecided ()
- d) Low often ()
- e) Very low often ()

21). How does your group take monitoring and evaluation report?

- a) Very seriously ()
- b) Seriously ()
- c) Undecided ()
- d) Low seriously ()
- e) Very Low seriously()

VI: The market accessibility influence on performance of business enterprises funded under Constituency youth enterprise scheme

22) What is your level of agreement or disagreement that market accessibility influences performance of business enterprises funded under Constituency?

- a. Very strongly agree ()
- b. Strongly agree ()
- c. Undecided ()
- d. Strongly disagree ()
- e. Very strongly agree ()

23) How do you rate association of organizing market fairs with performance of youth business enterprises?

- a) Very high association ()
- b) High association ()
- c) Undecided ()
- d) Low association ()
- e) Very low association ()

24) Is your group benefiting from government tenders?

- a) Yes ()

b) No ()

25) How many market stalls, constructed by youth enterprise development fund in your constituency?

a) Five ()

b) Four ()

c) Three ()

d) Two ()

e) Other specify ()

Thank you for your cooperation

Vincent Musee Ndinda.