

**YOUTH GROUPS AND BUSINESS SUCCESS: USING THE C-YES FUND TO  
IMPROVE LIVELIHOODS IN KIBERA SLUM, NAIROBI**

**BY**

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## **ABSTRACT**

This study explores whether the Community Youth Enterprise Scheme (C-YES) helps youth groups establish successful businesses, capable of improving livelihoods of poor youths belonging to youth groups in Kibera slum, Nairobi.

Kibera slum was an ideal location for the study because a chunk of the first and second disbursements of the C-YES funds in the larger Langata area went to youth groups in Kibera, given its high youth unemployment rates in the expansive slum.

The study interviewed leaders and ordinary members of youth groups that were the first beneficiaries of the C-YES Fund after it was established. A total of 31 out of 46 youth groups were analysed. Both qualitative and quantitative methods of data collection were used to gather the necessary information on C-YES, youth groups and their businesses. Semi-structured questionnaires and observation methods were used to ensure adequate and necessary data on youth groups was gathered.

The data was then analysed using qualitative methods of data analysis. A codebook was developed to classify themes - using research questions as guide - and also help identify other emerging themes from the fieldwork.

The study finds that the C-YES Fund is yet to make a major impact on the livelihoods of poor youths in Kibera, a confirmation that access to funds is not a panacea for the establishment of successful business and improvement of livelihoods. There are other intervening factors that determine success and sustainability of businesses and betterment of livelihoods. This is because despite the disbursement of millions of shillings in 2007 and 2008, more than half of the businesses established by youth groups that benefited from C-YES collapsed even before celebrating their fifth anniversary.

The study puts forward several recommendations, the major one being addressing the intervening factors that prevent the youths from establishing successful businesses. The government's action should be geared towards developing a proper follow up strategy to monitor businesses established and offer expertise advice whenever needed.

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## LIST OF ACRONYMS

ADB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
CDF	Constituency Development Fund
C-YES	Community Youth Enterprise Scheme
DFID-CSO	Department for International Development –Civil Society Organisation
EUROFOUND	European Foundation for the Improvement of Living and Working Conditions
GOK	Government of Kenya
HDR	Human Development Report
IFAU	Institute for Labour Market Policy Evaluation
ILO	International Labour Organisation
KDHS	Kenya Demographic Health Survey
KNBS	Kenya National Bureau of Statistics
KKV	Kazi Kwa Vijana
KNHDR	Kenya National Human Development Report
MDG	Millennium Development Goal
NARC	National Rainbow Coalition
ODM	Orange Democratic Movement
PRB	Population Reference Bureau
RBV	Resource Based Approach
SLA	Sustainable Livelihoods Approach

UNDP	United Nations Development Programme
UN HABITAT	United Nations Habitat
UYF	Usobomvu Youth Fund
YEDF	Youth Enterprise Development Fund



## **CHAPTER ONE**

### **1. BACKGROUND OF THE STUDY**

Despite comprising a large part of the world's population, youths continue to live in abject poverty. The problem is pronounced in Africa as a result of youth unemployment (ADB et al, 2012). The situation is worsened by the fact that the kind of poverty affecting them has become harsher and persistent. In other words, the poverty being experienced has become chronic making thousands of youths restless and frustrated. In explaining the challenge poor countries face Panayiotopoulos and Gerry (1991) argue that present-day governments of many developing countries are haunted by the spectre of their population not only being youthful but also poor.

The Chronic Poverty Research Centre cited in Mehta and Shah (2006) defines chronic poverty in terms of: severe poverty, extended duration poverty, and multidimensional poverty. The Centre views severe poverty in three ways. First are those who are chronically or severely below the poverty line or with incomes that are 75 percent of the poverty line or less. The second group are those suffering hunger or not getting even two square meals a day as an extreme form of deprivation and lastly those unable to absorb the impact of shocks, leading to extreme poverty, starvation and suicide. Extended duration or non-transitory poverty, on the other hand, can be estimated by looking at the same households over the span of 5, 10, 15 or more years. The chronically poor, according to the Centre, are likely to suffer deprivation in many ways, due to multiplicity of factors that include not just income and calorie intake but also access to land and credit, nutrition, health and longevity, literacy and education and safe drinking water, sanitation and other infrastructural facilities.

In the African continent, youths form the face of the chronically poor alongside the disabled, widows, chronically poor married women, street children and orphans, the elderly, the landless, casual labourers, refugees and the internally displaced (Lwanga-Ntale and McClean, 2003). Unemployment is identified as a major cause of poverty

among young people in Africa. Of Africa's unemployed, 60 per cent are young people and youth unemployment rates are double those of adult unemployment in most African countries. Furthermore, among youths who are employed, the proportion of those working in informality is significantly higher than that of adults (ADB et al, 2012).

In Kenya, poverty is still a major challenge despite efforts made to tackle it. In 2007, for example, the economically active population, aged between 15 and 64 years, constituted 12.7 million employed and 1.9 million unemployed, while the inactive lot totaled about 5.3 million persons, with young people constituting majority of the unemployed and inactive population. At the local level, the unemployment problem is even worse in slums like Kibera, the focus of the study. Apart from being one of the biggest slums in the country, Kibera has also one of the highest poverty rates in the capital city of Nairobi. Studies show the problem of unemployment, and by extension poverty, among the youth might be more serious than the figures show. There are losses that unemployment statistics fail to capture – and are likely to be overlooked in efforts to stimulate new employment (UN Habitat, 2008). As a result, the push for additional intervention by government to uplift poor youths has never died. This is because of the 38.61 million Kenyans, 24.5 million are below 25 years, representing 63.5 percent (GOK, 2009). The youth, therefore, form the largest segment of the population and will need more help from government, and even deliberate interventions, to enable them have sustainable livelihood (KNBS, 2007).

Expanding livelihoods of poor youths through self-employment is one of the options Kenya has chosen to combat poverty. However, a livelihood must comprise the capabilities, assets (including both material and social resources) and activities required for a means of living to bring about positive effects (Chambers and Conway, 1992). According to Dowling et al (2007), promoting youth entrepreneurship and establishment of youth businesses is one of the effective ways of fighting youth poverty. The Kenya government, through the National Youth Policy, has been encouraging youths in poverty stricken areas to form youth groups to enable them access cheap loans provided by the government. The C-YES Fund, which is part of the Youth Enterprise

Development Fund, was established after the government realised that poor youths need a special fund that can cater for their needs. The Fund was set up not only to provide financial aid to youth groups, but also help their businesses succeed and remain sustainable. The Youth Enterprise Development Fund (YEDF), currently the biggest youth programme in the country.

The study examines success of entrepreneurship and sustainability of businesses established by youth groups that benefited from the C-YES fund in Kibera slum. It answers the question whether the businesses established by C-YES money have contributed to improved livelihood. It investigates why many of the businesses that received the fund collapsed even before celebrating their fifth anniversary. Such a study is important because despite Kenya having formulated many policies and programmes aimed at supporting youth business in poor areas, the outcome has been minimal in eradicating poverty. Most of the businesses collapse after a few years, with only a small percentage surviving and becoming sustainable. Scholars, organisations and operators have advanced various reasons as to why youth entrepreneurship or businesses in poverty-stricken areas have not been able to live up to their billing. While many would hinge the failure on the lack of funds, others think it has everything to do with poor management or entrepreneurial skills and poor infrastructure among others.

Despite the divergent views, many are in agreement that for the fight against poverty to succeed, it is important that the livelihoods established remain sustainable, or be able to cope with and recover from stresses and shocks. In addition it must also maintain or enhance its capabilities and assets both now and in the future, without undermining the natural resource base (Chambers and Conway, 1992). The inability of businesses to remain sustainable, for example, coping or recovering from stresses and shocks of political and socio-economic nature - whether locally or internationally - has been a major hindrance in expanding livelihoods especially in poverty-stricken areas. According to UN Habitat, in too many cities of the developing world, regardless of the specific target set by the Millennium Development Goals, slum areas remain a 'blind spot' when it comes to policy interventions, job creation and youth support.

Several programmes established by the government have collapsed, the most memorable one being the Youth Rehabilitation Project, launched by the National Rainbow Coalition (NARC) government in 2002. The programme collapsed a year later, along with many businesses and entrepreneurship established under it. The programme was hurriedly established without a well thought out plan, a common move some experts have referred to as ‘moral panic’ (Panayiotopoulos and Gerry, 1991).

### **Establishment of the C-YES Fund**

Given the problems experienced in the past with youth programmes, this study focuses on youth groups which benefited from the C-YES Fund, set up to help them establish and nurture businesses. YEDF was established in June 2006, to create and expand opportunities for poor youth, with an initial funding of Sh1 billion. The Fund was then gazetted on 8<sup>th</sup> December, 2006, to provide the necessary legal framework to govern its use and operations. One of its objectives was to facilitate youth employment through enterprise development and structured labour export. Its 11-member Advisory Board was gazetted on 31st January 2007, and officially launched on 1st February 2007, marking the beginning of disbursement of loans through financial intermediaries and Constituency Youth Enterprise Scheme - the two disbursement levels.

The Constituency Youth Enterprise Scheme (C-YES) is set aside for the poor youth in both urban and rural areas. The second level, the Flexible Collateral Fund, is channeled through financial intermediaries and opened to all youths whether rich or poor. It is the first funding level (C-YES), the study focuses on. Only youth groups with at least 10 members can apply for loans under the scheme. As at September 2011, the YEDF had advanced Sh5.2 billion to 144,000 youth enterprises (YEDF, 2011). Out of the total amount, Sh545.3 million was disbursed to 12,407 group projects at the constituency level. In the 2013/2014 financial year, the government allocated Sh6 billion to the Fund.

## 1.1 Problem Statement

Though Kenya has registered impressive economic growth and improved credit access to the youth, poverty still remains a major challenge (KNBS, 2007). The country, for example, is far from achieving the first MDG of halving poverty and hunger by 2015. Poverty is becoming more chronic with the vulnerable groups – youth, women and children - bearing the brunt. Youth population in the 15 to 24 years category, for example, continues to increase in developing countries, mainly those in Africa (Haub et al., 2009), where they make up a chunk of the inhabitants . In most countries, young people are between two and four times as likely to be unemployed as those over 25 (ILO, 2004). The situation has called for urgent expansion of livelihood opportunities, through youth entrepreneurship and businesses. However, informal businesses established by youths and other vulnerable groups are facing difficult times (UN Habitat, 2008).

Unlike past, the blue and white-collar jobs in the formal sector have reduced. As a result, the informal sector, which the C-YES targets, has become the main source of employment opportunities for the youth. Analysis of the labour market in 2010, for example, revealed the economy generated over 500,000 jobs, majority being in the informal sector. Part of the gains were as a result of increased access to affordable credit mainly from banks, the Women Enterprise and the Youth Development Funds (GOK, 2011). The sectors that contributed to the expansion in employment included building and construction, transport and communication, wholesale and retail trade and lastly restaurants and hotels. Employment grew by 3.0 and 5.3 per cent, in the formal and informal sectors respectively. The same trend was witnessed in the year 2011. Employment in both modern and informal sector excluding small scale farming and pastoralist activities went up by 4.7 per cent from 10,955,100 in 2010 to 11,475,200 in 2011. The informal sector played a major role creating 445,900 new jobs, which constituted 85.7 per cent of all the new jobs (GOK, 2012). The informal sector contributes significantly to the economy by being the main source of employment opportunities for the country's youthful population and persons exiting the modern sector of the economy (GOK, 2013). Despite the fact that the Youth Enterprise Development Fund's C-YES has also been cited as being successful in helping poor youth be

self-employed in the sector (YEDF, 2010), there is still concern about the rate of collapse of businesses established under the programme. In addition, during the preliminary inquiry the District Youth Coordinators in Kibera and other low-income areas expressed concern about the low rate of loan repayment among youth groups, years after they had received the money, as less than five percent of the youth groups had completed paying their loans. Many had not even began repaying the loans.

The government's failure to properly identify the deserving poor to benefit in the programmes and interventions has been a key problem in addressing poverty in slums. The Youth Rehabilitation Programme, whose core objective was to help poor youths, especially those in slums, gain entrepreneurship skills and establish businesses, collapsed after the launch in 2003. Preliminary investigations show that almost half of the businesses established by the youth groups collapsed within the second year of their establishment, or upon receiving the C-YES Fund. This is despite the fact that one of the main objectives of YEDF is to help youth groups establish, nurture and make businesses sustainable, hence expanding livelihood opportunities and fighting poverty. Other preliminary investigations also reveal that some youth groups have diverted to other multiple activities, with core business - which they had initially proposed to undertake in their application for C-YES Funds - only being one of the many.

Some of the common reasons for the failure in business and entrepreneurship that have emerged from research are, among others, lack of business skills or training, failure to focus on core business or businesses and lack of seed capital (Bewley et al., 2010). The research gap is that although some of the factors contributing to business failure or success have been identified in past studies, their importance and the extent to which they influence entrepreneurship and establishment and continuity of businesses in Kibera are not known. In addition, Kibera has been identified as a slum having one of the worst living conditions and one of the highest poverty rates in Nairobi. It is physically isolated and disconnected from the urban fabric, making the area a complete contrast from the normal environments many entrepreneurs and businesses have thrived in (UN Habitat 2008). Despite this, preliminary investigations revealed that District Youth Coordinators

in Kibera do not have the adequate information on whether or not C-YES has improved the livelihood of poor youths in the slum.

## **1.2 Research Questions**

### **Overall question**

The study has one broad question and five specific questions. The broad question is: Under what circumstances does C-YES Fund contribute to business success and livelihood improvement of poor members of youth groups? The five specific questions below will help answer the broad question.

### **Specific questions**

- 1) What are the characteristics of youth groups and their members?
- 2) Are youth groups that received C-YES Fund involved in a core business or multiple businesses?
- 3) To what extent is every member of the group involved in the core business?
- 4) What changes have taken place in individual livelihoods of the members of the youth groups?
- 5) To what extent has the C-YES funding and training contributed to the success of youth groups' entrepreneurship and businesses?

### **1.3 Research Objectives**

#### **Overall objective**

The broad objective of the study is to establish under what circumstances does C-YES Fund contribute to business success and livelihood improvement of poor members of youth groups.

#### **Specific objectives**

- 1) To find out the characteristics of the youths and youth groups
- 2) To identify whether youth groups that received C-YES Fund are involved in one core business or have ventured in multiple businesses
- 3) To determine whether every member of the group is actively involved in the activities of the core business
- 4) To discover the changes in individual livelihoods of the members of the youth groups
- 5) To find out whether the C-YES Fund and training has contributed to the success of youth groups' entrepreneurship and businesses

### **1.4 Justification of the study**

Though the national poverty rate has declined from 57 percent in 2002 to 46 percent in 2006, it still remains a major challenge in urban and rural areas (KNBS, 2007). Despite the increase in government programmes, aimed at expanding livelihoods by encouraging youth entrepreneurship and businesses, young people are yet to fully benefit and still remain vulnerable along with women and children (KNHDR, 2006). It is therefore important to assess the effectiveness of any new programme that aims to address poverty, given the ineffectiveness of those launched in the past.



Although there is a slight decline in the national poverty rate, slums continue to record a sharp increase, especially long term and multidimensional poverty (UN Habitat, 2008). Kibera slum is one of the areas identified by UN Habitat as having one of the worst living conditions and high poverty rates. Therefore, there is a need to study youth groups that have benefited from the C-YES Fund and the businesses established to evaluate their sustainability and success. It is important to focus on Kibera because out of the total 355,186 people in the 223.2 sq km Langata constituency, almost half of the population lives in the expansive slum (GOK, 2009). Focus on the vast Kibera settlement is critical, because despite the media attention it receives as one of the largest, most densely populated slums in Africa, comprehensive studies on youth entrepreneurship and businesses are lacking.

Studies done in Kenya and other countries show that small scale businesses, mainly those established by youths, collapse before their fifth anniversary (Wanjumbi, 2006). As a result it is important to investigate and find out the unique reasons behind the survival or success of youth entrepreneurship and businesses in a poverty stricken area like Kibera, given the high rate of collapse. According to Wanjumbi the success rate of new businesses, especially in the informal sector, is less than 15 per cent in the first five years.

It is also hoped the findings will help guide policymakers on how to improve the C-YES. The study will also help to direct focus on youth issues and stimulate debate on eradication of chronic or extreme poverty. This is important because for a long time government intervention strategies have ignored chronic poverty.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

The literature review is divided into two parts. The first section examines the theoretical literature expounding how livelihoods are established, and how factors interplay to ensure they remain sustainable to fight poverty. The second part reviews literature on youth poverty, youth entrepreneurship and business success and finally discusses empirical examples of various youth-specific interventions undertaken by governments in improving youth livelihood and fighting poverty.

#### **2.1 Theoretical literature**

The study will employ the Sustainable Livelihoods Approach (SLA) and Resource Based Approach (RBV) as its theoretical underpinning in explaining the importance of livelihood sustainability in fighting poverty among the youth.

##### **2.1.1 Sustainable Livelihoods Approach**

The issue of sustainability in livelihoods is central in SLA, unlike other theories. As a result, the approach has become important in formulating policies and strategies for rural development, poverty reduction (both in rural and urban areas) and environmental management. The RBV, on the other hand, provides a comprehensive insight why some businesses succeed while others fail.

Although there is lack of clarity on what SLA is, Scoones (1998) argues that the term sustainable livelihoods relates to a wide set of issues which encompass much of the broader debate about the relationships between poverty and environment. According to Krantz (2001), the concept attempts to go beyond the conventional definitions and approaches to poverty eradication, which have been found to be too narrow focusing only on certain aspects or manifestations of poverty. The approaches focused on low income,

or did not consider other vital aspects of poverty such as vulnerability and social exclusion. The scholar also argues that SLA offers a more coherent and integrated approach to poverty as it pays attention to the various factors and processes which either constrain or enhance poor people's ability to make a living in an economically, ecologically, and socially sustainable manner. In brief when analysing the sustainability of youth investments and their capacity to improve livelihoods, SLA goes beyond the narrow definitions by considering the interplay of all factors, both internal and external, that contribute to business success and improve livelihoods.

Drawing on Chambers and Conway (1992) among others, Scoones (1998) and the Institute of Development Studies team, UK, defines livelihood as comprising the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base.

According to Scoones (1998), sustainable livelihoods can only be achieved through access to a range of livelihood resources (natural, economic, human and social capitals), which must be combined in the pursuit of different livelihood strategies (agricultural intensification or extensification, livelihood diversification and migration) be it by individuals, households or village. However, livelihood resources alone cannot in themselves achieve the desired outcomes without the input of various formal and informal organisational and institutional factors, which are central to the achievement of desired objectives. In other words, the theory underscores the important role a government and its institutions play in eradicating poverty and improving livelihoods of both young and old.

Scoones (1998) refers to the four livelihood resources mentioned above as the base from which different productive streams are derived and livelihoods constructed. The four are discussed below:

(i) Natural Capital refers to the natural resource stocks (soil, water and air among others) and environmental services (hydrological cycles and pollution sinks among others) from which resource flows and services useful for livelihoods are derived.

(ii) Economic or financial capital are the finance base in a livelihood framework (cash, credit/debt, savings and other economic assets, including basic infrastructure and production equipment and technologies) which are essential for the pursuit of any livelihood strategy.

(iii) Human capital are the skills, knowledge, ability to labour and physical capability, which are all important in successful pursuit of different livelihood strategies.

(iv) Social capital refers to the social resources (networks, social claims, social relations, affiliations, associations) upon which people draw satisfaction when pursuing different livelihood strategies that require coordinated action.

However, Scoones concedes the above list is not exhaustive as other forms of capital can be identified. He emphasises that in order to create livelihoods, people must combine the capital endowments that they have access to and control over. These may be made up of personal capabilities, tangible assets and intangible assets. Nonetheless, the required formal and informal organisational and institutional factors must also come into play to achieve the desired results. According to Farrington et al (2002), the need for livelihoods approaches in urban settings is pressing as urban population increases and poverty becomes a bigger challenge than before. The authors contend that there is nothing inherent in urban settings to prevent their application there and that the returns to their implementation might be high.

### **2.1.2 Resource Based Approach**

Resource Based Approach (RBV) can also be applied to understand why an already established firm remains sustainable. The approach, which is built on work by Penrose

(1959), Teece (1982) and others, sees firms as distinctive bundles of resources and capabilities. These resources and capabilities comprise all of the attributes that enable a firm to conceive and implement strategies, and may be divided into four types (Barney, 1991): financial resources (e.g. equity capital, debt capital); physical resources (machinery, buildings and other tangible assets); human resources (e.g. the knowledge and experience of managers/leaders and employees); and organisational resources (e.g. forms of work organisation, innovative work practices and social relations).

The RBV view, therefore, in contrast to the neo-classical approach, focuses one's attention more directly on the nature of the inputs to the firm (financial and physical capital, and human resources) and on the internal features of the firm (working practices and structural attributes) and how they combine to produce outputs, which will determine sales and profits, critical in the improvement of livelihoods. The neo-classical approach focuses more on supply and demand dynamics and assumes that individuals will always make rational decisions to maximize their utility. However, this is not always the case, especially when dealing with informal businesses. RBV emphasises that decisions made by individuals, be they workers or owners, can also determine the success or failure of a firm even if the important inputs are available. Lockett and Thompson (2001), argue that it is a paradox that while firm's decisions affect resource allocation in the economy, neoclassical economics, which is centrally concerned with such issues, finds the concept of the firm difficult to handle.

## **2.2 Literature on youth and youth enterprise schemes**

This section reviews literature on youth and the unemployment challenge first from the African perspective before narrowing down on Kenya. It also dwells on the general characteristics of poor youths, who are the core part of the study. It identifies the types of groups formed by poor youths and how they are established. The relationship between youth entrepreneurship and livelihood improvement and importance of skills development are also discussed. The section also talks about characteristics successful youth groups possess and, lastly, gives examples of some of the youth schemes from

developed and developing world, doing well in fighting youth unemployment and poverty.

### **2.2.1 Youths and unemployment in Africa**

Despite Africa registering impressive economic growth rates, youth unemployment still remains one of the biggest challenges for the continent. In the recent years, almost all of the growth has taken place in developing countries, mainly Africa, and research shows that youth population (ages 15 to 24) continues to record highest percentage increase in poorest countries putting extra strain on weak economies (Haub et al., 2009).

The sharp increase in youth population in Africa has corresponded with an increase in unemployment and poverty. In 2009, the world witnessed the highest unemployment figures, reaching nearly 212 million. The number of unemployed youth worldwide increased by 10.2 million in 2009, the largest since 1991 (ILO, 2009). In sub-Saharan Africa, the unemployment rate was estimated to have risen to 8.2 percent in 2009. On the other hand, ILO argues that the limited increase is not reflective of the true impact of the crisis in Sub-Saharan Africa and should be seen in conjunction with indicators such as vulnerable employment and working poverty mainly among the youth. Estimates show in many African countries, among them, Kenya, Tanzania, Zimbabwe and Zambia, children and youth aged 25 years and below constitute about or over 70 percent of the population (Chigunta, 2002b). Majority of them lack proper means of livelihood. A study done by McKinsey Global Institute (2010) cited in ADB et al (2012) predicts the continent's labour force will be 1 billion strong by 2040, making it the largest in the world, surpassing both China and India. The extra numbers will have to be catered for, a task the study predicts will be a major challenge.

A series of studies by UN Habitat on various African cities, found that rapid youth population growth in the face of increasing poverty has forced urban economies to become increasingly informal over the past 10 years, and that the formal sector has consistently failed to provide for both the young and the old seeking employment, even in the face of healthy economic growth (UN Habitat, 2008). Majority of young people who work in the urban informal sectors, experience low wages and poor working

conditions, in big cities of countries like Kenya, Chad, Ethiopia and Central African Republic, due to limited opportunities. According to UN Habitat, deliberate interventions will be required to expand opportunities as the youth population in Africa is expected to continue increasing.

### **2.2.2 The youth situation in Kenya**

Research has shown that though Kenya has a moderate multidimensional poverty index (MPI) of 0.3, (the share of population that is multidimensional poor adjusted by the intensity of deprivations) it has one of the most unequal societies in the world. Nairobi's MPI, for example, is slightly higher than Brazil's, while that for Northeastern rural Kenya is worse than that of Niger, one of the poorest countries in the world (UNDP, 2010).

According to UNDP (2010) those most affected by the inequality are youths, women and children. On the other hand, a study by Curtain (2004) found that Kenya alongside the Democratic Republic of Congo, Ethiopia, South Africa, Nigeria and Mozambique have the largest concentrations of young people in hunger, mainly because of lack of livelihood opportunities.

Literature links the increase in poverty to the 'youth bulge', which occurs when more than 20 percent of a country's inhabitants is composed of young people (KNHDR, 2009). Despite signs of demographic transition, following the slight decline in fertility from an average of 4.9 in 2003 to the current 4.6, Kenya is far from achieving demographic dividends (KDHS, 2010). Demographic Dividend occurs when a falling birth rate changes the age distribution, so that fewer investments are needed to meet the needs of the youngest age groups and resources released for investment in economic development and family welfare (Ross, 2004). According to Ross (2004) the Asian Tigers (South Korea, Taiwan, Hong Kong, Singapore) began with similar demographic starting points and developmental statuses as those in many sub-Saharan African countries today. Due to significant investments in education and family planning, a demographic bonus was created in the Asian countries, resulting in a favourable age structure with a high proportion of the working-age population in relation to the number of dependent young and old people.

In contrast, Kenya is yet to achieve a favourable age structure and the population of dependants is still on the increase. Primary school enrolments, for example, have increased sharply, surpassing 85 percent in 2006, following the introduction of free primary education in 2003. The increase has forced the government to allocate more money to primary education, while higher education and other development projects for the youth survive on a smaller budget. The inability to reap from Demographic Dividend is one of the reasons why unemployment and poverty rates among the youth are still on the increase.

### **2.2.3 Characteristics of poor youths and youth groups**

There are general characteristics that groups formed by poor youths in developing countries share. Some of the common ones are: majority of their members are aged below 30 years, unemployed, live in hardship areas, suffer high rates of unemployment, engage in illegal activities, born in poor families, suffer from poor health and have low education levels. Lastly the groups established normally start as self help groups.

*Aged Below 34 years.* Majority of poor youths experiencing harsh and prolonged poverty are aged below 34 years. In Kenya, over one million young people enter into the labour market annually without any skills, some having either dropped out of school or completed school and not enrolled in any college (Kaane, 2014). According to ILO (2013) there are more than 8.5 million people between ages 15 and 24 in Kenya comprising 37.4 percent of the working-age population and rising to over two-thirds when the population under the age of 34 is considered. The figure is close to two percentage points higher than the share of youth observed in Africa as a whole (35.5 percent) and around 11 percentage points higher than world figure (26.5 percent), ILO (2013). Latest figures indicate that 15.8 million or 48.6 percent of the 32.5 million-population aged five years and above are out of work (GOK, 2009), majority being youth.



*Live in slums and hardship areas.* Literature also shows that a majority of the poor youths live in hardship, mainly in remote rural areas and slums, where living conditions are extremely bad. Studies show the situation is worse for girls and young women as they consistently face steeper challenges than their male peers, when it comes to knowledge and skills they need to live healthy, productive lives (UN Habitat, 2008). A study by Erolkar and Matheka (2007) on adolescence in Kibera slum, found that insecurity affected girls more, with 60 percent saying they feared being raped but had nowhere else to go and 47 percent saying they were scared of someone in the neighbourhood. Only 25 percent of the above two groups of girls said they had a 'safe space' in the slum for meeting other girls.

*Unemployed.* Poor youths are unemployed or lack means of livelihood due to limited opportunities. Unemployment forces many into lives of hopelessness and destitution. Lack of opportunities has forced many to remain in their parental homes, resulting in a generational clash. The situation is not better for the few employed as dangerous work, low wages and job insecurity end up trapping slum-dwelling and other low-income young people in perpetual poverty (UN Habitat, 2008). The UN organisation also adds that the youths are out of work due to several factors, among them, slow or declining economic growth, rapid population growth, poor dissemination of labour market information, skills mismatch and high cost of labour. The unemployment rates among the youth in Kenya are higher than the national rate, which currently stands at about 10 percent. The higher unemployment rates are for youths aged around 20 years old, at 35 percent ((UNDP, 2013).

*Engage in illegal activities.* Due to lack of livelihood opportunities many poor youths resort to illegal activities to survive. Some studies show more than 50 percent of convicted prisoners in the country are aged between 16 and 25 years, poverty being one of the major drivers of crime (Paul and Githagui, 2005). Other studies also show the problem persists because only 44 percent of the youth can manage a livelihood above poverty line and the challenge facing the country is how to translate education and high survival index into income for the youth (HDR, 2009). In Langata, poverty is one of the

reasons for the increase in the number of criminal gangs and insecurity. Research commissioned by the Group of Eminent Persons, which brokered the peace deal after the botched 2007 General Election, revealed an increase in the number of criminal gangs in the area. The new gangs are Bumps Ahead, Karanja Youth, Yes We Can and Kaberege. Others are 14 Gendarmerie, 12 Flamingos, 12 Disciples, Bunkers, Kosovo, Tuff Gong, Dego Youths, 40 Ndugus, ODM Youths, Darajani, Jipange and Super 14 (South Consulting 2010). The study also discovered most of the members are young people, from Kibera slum and its environs, who either had their sources of livelihood destroyed in the post election violence or have suffered prolonged poverty.

*Born in poor families.* Poor youths come from poor families that have suffered prolonged cycle of poverty, or chronic poverty, and live under poor housing conditions. Studies commissioned by UN Habitat, show Kibera slum has seen an increase in the average number of people living in a household (UN Habitat, 2008). Estimates show an average household in the slum comprises seven people, indicative of severe overcrowding hence lack of privacy, ease of disease transmission – especially respiratory infection – and increased risk of ‘negative social behaviour patterns’, such as domestic violence and child abuse. Poverty often pushes girls in slums to engage in risky sexual behaviour or prostitution in exchange for food, shelter, gifts, or cash.

Extreme poverty is common in households headed by young people. A study by Evans and Day (2011) on inheritance, poverty and HIV/Aids in rural Uganda and Tanzania found that although poor farmers of all ages are likely to experience difficulties, young people heading households face particular pressures that increase the likelihood of chronic poverty. The lack of a co-resident adult who can earn a livelihood, the young age of siblings and the time pressures involved in combining work with school limit the household labour available to work hence worsening poverty.

*Poor health.* Literature also reveals that extremely poor youths’ experience poor health. Many of those living in slums, for example, suffer from high incidence of AIDS and drug resistant tuberculosis. Slums, where many poor youths are found, are some of the areas badly hit by AIDS. Paul and Githagui (2005), estimates that in some poverty stricken

areas one in three Aids cases occur among youths aged between 15 and 30 years. The two authors add that in some poor parts of Kenya, the Aids prevalence varied between 1 and 24 percent and higher among females. Orphaned youths in Kibera suffer a combination of problems among them financial, psychological, abuses and stigma all making it difficult to earn livelihood and impoverishing them more (Togom, 2009).

The youths also suffer from opportunistic diseases associated with the virus. Due to high health costs, many of them resort to self-reported diagnosis or diagnosis by people without medical background. Nationally, diagnosis by non-medical household member is the leading form of diagnosis at 58 percent followed by medical personnel at 40 percent. The percentages are believed to be higher in poor areas where chronically poor youths are found (GOK, 2008).

*Low literacy levels.* Poor youths have high illiteracy rates compared to their non-poor counterparts. Literature reveals that extreme poverty among young people is linked to lack of education. According to UN Habitat (2008), children from slums are less likely to enroll in school and complete primary education and youths have noticeably fewer opportunities to attend secondary school if compared with their peers in non-slum areas, hence being eluded from the benefits of 'urban advantage'. In Kenya, only 25 percent of children in primary advance to secondary schools, with the rates being even lower in slums, since education transition still remains a major problem for poor families (Paul and Githagui, 2005).

Research by Mkandawire (2001), on poor urban youths, for example, exposed the negative perception poor youths have towards education. According to the study, the perceived uselessness of education rose from two main factors. First is the high and growing problem of youth unemployment, where more and more young people are failing to find jobs in a largely stagnant formal sector. Second is the type of education that students receive, which has caused a sense of dissatisfaction with the school system.

*Self-help groups.* Majority of the youth groups normally begin as self-help groups, with the hope of helping members make some income to improve their livelihoods and in the

process the community as a whole benefits. Reddy and Manak (2005) argue that in Africa, majority of the self-help groups are formed by youths who share similar goals and objectives. Since the main objective of the groups is to generate income for their members, they either operate along the lines of Accumulating Savings and Credit Associations (ASCAs) and Rotating Savings and Credit Associations (ROSCAs) Axster (2010). The groups are normally formed by individuals who know each other and heavily depend on informal communication in running the affairs of the group (Smets and Bähre, 2004).

In brief, literature stresses the importance of both economic and social characteristics in identifying and explaining areas experiencing poverty. In Kibera, the UN Habitat argues that the area is physically isolated and disconnected from the main urban fabric, hence increasing cases of poverty. Apart from low incomes and shelter deprivations, the residents find themselves underprivileged in terms of access to the urban advantage. The organisation argues that the slum represents a spatial poverty trap marked by six distinct challenges: (a) severe job restrictions; (b) high rates of gender disparities; (c) deteriorated living conditions; (d) social exclusion and marginalisation; (e) lack of social interaction, and (f) high incidence of crime. Women, children and youth are always the most affected. The literature reviewed also shows a strong link between youth poverty and lack of livelihood, especially in slums and other poverty-stricken areas. Majority of youths remain poor because of lack of sustainable livelihood. However, it also supports direct intervention, for example, by governments, in lifting the youths and helping them realise their full entrepreneurship potential, critical in establishing sustainable businesses.

#### **2.2.4 Groups formed by Poor Youths**

Self-help groups are a social concept common in many urban and rural settings in Africa and their formation are often encouraged by governments as it is the case in Kenya (Mwaniki, 1986). Most of the groups established by youths normally begin as self-help whose aim is to generate some form of income by providing members with employment. As a result, many operate along the lines of Accumulating Savings and Credit

Associations (ASCAs) and Rotating Savings and Credit Associations (ROSCAs). Schreiner (2001) considers such forms of informal finance as the “bottom-up demand” of the poor for appropriate financial services that were designed in response to the absence of any accessible formal services (2001: 637).

Since majority of women and youth groups in Africa and other poor countries are established by individuals with similar objectives and purpose, Reddy and Manak (2005) argue that such groupings have the capacity to take a leadership role in community development, once they have matured. They are also perceived to be a guidance force for the village. A study on 19 youth groups, by La Ferrara (2002), in various informal settlements in Nairobi found that many of them were first established as self-help groups. Self-help groups involve the idea of individuals pooling their resources and working together to attain goals or objectives that would have been impossible or taken much longer to acquire on their own. Various studies undertaken by researchers show that such groups are important income generators for those that are excluded from any other formal and informal entrepreneurial activity and can also serve as saving and lending facilities (La Ferrara 2002; Mwaniki, 1986). In her research on economic self-help groups in Nairobi, La Ferrara found that self-help groups have evolved from simply facilitating credit and financial support to offering employment opportunities for members (2002).

Accumulating Savings and Credit Associations (ASCAs) is one of the most common self-help groups in the informal sector. In ASCA's members contribute and also seek external funding which is saved in a bank. Once enough money has been collected, it is then loaned to individual members, who will have to pay it back after a certain period with interest. Preliminary research on youth groups in Kibera also found that some were formed as ROSCAs. Rotating Savings and Credit Associations (ROSCAs) are also known as merry-go-rounds in Kenya. In such groups each member pays a daily, weekly or monthly amount and every week or month one member receives the total sum on a rotational basis. (Buckley, 1997). According to the author, the order of members is normally determined by ballot, age or seniority or other forms of rotation. Such services do not generate any long-term savings and do not offer higher loans than the money that

is collected in the specific period after which the money is handed out. ROSCAs are perceived as highly efficient and as a prime example of group solidarity (Buckley, 1997). In most cases, be it ASCA or ROSCA, members have to pay a registration fee to join (La Ferrara, 2002; Mwaniki, 1986). La Ferrara's study found that application decisions were based on commitment ability, current need of the member and friendship (2002: 86). Aryeetey (1998) in Axster (2010) argues that more often the screening practices are all based on personal knowledge, personal ties and physical proximity.

In general, participation in self-help groups, be they for youths or adults, usually depends on individual characteristics such as vulnerability and income received and also on the composition of the specific community and its degrees of heterogeneity and inequality (Alesina, 2000). Poor people are more likely to be involved, and in the case of Nairobi, women and youth engaged in such groups (La Ferrara, 2002). Despite their informality, there are those that are highly organised. One of the most beneficial aspects of self-help groups is the face-to-face contact and physical proximity of the members as they are based on trust and interpersonal relationships (Smets and Bähre, 2004). Most of the self-help groups formed by either youths or adults always have a chairman, a secretary and a treasurer. The number of members in a particular group varies from one to another. In brief, if these groups did not exist many in the informal sector would only be able to access financial capital through moneylenders (Littlefield, 2004) who apply extremely high interest rates (Atieno, 2001) to mitigate risks because screening of applicants is not applied (Buckley, 1997).

### **2.2.5 Significance of entrepreneurship in livelihood improvement**

Before a business is established, it is important the youths have an idea or a concept that stipulates what the commercial venture will entail. They also need to know how to manage the business and steer it to profitability if their livelihoods is to be improved. This is where entrepreneurship comes in.

Maxwell (2002) argues that entrepreneurship and self-employment can be a source of

new jobs and economic dynamism and can improve youth livelihoods and economic independence in developing countries. The business created through entrepreneurship can be used to hire more young people and provide valuable goods and services.

Chinguta et al. (2005) contend that new firms established by youths tend to raise the degree of competition in the product market thereby bringing gains to consumers.

Schoof (2006) describes entrepreneurship as an innovative approach to integrating youth into today's changing labour markets, In other words entrepreneurship encourages self-employment among the youth as opportunities in the formal sector remain limited.

Literature identifies two approaches in the study of entrepreneurship: the behavioural approach and the traits-based approach (Schoof, 2006). The behavioural approach defines entrepreneurship as a set of behaviours, and an entrepreneur is someone who undertakes these behaviours. The trait-based approach, on the other hand, is characterised by attempts to identify “entrepreneurial” traits and qualities. Schnurr and Newing (1997), cited in Chigunta, (2002a, p.1) defines it as the practical application of enterprising qualities, such as innovation, creativity, and risk-taking into the work environment (either in self-employment or in small start-up), using the appropriate skill necessary for success in that environment and culture. Schoof (2006), for example, argues that a behavioural definition facilitates the analyses of youth entrepreneurship, as it is easier to observe what business young entrepreneurs do and how they do it than to identify their particular “entrepreneurial” traits and qualities – suggesting that entrepreneurship is innate, rather than something that can be learned.

In synthesizing the various intellectual branches of the subject, Hébert and Link (1989), coined what they referred to as synthetic definition of an entrepreneur. The entrepreneur is someone who specialises in taking responsibility for and making judgmental decisions that affect the location, form, and the use of goods, resources, or institutions. The definition incorporates historical themes of entrepreneurship such as risk, uncertainty, innovation, perception and change. Using the above definition, in the case of Kibera, group leaders and the few educated youths can be called entrepreneurs, since more often than not, they are ones who make major decisions on the business.

The two scholars also argue that an entrepreneur is a person, not a team, committee or organisation, hence youth groups in Kibera cannot be wholly viewed as an entrepreneur but only an individual or a few individuals within them. It can be the youth leaders or the most educated and knowledgeable who make the important decisions. They (Hébert and Link, 1989) also contend that entrepreneurial actions are performed, in all societies, by individuals whose judgment differs from the norm. Yet, this might not be entirely true in Kibera, where actions and business activities by the youth do not entirely deviate from societal norms. In the same vein, entrepreneurial action by the youth groups may mean creation of an opportunity as well as response to existing circumstances.

Enterprise on the other hand means a set of skills, attitudes and behaviours, (referred to as attributes), that allow a person to adapt to changing circumstances by taking control and initiative (Schnurr and Grant, 1999). The two scholars note that enterprise and entrepreneurship can be a powerful way to mobilise individuals to contribute to their own and their communities' development, since the two have an advantage of working at the individual level of motivations and skills, especially in economies that lack sound macro-economic framework. One of the reasons behind the establishment of the C-YES Fund was to help mobilise youths to form groups and establish businesses, by supporting entrepreneurship. Schnurr and Grant also contend that enterprising behaviour has repeatedly been shown to be a crucial aspect of socio-economic development hence playing a major role in poverty eradication.

Chigunta (2002b) lists a number of reasons why the promotion of youth entrepreneurship is important in improving livelihoods of young people and contributing to development:

1. Creating employment opportunities for self-employed youth as well as the other young people they employ;
2. Bringing alienated and marginalised youth back into the economic mainstream and giving them a sense of meaning and belonging;
3. Helping address some of the socio-psychological problems and delinquency that arises from joblessness;
4. Helping youth develop new skills and experiences that can then be applied to



other challenges in life;

5. Promoting innovation and resilience in youth;

6. Promoting the revitalisation of the local community by providing valuable goods and services;

7. Capitalising on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.

In general, scholars agree entrepreneurship can be a source of new jobs and economic dynamism in developed countries, and can improve youth livelihoods and economic independence in developing countries. According to Maxwell (2002), for young people in the informal economy, micro-entrepreneurism, which many youth groups in Kibera are involved in, is a bottom-up method for generating an income, self-reliance and a new innovative path to earning a living and caring for oneself. Heinsohn (2003) also considers entrepreneurship important in helping the poor attain sustainable livelihoods, since lack of opportunity and marginalisation from the economic mainstream can lead to frustration and loss of hope among youth, resulting in a continuing cycle of poverty, along with economic, social and political unrest capable of destabilising a country. The argument is supported by a DFID-CSO Youth Working Group Study (2010), in Africa, which found that youth participation in development, through entrepreneurship, helps strengthen young people's abilities to meet their own subsistence needs, prevents and reduces vulnerabilities to economic, political and socially unstable environments, promotes ownership and sustainability of interventions and helps gain entry into target communities and build up trust and social capital. In Langata, Kibera slum is one of the most volatile areas in Nairobi, partly due to excess number of idle youth who lack the means of livelihood.

To help understand entrepreneurship and the youth, scholars have come up with a categorisation of different types of young entrepreneurs. A common one is the transitional categorisation, based on significant structural differentiation in youth enterprise activities. The categorisation is based on studies from different countries that suggest youth entrepreneurship, which is important in establishing business and ensuring

self-sustenance, varies according to age. It proposes a broad categorisation into three (transitional) phases (Chigunta, 2002b):

1. *Pre-entrepreneurs* (in the age of 15-19 years): This is the formative stage. The younger youth are often in transition from the security of the home or education to the work place. But, as Curtain (2000) observes, for many young people, the transition from education to work is not a single step of leaving the educational system and entering the world of work.

2. *Budding entrepreneurs* (in the age of 20-25 years): This is the growth stage. The youth are likely to have gained some experience, skills and capital to enable them run their own enterprises. They often face three enterprise pathways: 1) remaining stuck in marginal activities; 2) going out of business; and 3) running successful enterprises.

3. *Emergent entrepreneurs* (in the age of 26-29 years). This is the prime stage. With valuable experiences in business, emergent entrepreneurs have a higher level of maturity than youth in the lower age groups. They are more likely to run more viable enterprises than younger people.

However, this categorisation cannot perfectly explain entrepreneurship in Kibera slum, where literacy rates are still below the national average, skills training almost non-existent and accessing capital for business start-ups and expansion extremely difficult. Scholars have also identified types of entrepreneurship youth groups engage in. Nonetheless, those applicable to Kibera youths are economic, social and cooperatives, which are discussed in detail below.

#### (i) *Economic and Social Entrepreneurship*

In economic entrepreneurship, the main objective is wealth creation and profit generation, for the youths who own the business. Schoof (2006) argues that research and literature is focusing on this aspect because both young and old engage in entrepreneurship of this type. Social entrepreneurship, according to literature, is also

becoming common among the youth. Unlike economic entrepreneurship, the youths use their entrepreneurial skills to create social value, hence wealth creation becomes a means to an end and a way of measuring value creation. According to Dees et al (2001), for social entrepreneurs, social mission-related impact becomes the central criterion, not wealth creation. Dees argues that the future of the social entrepreneurship lies in the youths who he says have the passion and energy, the strategic social positioning, and the natural tendency towards problem-solving that is a key characteristic of the entrepreneurial 'ground-clearing' process.

However, preliminary studies done by the researcher show that most of the businesses formed by poor youths in Kibera are mainly informal and with the aim of revenue generation (economic) to improve their lives.

#### (ii) *Cooperatives*

Cooperatives are another form of enterprise which youth groups are involving in. According to Schoof (2006), co-operatives are a form of enterprise in which entrepreneurial activities are carried on for mutual benefit and in an egalitarian fashion. In this type of entrepreneurship individuals concerned unite voluntarily to form an autonomous association to meet their common economic, social, and cultural needs and aspirations.

Hansen (1996) identifies two innovative approaches under cooperatives, which are used to promote youth entrepreneurship. They are the group entrepreneurship project (GEP) and 'co-operative entrepreneurship for enterprise development' (CEED). The first one (GEP) is a rudimentary pre-cooperative approach to enterprise and business creation that is designed to assist the rural poor in developing countries, while the second one (CEED), is designed to boost the economies and employment levels of rural and urban communities in both developing and industrialised countries through the systematic organisation of modern worker-owned joint-production co-operatives in the industrial and service sectors.

Preliminary studies done by the researcher also show that some of the groups formed by the youths in Kibera are loosely similar to cooperatives since resources have been pooled together to establish informal businesses. Some of the youths also come together to

engage in social activities like environmental conservation and sanitation with the support of non-governmental organisations.

### **2.2.6 Group Formation and Mobilisation**

Entrepreneurs in the group not only play a key role in coming up with the business concept, but also lead from the front doing other important tasks required for establishing a successful business. One of the tasks they must involve themselves in is group mobilisation, in other words, bring individuals from different background and with varied interests together to work as a team to achieve a set goal. Though a few authors have written about group formation, Nownes and Neeley (1996) argue that the bulk of the literature focuses on why individuals join groups and ignores the critical role played by the group leader, who they refer to as an entrepreneur. There is therefore a gap in the literature on group development. Although entrepreneurs are critical in the process of group mobilisation, little is known about what they do and why and how they do it. According to the two authors, studies on group mobilisation continue to focus on group supporters - the patrons and members who provide groups with the resources they need and not the entrepreneur. Nownes and Neely cite a survey they conducted on public interest group founders, which discovered that most groups are formed because aggressive, independent entrepreneurs form them. Those that cannot trace their origins to patrons or disturbances, attests to the importance of a few entrepreneurs in group formation. The two scholars also discovered that many public interest group founders form groups in response to specific and easily identifiable events or series of events. Disturbances may not spur individuals to join groups, but they play an important role in stimulating entrepreneurial activity which is important in the improvement of livelihoods. The survey also discovered that the "free-rider" problem is not operative for most groups "just starting out." The data suggested that individuals, especially entrepreneurs and their friends, are the driving force behind public interest group formation (Nownes and Neeley, 1996). This argument applies in Kibera, as preliminary investigations show many youth groups are formed by a few youths who know each other, before others joined.

### **2.2.7 When is a good time to establish a youth group**

According to University of Kansas (2013) there is not bad time to establish a youth group. However, the University says there are periods or events that lend themselves well to mobilising youths to form a group. Some of the times include the following:

1. When a dramatic, disturbing, or significant event occurs in the community.
2. When new information becomes known. For example, findings of a survey on a critical socio-economic issue, may be a stimulus to start a group.
3. When current organisations are not meeting community needs
4. To respond to threats to the community, such as increased violence, drug abuse among others.
5. When a significant issue specifically concerning youth needs to be confronted for example unemployment.

Though some of the issues discussed above help explain why some of the youth groups in Kibera are established, preliminary research gathered reveal the dominant reason is to have a means of livelihood.

### **2.2.8 How to establish youth groups**

According to University of Kansas, though youths may already know what type of group they would like to form, it is always important to ask questions. The University lists the following questions that need to be asked to help form the right type of group.

1. What problems are so important to people our age/to our community that you would join a group to change them?
2. What is the biggest concern for young people today?
3. What is the real cause of the problem?
4. What do you think should be done about the problem?

5. Do you know of anything going on right now to solve the problem? According to the University this question is a good way to learn about things youths might not know are going on, that can help groups overcome a particular problem.

The University acknowledges the list is not exhaustive but can act as a guide for youths intending to form a group to help improve their livelihoods or aid the community.

### **2.2.9 Characteristics of successful youth groups**

Though there are some characteristics that are similar, not all youth groups succeed in meeting their objectives, meaning it takes more than the normal to make it. Astroth (1996) argues that successful youths must be vibrant, in other words ready to help young people reach their potential and become self-directing, autonomous adults.

The author who intensively studied five youth groups from three randomly selected Montana counties, in the United States of America, identified factors that make youth groups vibrant and successful in whatever they do, be they in the developed or developing world. The following are the factors:

- i) Successful groups, according to Astroth, encourage a sense of belonging, in other words, members feel they are part of the group and participate in decision-making.
- ii) Vibrant youth groups experiment and adopt the best options, which ensures success and improvement of their welfare.
- iii) Vibrant youth groups provide consistency and reliability on which members always count on. Research, according to Astroth, has indicated that moderate levels of structure are often characteristic of healthy groups, for example, regular meetings and using traditions, rituals, and ceremonies to foster a sense of togetherness, continuity with the past and with an organisation larger than the local group.

iv) Vibrant youth groups work hard and all members are involved in whatever they do. They have a superior work ethic even when serving the community.

v) Vibrant youth groups enable youths or members do what they are qualified to do and empower members to develop personal responsibility.

vi) Members of a vibrant or healthy group support each other and do not define themselves by any single accomplishment of the group or its members. According to Astroth, they take pride in and celebrate collective efforts of all members.

vii) Vibrant youth groups use take time to mentor and socialise newcomers into the club environment. Astroth argues that helping new members feel welcomed into the group is a hallmark of vibrant youth groups. Such efforts help new members learn the language and traditions of the programme or organisation.

viii) Vibrant youth groups take time for training to improve their skills and knowledge. Astroth contends that research has demonstrated that well-functioning groups do not just happen, but rather result from consistent efforts to create, maintain, and (occasionally) restore conditions that foster effective learning.

ix) Vibrant youth groups value practice to others. Astroth argues that although community service is a key value for many youth groups, vibrant groups actively practices and treasures community service. They perceive community service as a part of the group's fundamental experiences.

### **2.2.10 Importance of Skills Development in Groups**

According to Harrelson and Macaulay (2008), entrepreneurial skills development is just as important as access to capital in improving the livelihoods of poor youths. The two scholars contend that individuals who succeed in entrepreneurship, and by extension business, are either trained on the kind of businesses they venture into or continue

business training as they progress. Entrepreneurs must be familiar with all facets of the business, which can be gained through training. In further explaining the importance of skills development, the two authors cite a project in Guinea, which targeted poor youths susceptible to kidnapping and recruitment into neighbouring country conflicts. By the end of the project, the youths had established businesses and had reduced interest in returning to combat, thanks to business training and financial assistance. Wanjumbi (2006) also argues that training is important as the business environment is highly dynamic, therefore requiring changing approaches to doing business.

Given the limited opportunities in the formal sector and scarcity of salaried jobs, Harrelson and Macaulay (2008) argue that enterprise development will be the only employment alternative for many of the world's low-income youth in future. As a result, many youths are becoming entrepreneurs and setting up their own businesses, more out of need, than due to personal preference.

Despite its importance, there are challenges African countries face when promoting entrepreneurship among the youth. Schoof (2006), for example, emphasises that caution should be exercised when promoting youth entrepreneurship so that it is not seen as the wide-ranging solution against youth unemployment. He further argues that considering the lack of appropriate economic conditions, the lack of market opportunities and very little consumer spending power in developing countries, the whole purpose of youth entrepreneurship, for the establishment of successful and sustainable businesses, is still uncertain. White and Kenyon (2001) also contend that in certain situations and conditions youth enterprise should not be promoted, especially when it is only concerned with keeping young people busy. Entrepreneurship, according to the two, should be geared towards wholesome improvement of the lives of young people.

There are also limitations when measuring outcomes. Estimates about the real potential and effectiveness of youth entrepreneurship differ, depending on how one measures the extent of entrepreneurship, which is inextricably linked to how it is defined and on how one assesses the particular socio-economic conditions for youth entrepreneurship in different areas (Harrelson and Macaulay, 2008). There is also a general lack of in-depth



research and concrete data on youth entrepreneurship and its relation to youth groups, in poor areas. Though literature reviewed identifies the importance of entrepreneurship in expanding livelihoods of poor youths, mainly in the informal sector, the subject and studies done, focus more on individual youths than on youth groups. Although Harrelson, Macaulay and others stress the importance of training, little is said on how the training should be done for the poor youths to ensure successful businesses are established.

### **2.2.11 Internal and external factors important for Group Business**

According to YEDF (2010), the advantage of fighting poverty through youth groups is that more deserving youths are brought on board to benefit from government aid. However, Komives et al (1998) say it takes more than just forming groups to improve livelihoods, be it in the formal or informal sector. Well functioning groups do not just form out of the blue. Komives et al argue that it takes time for a group to develop to a point where it can be effective and where all members feel connected to it.

Participation, Komives et al (1998) argue, is one of the most important factors. Group members have to make sure every one is involved in the business. Strong and successful groups identify common purpose, create an environment that fosters trust and builds commitment. The groups must also be open and ethical to other people's ideas, by allowing differences of opinion to be discussed and handling conflicts directly and with civility whenever they arise. Celebrating accomplishments in business, Komives et al (1998) argue, enhances unity and cohesion in any undertaking the group is involved in as it empowers and encourages members to learn new skills and share roles, enhancing commitment and making things exciting.

Bewley et al (2010) also identify human resource management, a major determinant of participation, as critical in the success or failure of an entrepreneurship or business. Firms where employees have autonomy over the design and execution of work tasks will have a higher motivation and commitment, both to the task and to the organisation. Raising motivation and commitment, for example, will in turn lead to the employee or a member of a group providing greater amounts of discretionary effort. In addition,

collaborative methods of working, such as teamwork, give employees a chance to share private knowledge (tacit knowledge) about the work process. The argument is both applicable in the formal and informal sectors, as teamwork is important for any group business to succeed. Under human resource management, Bewley et al (2010) singles out interpersonal relations production strategy as one of the common ones used by businesses. In this case, management systems and rewards are designed to ensure there is control over those aspects of employees' behaviour, which are relevant to the performance of particular tasks. Alternatively, firms can also focus on people-development, like offering good pay, medical care and bonuses, among others, to ensure employees achieve their maximum potential. As a result, managerial control is derived from the commitment of employees to the objectives of the organisation. However, being informal businesses, there are certain facets of human resource development that businesses established by poor youth cannot meet given their limited capacity.

Government investment and availability of raw materials also play a key role in the success of youth businesses. Reddy and Manak (2005) caution that businesses or entrepreneurship cannot excel in isolation, and that government involvement in policy is of critical importance. This is because poverty, be it of the youth or other groups, is invariably characterised by lack of public investment in infrastructure or dysfunctional public systems, including education and health care, and underdeveloped markets. The two scholars also argue that large-scale investment is also required to build infrastructure like roads and bridges to help access to markets, for products and services provided. These sorts of investments, for example in Africa, have to be completed by the state government to ensure success. In other words, for youth funds to succeed in improving livelihoods, other socio-economic investments must also be considered. Reddy and Manak also contend that apart from government investment, a firm or business needs readily available materials or inputs necessary for it to produce goods and provide the necessary services. Without inputs, it is difficult for a firm or business to reach its optimal production level, achieve efficiency and record profits. The importance of large-scale investments in infrastructure, as argued by Reddy and Manak, can also help firms get the supply of necessary materials despite their location.

Apart from government investment, availability of materials and youth participation, literature identifies other factors that determine business or entrepreneurship success. Capital is one of the factors but also the most difficult to access for medium and small enterprises established by women and youths. It is also partly one of the reasons why many of the groups originate as self help with the main purpose of pooling seed capital to start a business (Reddy and Manak, 2005). There are two types of capital considered important for business success, that is, financial and physical. According to Holtz-Eakin et al., (1994), access to adequate financial capital is an important prerequisite for business entry and equally financial distress is a key reason for business failure. Liquidity constraints is a leading financial distress that small-scale businesses, associated with youth and women, experience. Small businesses have a higher chance of benefiting from greater intensity of physical capital, if capital and labour are substitutable at favourable cost. Though firms ought to benefit from improvements in the quality of their physical capital, studies show only weak effects are observed, which may be because of the impact of capital is mediated by other factors such as the stock of workforces, teamwork and ready market among others.

Although scholars agree that financial capital is important for business success, the contribution of human capital remains debatable. According to Bewley et al (2010), empirical evidence suggests that having a highly-skilled workforce is generally associated with greater productivity, increased profits and a greater chance of organisational survival whether dealing with personal or group business. It is, however, not clear in literature that making a greater investment in skills actually raises productivity (Reid, 2000; Scottish Government Social Research, 2008). Literature also acknowledges the difficulty of measuring human capital, when trying to establish the link between human capital and firm performance empirically (Stiles and Kulvisaechana, 2003:18). The two authors assert that the measurement difficulty is particularly acute in respect to leadership and management skills. While good management is likely to positively affect firm or business performance, it is difficult to define 'good management' in a way that is consistent across jobs and industries.

Product strategy and market are also vital for entrepreneurship and business success for both informal and formal firms. A strategy that a business follows depends on the market niche in which the business wishes to compete in and how best it wants to achieve competitive advantage in that particular segment (Keep et al., 2006:550). Still, preliminary investigations show most of the small-scale businesses established by the youths in Kibera target the market offered by slum residents.

Literature identifies two distinct elements in the firm's competitive strategy; that is the technical and interpersonal relations of production. Technical relations define the nature of the goods or services produced by the firm and range from mass production and standardisation to highly differentiated and customised products or services. Social or interpersonal relations are concerned with the approach that the firm or business takes to people management, which can range from having a tight focus on the fulfillment of a narrowly-defined task to an emphasis on people-development (Ashton and Sung 2006: 12, 19; Keep et al., 2006: 551). Preliminary studies done by the researcher reveal that many of the group businesses in Kibera tend to apply the cost technique, that is, using low cost, low-skill labour to compete with other established and advantaged businesses. Literature, however, stresses that whether pursuing a low-skill/low-quality strategy in business or entrepreneurship, the overall success is shaped by the demand for the goods produced, which itself depends on competition among others. In other words market for the goods and services produced has to be available if the business is to succeed and improve livelihoods.

According to Ashton and Sung (2006), there is a general assumption that low skills are associated with a product market strategy of mass production, whilst high skill levels are associated with a differentiated product market strategy. The scholars argue the notion applies more in the formal sector than in the informal, where market strategy options adopted by different groups are normally vague. However, in both formal and informal sectors, scholars are in agreement that a business with highly skilled labour has a higher chance of making breakthrough in innovation and succeeding than those without. Ashton and Sung (2006: 15) assert that innovation is critical in sustaining competitive advantage for firms or businesses offering differentiated goods and services.

Boxall (2003: 11-12), nonetheless, questions whether product differentiation is sufficient to produce superior performance on the grounds that small firms operating in niche markets may accept lower levels of profits than larger firms. Empirical studies on innovation and its impact on growth are still limited as most of them have focused on the manufacturing sector, mainly because of data constraints. There is, however, increasing evidence that innovation is particularly important with respect to the service sector, as its relative contribution to overall productivity growth increases (Bewley et al., 2010).

Firms in the formal sector that undertake the diversification strategy have an advantage over others in competing for markets. Jovanovic and Gilbert (1993) suggest that the obvious reason for firms to diversify is to maximise efficiency – where managerial and research and development inputs can be better exploited among various activities. Nonetheless, scholars contend the argument might not apply in certain circumstances, mainly in the informal sector, which is predominant in poverty-stricken areas, where the major objective is means of survival rather than maximisation of profits.

Though not as crucial as capital, location can also be, to a limited extent, a determinant factor (Bewley et al., 2010). According to literature, there are advantages to firms in locating alongside businesses using similar technologies, inputs and types of workers, known as localisation economies. Firms also benefit from locating in areas with a diverse industrial structure, or where the mass or density of economic activity is high. However, Bewley et al, (2010) adds that differences in infrastructure can override the location factor, since a good transport network can enable effective competition even when economic activity is geographically dispersed. Kibera slum, nonetheless, being one of the poorest areas in the City, makes it difficult for the youths to exploit the infrastructure advantage.

Effective policies geared towards creating opportunities for poor youths also play a key role in the success of businesses established. In Kenya, UNDP, in KNHDR (2009), says the two policies, the National Youth Policy and the National Youth Council Act, have fallen short of guiding the formulation and implementation of future programmes targeting the youth. The National Youth Policy's goal is to promote youth participation in

community and civic affairs and ensure youth programmes remain youth-centered. The National Youth Council Act 2009, on the other hand, is to popularise the National Youth Policy, mobilise resources to fund and support youth programmes and lobby for legislation on issues affecting poor youth. Despite the launch of the two policies, problems still persist in expanding youth livelihoods and ensuring their businesses remain sustainable. As a result, UNDP argues in the KNHDR report that unemployment among the youth is still a major problem partly because of lack of effective policies.

In summary, the issues cited are important in the success or failure of businesses, however, some might not be significant in determining entrepreneurship and sustainability of businesses established by poor youths in poverty-stricken areas, where circumstances under which they operate are totally different from the one experienced by the formal ones. Highly specialised skills, research and development and innovations, among others, may apply more to formal firms, companies and organisations, targeting the national, regional or international level, unlike the ones in Kibera.

According to Onugu (2005) most of the businesses established by the poor are mainly informal, small scale and lack the characteristics that formal businesses are identified with or aspire to. Onugu also argues that studies done show there is a high correlation between the degree of poverty, hunger, unemployment, economic well being (standard of living) of the citizens of countries and the degree of vibrancy of the respective country's informal sector. Though Onugu's argument on businesses established by the poor may be true, there are also success stories in Kenya where businesses established by the poor have thrived (Daily Nation, 2012). Baumann and Sinha (2001) cited in Farrington (2002) argue that the list is not complete without political capital. Political capital, the two contend, is one of the major factors the poor in urban areas normally lack making it difficult to improve their livelihoods even if they had access to other sets of capital. According to Baumann and Sinha, capital refers to both the legitimate distribution of rights and power as well as the illicit operation of power, which generally frustrates efforts by the poor to access and defend entitlements and use them to build capital assets.

### **2.2.12 Strategies for Improving Youth Livelihoods**

Many of the strategies are oriented towards improving the school-to-work transition, access of youths to the regular labour market and establishment of youth-owned businesses. This section discusses some of the main strategies adopted by countries in recent years to improve livelihoods of youths. It discusses apprenticeships, use of education to smoothen pathways into work and lastly the use of integrated packages to improve livelihoods of poor youths.

#### **i) Apprenticeship**

Apprenticeship is one of the common strategies applied mainly by the developed countries to improve employability of youths and make them suitable for the labour market. Austria, Germany, Switzerland and Denmark, for example, provide young people with the option of following a vocational pathway at an early age that combines school-based education with training at the workplace. This is the so-called apprenticeship or “dual system” (Bowers et al., 1999). The main features of the “dual system” are: trainees are trained in state-recognised occupations, requiring formal training, defined in close co-operation with official bodies, management companies and labour organisations. In Germany, the dual system constitutes the core of vocational education and training: in 1996, over 40 percent of underprivileged young employees aged between 15 and 24 years had an apprenticeship contract (Bowers et al., 1999). Studies done in Organisation for Economic Co-operation and Development (OECD) countries found apprenticeship to have a good track record of not only keeping youth unemployment, the main cause of poverty among young people, at low levels but also quickly integrating a high proportion of new school leavers into jobs (Bowers et al., 1999). They do so by raising the incentives and motivation of youths to learn; by providing for clear pathways and transitions from school to careers; by expanding the use of contextualised learning that goes beyond firm-specific training; by increasing the relevance of training; and by encouraging employers to upgrade the quality of jobs and to give a chance to young workers (Lerman, 1996).

However, despite the success, there are worries about the programme. Concern grew in the 1990s to the present day over some global and structural imbalances with which the system is faced. Structural mismatches have been identified between the supply of, and demand for, training places, differentiated by occupations, sectors and regions (Bock and Timmermann, 1998). In other words the reasons for these imbalances originate from a change in attitudes on the part of both employers and pupils. Questions are also being raised on the cost and appropriateness of training for “rigidly” defined occupations in an era of rapid technological change. As a result, in some cases, employers have become less willing to invest in high-quality training for apprentices.

Challenges aside, Bowers et al (1999) argue apprenticeships will remain a promising pathway to qualification, employment and further learning, be it in the developed and developing world, if sufficient numbers of attractive training places are offered by employers and if the structure of the supply of apprenticeship places responds to changes in the structure of employment.

Evaluations of apprenticeships as a strategy of improving livelihoods of poor youths, have been generally favourable. Ryan (1998) reviewed statistical evidence on the economic effects of apprenticeship in advanced economies, and found that it often generates gains not only in subsequent employment for participants and also benefits in terms of pay.

#### ii) Policies aimed at Strengthening Pathways through Initial Education into Work

This is another strategy adopted, mainly by both developed and developing countries, to get youths into work and improve their livelihoods. Due to the efforts put into the programme, the completion of upper secondary education has become the norm in almost all OECD countries, having risen over time to at least 75 percent of school leavers. In spite of the success, Bowers et al (1999) argue the strategy has made life difficult for those who fail to complete this level, who find themselves penalised in the labour market, in terms of both employment and earnings. Many who have found



themselves in such a situation are poor youths. In addition, due to the rising unemployment numbers, completing upper secondary education is no longer a sufficient condition for a stable entry into the labour market. In a number of countries, young people who have completed upper secondary education can be subject to considerable unemployment. There is worry in some countries that over concentration on academics is affecting apprenticeship which is viewed as benefiting poor youths more. In Germany, for example, the number of young Germans starting an apprenticeship fell 4 per cent, in 2013, to 530,700, the lowest level since reunification in 1990 (Bryant, 2014). Some 33,500 apprenticeships went unfilled the most since 1996, as studying for an undergraduate degree becomes attractive because it no longer takes so long to get one. Due to the policies enacted by the government to strengthen pathways into work, German students can obtain a degree in just 3 years, instead of 5 years as it was before for a diploma and this has affected apprenticeship programme. It is what the Institute for Employment and Employability in Ludwigshafen refers to as the cannibalization of vocational training via increasing university attendance. To ensure apprenticeship continues to play its rightful role in improving the livelihoods of poor youths, Bowers et al., argue education policy needs to focus on how to ensure that young people are employable, both at the moment they first enter the labour market and over time.

### iii) Integrated packages for poor youths

This is one of the common approaches in fighting youth poverty and unemployment. Instead of using one strategy alone, governments come up with a multi-pronged approach, which involves various programmes under one umbrella. According to Bowers et al (1999) multi-faceted programmes that combine services ranging from remedial education and training to work experience, job-search assistance, support for returning to formal education, funding for business and various forms of wage subsidies are becoming the preferred approach for disadvantaged youths in some countries.

To ensure success of the approach, for example, European Council came up with the adoption of a guideline for employment policy stating that “governments of European

Union member states must offer every young unemployed person either training, retraining, work experience or another employability measure before they have been unemployed for six months". Some of the EU countries that have implemented the legislation are Denmark, Finland, France, the Netherlands and the United Kingdom. Some African countries are also adopting the approach.

Youth Guarantee Schemes and various types of Youth Enterprise Schemes fall under this category. They not only provide funding to poor youths to establish their businesses, they also try to address some of the vulnerabilities or challenges young people face and even participate in lobbying governments to formulate youth friendly laws and regulations to increase the chances of success. They, to a certain extent, apply the Sustainable Livelihood models in uplifting thousands of youths from poverty, which is identifying the vulnerabilities youths experience and working to address them.

#### a) Youth Guarantee

The concept of youth guarantee implies an entitlement to a job, training or education of a defined group of young people and an obligation for a public authority to provide services and/or implement the programmes within a given period of time (ILO, 2013). The Nordic European countries were first to implement youth guarantees in the 1980s and 1990s. These include Sweden (1984), Norway (1933), Denmark (1996) and Finland (1996).

Though ensuring youths have access to finance to start their own businesses is one of its core mandates, the youth guarantee scheme has also strived to help young men and women access or own the intangible assets, which under the Sustainable Livelihoods Approach, are also important in fighting poverty. According to ILO (2013), the measures provided within the scope of the guarantees can be clustered as follows:

- 1) Education and training, including general education, vocational education and training (VET) and labour market training.
- 2) Employment services and programmes, including employment planning, job-search assistance and employment subsidies.

**3) Other active labour markets measures, including public works, community services and business-start-up programmes.**

Finland and Sweden have been active in designing and implementing youth guarantee schemes. The schemes have been cited as among the most successful in Europe (Eurofound, 2012). They both target unemployed youths, mainly between 15 and 29 years. The young people's eligibility may also depend on the duration of unemployment spell. Once youths join a particular scheme, a personal improvement plan for the jobseeker is developed, a needs assessment of what support is needed to find employment and lastly a job is also undertaken and a study place (academic or vocational) or another activation measure that can help the employability of the job seeker (training, coaching, counseling, subsidised work, start-up funding) is also offered.

Though youth guarantee scheme does not restrict itself to poor youths alone, like the C-YES scheme, it offers important lessons on how to tackle youth unemployment, which is the root cause of youth poverty. Despite the fact that the evidence on the impact and effectiveness of the youth guarantees is rather limited, ILO and Eurofound say their impact has been positive. According to an evaluation of the Swedish youth guarantee conducted in 2011, unemployed young people aged 24 who participated in the programme in 2008 were able to find a job faster than a control group of participants in other public employment service measures.

The Swedish youth guarantee managed to support over 53,000 people in 2010, up from 10,000 in 2008, hence providing school-to-work transition measures to a large number of young people during the economic downturn (ILO, 2013; Eurofound, 2012). According to an evaluation carried out by the Institute for Labour Market Policy Evaluation (IFAU) in 2008 on the Swedish Youth Guarantee, cited by Eurofound, unemployed 24-year-olds participating in the scheme managed to find a job quicker than older people registered with the Public Employment Services (PES). In Finland, 83.5 percent of young job seekers received a successful intervention within three months of registering as unemployed in 2011. The result, according to Eurofound, met the target set by the

Finnish public employment services and indicates a positive development since 2010, when a successful intervention was found for 79.2 percent of young jobseekers. Statistical evidence confirmed that the Finnish youth guarantee had accelerated the pace in which personalised plans were drawn up, and had resulted in a reduction in unemployment (leading either to employment or further training), which is a major cause of poverty among youths.

The findings, ILO (2013) contends, suggest that youth guarantees can be effective in achieving the primary objective of ensuring a smooth transition of young people into the labour market. They can also play an important role in keeping young people connected to the labour market or in education, thereby preventing the scarring effects arising from long-term unemployment, including those related to negative wage effects (ILO, 2013). Eurofound argues that youth guarantee schemes typically help young people to make more informed decisions about their transition to work (personal development plan and needs assessment). The other advantage is that they also improve the quality and speed of services provided to young people. As a result, they serve as an incentive to the public employment services to focus on young people, their particular characteristics and their specific needs.

Youth guarantees prompt immediate action to address youth unemployment, before disengagement 'sets in' (Eurofound, 2012). They, as a result, attempt to avoid the long-term consequences or 'scarring' effects of youth unemployment, such as irregular future labour market participation, disaffection, isolation, poverty and increased risk of mental and physical health problems, as well as being drawn into dangerous and anti-social lifestyles. Studies done by Eurofound also discovered that participation in the youth guarantee scheme is also important for rebuilding a trust relationship between the authorities and the young person. Evidence shows that this effect holds even if the solution found was not successful for the young job seeker.

However, the studies have also noted some challenges, which such schemes face. According to Eurofound, youth guarantees seem to be more effective for young people

who are work-ready and therefore tend to focus more on new labour market entrants than on the long-term unemployed young people. For instance, the youth guarantees have not proven to be as successful with deeply entrenched and 'hard-to-help' unemployed groups. The organisation argues, there is need for a greater degree of networking among key actors at local level in order to maximise the impact of youth guarantees on young people with complex needs, such as improved collaboration with social and health services.

The Job guarantee in Sweden, for example, has also been criticised for not providing a long-term solution for many young people. This is due to the fact that the guarantee does not solve many of the structural concerns of the target group: lack of skills and qualifications. As a result many stakeholders feel that the new Swedish job guarantee should focus more on upskilling and re-training rather than on helping young people to find 'any' job available (Eurofound, 2012).

In view of the challenges faced, ILO (2013) argues that further research, among them, trace and impact evaluation studies, is needed to gain a deeper understanding of the impact of youth guarantees on employment prospects in the short and medium terms. Since the current ones are available only to young people who register with the Public Employment Service (PES), they do not provide support to jobless youth who are not in the record of labour offices. According to ILO, given the significant share of young people who fall out of the reach of employment services in many countries, it is important to include them through flexible design and outreach strategies.

#### b) Usobomvu Youth Fund

The Fund is sited as one of the successful models in addressing youth unemployment and youth poverty in Africa where the rates are among the highest in the world. Umsobomvu Youth Fund (UYF) was established in 2001 because the sheer number of unemployed youth in South Africa demanded a programme that could be introduced at scale. According to Dowling et al (2007), the diverse needs of young people required a

comprehensive programme that could be implemented widely and still address the individual needs of young people. Given the limited capacity of the existing economy to absorb young people, a strategy was needed that focused on supporting youth enterprise and job creation.

As a result, a platform for job creation, skills development and skills transfer was created to enable all those that access finance have the necessary knowledge and skill to establish successful businesses. To support this goal, the government earmarked one billion Rand (US\$143 million) towards the creation of the UYF, drawn from a special levy on the privatisation of two state-owned insurance companies. The UYF currently benefits from the support infrastructure of government agencies when and where necessary, but management and key decisions are fully controlled by Umsobomvu leadership. UYF has been able to attract substantial private sector investment and acquire other non-governmental organisations as a result of its independence, enabling it to grow at a rapid pace.

Dowling et al (2007) say much of UYF's success springs from its comprehensive response to the needs of youth, its rapid scaling up of programmes and services, and its distinct business orientation to youth work. This orientation, the authors add, is evident in everything associated with UYF from its branding, facilities, publications, services, and staff, many of whom have private sector experience. First, UYF offers a range of training programmes that focus on developing vocational, life and entrepreneurial skills. These include a school-to-work programme designed to transfer high-level technical skills to graduates with the aim of securing employment in strategic sectors of the economy. Second, UYF identifies employment or procurement opportunities in the public and private sectors through various support services and links youths to the available openings. The Business Opportunity Support Service (BOSS), for example, identifies business opportunities for young entrepreneurs and help them compete in the market. Some of the youths that have succeeded through the help of BOSS are those from poor families who received funding and training to become self-employed.

A major gain made in the programmes initiated by Umsobomvu is that, young entrepreneurs are able to access funding to start, sustain, or expand their businesses/cooperatives. The Enterprise Finance Division, for example, offers products to meet the diverse funding needs of young entrepreneurs. The UYF provides microfinance loans ranging from R1,000 (US\$143) to R100,000 (US\$14,285) (Dowling et al., 2007). These loans are provided both in-house and through partner organisations. For young entrepreneurs with larger capital requirements, UYF provides funding through its self-managed General Fund, or through intermediary funds established in partnership with Business Partners. UYF has strived to provide employment and entrepreneurship support to its youthful clients. Umsobomvu believes that self-employment is a critical vehicle for the social and economic development of young men and women (Dowling et al., 2007). Through a variety of programmes, including entrepreneurship education, business development support services and mentorship, the Fund has helped enhance the capacity of youth to participate in all aspects of social and economic life. The authors argue that the comprehensiveness in programming and the increasingly high levels of programme integration enable UYF to reach a diverse population of young people (e.g., out-of-school and more educated youth, poor rural and urban youth, etc.). The UYF's impact within South Africa, and increasingly abroad, is significant. Millions of young people, who would have been languishing in poverty, are benefiting from the Fund's wide array of programmes, services, and products. Dowling et al (2007) argue that such a fully comprehensive range of services for youth employment and enterprise development are available nowhere else in the world at such scale. Internationally, the authors contend, UYF is gaining attention as an innovative and unprecedented investment in youth employment. Then again, like any other fund, there are challenges facing UYF, while it serves as an example of comprehensiveness in training and support, as well as access to market opportunities, what remain lacking are a sufficient monitoring and evaluation system and, most notably, a reliable way to ensure that each young person who accesses the Fund's products and services receives comprehensive and integrated support (Dowling et al., 2007).

c) BRAC's Adolescent Development Programme (ADP) and the Employment and Livelihoods Programme (ELA)

BRAC, formerly known as the Bangladesh Rural Advancement Committee, is another scheme that has been singled out as a success story in helping youths out of poverty and improving their livelihoods in one of the poorest countries in the world. Like the two youth funds above, BRAC took a multipronged approach to tackling unemployment and youth poverty, with access to funding for business being at the core.

BRAC was established in 1972 as a relief and rehabilitation organisation after the Bangladesh Liberation War. Over time, BRAC has evolved into a multifaceted development organisation focused on alleviating poverty and empowering the poor, mainly young women, in areas where government and private sector have failed. BRAC aims to promote the goals of sustainable development and empowerment of the poor through its microfinance, health, social development, education, training and research programmes.

Dowling et al (2007) describe BRAC as a pioneer in responding to the multiple dimensions of poverty and its realisation of the diverse needs of the poor. First, BRAC follows a "credit plus" approach, providing loans to the poor in combination with various forms of skills training, education for children of BRAC members, health services and social development services. Second, BRAC applies different approaches to reaching diverse groups of poor clients. In other words, the programme uses the Sustainable Livelihood model to achieve the ultimate goal of providing access to affordable funds to poor and unemployed youths. The programme, for example, is designed to differentially target the rural versus the urban poor. It segments poverty into five economic groups: better off, vulnerable non-poor, moderate poor, extreme poor and destitute to ensure all youths in need are included.

To ensure it provides its microfinance clients with services on a large scale and sustainable basis, BRAC opted to target the village through Village Organisations.



Village Organisations are associations of 35- 50 poor, landless women both young and old. They serve as forums where the poor can collectively receive credit, open savings accounts, start businesses and build their social networks. In 2007, BRAC worked with over 5.6 million microfinance borrowers, with a repayment rate of more than 98 percent (Dowling et al., 2007). BRAC's microfinance programme primarily targets female borrowers, 85 percent of borrowers were women in 2007. BRAC believes that investing in the healthy development and empowerment of women has a significant positive effect on household decisions about health care, nutrition, and family planning hence, by extension, reducing poverty.

In 2003, BRAC extended its microfinance programme to include adolescent girls. The programme referred to as the Employment and Livelihood for Adolescents Programme (ELA) is one of the most notable ones in the country. The primary goal of the programme is to increase the bargaining power of youths, particularly females, within their family and community. The ELA programme offers employment and micro-enterprise training to reduce girls' financial dependence on their families, husbands and in-laws. The course emphasises basic business management skills and provides sector-specific training in selected industries. ELA Village Organisations consist of 20-30 members on average. The girls meet once a week to turn in their loan repayments and contribute to their savings. There are no selection criteria for a young girl to enter ELA. Once a girl reaches age 25, she can graduate to attending the regular village organisation meetings with older Economic Development Programme members. The members operate credit facilities, either with the help of family members or on their own. ELA loans are invested primarily in tailoring, poultry, livestock, and vegetable cultivation. While some of the loans are used to support and scale a family business, many girls use the loan to start and run their own business (Dowling et al., 2007). ELA members are strongly encouraged to spend what they earn or save on themselves rather than giving it up to their family members. Market opportunities for BRAC's adolescent members lie primarily within the villages of ELA and ADP (Adolescent Development Programme) membership in industries such as poultry or livestock rearing, and other locally relevant activities. The strategy to target the grassroot has enabled BRAC to directly reach more

than 3.2 percent of the female adolescent youth population in Bangladesh through their combined microfinance and livelihood training programmes.

BRAC's documented impact within Bangladesh, and increasingly abroad, has made the organisation one of the largest and most respected NGOs in the world (Dowling et al., 2007). The de-centralised nature of BRAC, as well as the peer-to-peer training and teaching structure which define the village organisation model, make BRAC adolescent programming incredibly cost effective — a key aspect of ensuring continued sustainability and fighting poverty among youth. Given the high levels of poverty in Bangladesh, along with the barriers to healthy development that females face within Bangladeshi society, BRAC is making important and significant contributions to improving the lives of millions of young people.

In brief, BRAC serves as a model to the world, not only for its highly successful microfinance programme, but also for the comprehensiveness of its approach towards poverty alleviation and empowerment of the poor. Its method of providing microfinance to young people represents a scalable, peer-led variation of the “credit-plus” model (Dowling et al., 2007). It is also proof that some of the successful schemes need not to come from the government alone.

#### d) All China Youth Federation, Youth Employment Campaign

Youth Entrepreneurship Campaign (YEC) is another scheme that has been cited as a good model for improving the livelihood of poor youths in Asia. The YEC was launched by the All-China Youth Federation (ACYF) and the Ministry of Labour and Social Security. The key programme areas of the YEC include cultivating the entrepreneurial spirit of youth; launching entrepreneurship training programmes; providing entrepreneurship support to all young people; and, developing business plan competitions for university students. ACYF was established in 1949 and was created by Chinese young people and youth organisations. Its goal is to represent and guide national youth organisations, youth groups and youth leaders in promoting nation building and peace,

representing and protecting the rights and interests of China's young people, and promoting youth participation and positive development.

Dowling et al (2007) cites YEC in Shandong Province as one of the most successful and effective programmes at the provincial level. The YEC was implemented by the Shandong Youth Federation's (SYF) and focuses on three main projects namely entrepreneurship, employment, and post-bachelor stations that provide support and services to unemployed college graduates. The three main projects are discussed below.

To improve entrepreneurship, among young people, the first key project undertaken focused on tax relief, employment assistance and other policy measures, which were necessary for the whole programme to succeed. The specific measures in this category included the following:

a) SYF undertook to reduce financing barriers to youth enterprise, while elevating levels of social contributions and funding support. A lack of access to capital serves as a particular bottleneck to rural youth. To meet the needs of rural youth, SYF partnered with Shanghai Rural Commercial Bank to provide the much needed start-up capital for youths. Such partnerships, and the different lending products the banks have provided, have served as good examples for other provinces.

b) SYF also focused on training that enhanced young entrepreneurs' business capabilities. The Federation held entrepreneurship seminars and classes to guide young people in enhancing their entrepreneurship awareness and to provide entrepreneurial skill training to those with entrepreneurial intentions but lack entrepreneurial experience. As a result many poor youths received the necessary training and skills required to start and maintain a business.

c) SYF took advantage of the larger ACYF network to release information about youth employment and entrepreneurship to thousands poor youths. SYF with the help of the parent organisation ACYF, for example, has established a venture that involves more

than 3,000 staff members as project managers of youth entrepreneurs, a move that has helped improve the chances of the projects surviving and becoming sustainable.

The second key project is the Youth Employment Project. The venture actively promotes youth employment throughout the province. To ensure the project succeeds, SYF established a partnership with the Department of Labor and Social Security, which releases job opportunity listings to youth federation offices. As a result, more than a million rural youths have established contact with the SYF and visited other cities seeking opportunities. Over 3,000 of these youths have gained employment from these visits. While on these visits, many poor youths from rural areas learn about what different types of jobs and enterprises are possible and then return to their villages to start similar businesses. Through various rural youth employment transfer programmes, more than 60,000 rural young people have received transfer employment throughout the province. Meanwhile, 4 million rural young people have found local jobs, and more than 3,000 have started youth entrepreneurship projects (Dowling et al. 2007).

The third key project is the Post-Bachelor Substation Project. SYF is building Post-Bachelor mobile stations to engage businesses and institutions in providing one-year paid internships or work opportunities for new graduates or graduates without jobs within two years after graduation. Such opportunities have managed to not only buffer employment pressures, but also helped graduates accumulate work experience. The stations are very popular with university students and with businesses that are able to take on graduates as interns, at no cost to the company or corporation. The stations are responsible for management of the interns.

One of the most popular products launched by the YEC, with the provinces, is the Youth Business China (YBC). The YBC began under the auspices of the ACYF in 2003, following two years of discussions with Youth Business International (YBI). YBC provides support to 18-35 year olds who are unemployed, under-employed or seeking a job, have a viable business idea, have little resources; and/or have no access to seed money. To help young people overcome financial difficulties, YBC raises money from

the private sector for a special Youth Business Fund. The Fund provides young people with a “development bond”. The bond provides seed money to start a business, requires no collateral or guarantee, repayment is obligatory; and, the bond is typically no more than 50,000 RMB Yuan (approximately US\$ 7,047).

Dowling et al (2007) says the ACYF’s Youth Entrepreneurship Campaign (YEC) is achieving scale throughout China largely as a result of its convening power within the government and the campaign’s close alignment with national priorities, effectively using its political capital as one of its important assets in achieving its objectives. The authors argue that as China continues to move from a more closed society to a more open, market-based economy, the ACYF is positioned to continue to have a significant positive impact on China’s young people. The ACYF’s relationship with, and role within, the government has provided the YEC with access to a wide resource network (including a broad range of public and private sector partners) and clear delivery channels with which to implement programmes. The success, Dowling et al argue, can also be attributed to the attention given to marketing the YEC through awareness-raising activities and awards ceremonies has also helped efforts to scale the campaign. Each province markets the campaign according to their respective interests and strategies. However, the authors argue that a more comprehensive and well-integrated marketing strategy might help the campaign scale even further within and across provinces.

There are challenges ACYF faces in improving the livelihood of the poor youths in China. One of the major ones in scaling the YEC is the ability to create and implement comprehensive programming that effectively meets the needs of such a diverse population of young people. Dowling et al (2007) contend that ACYF also has a weak infrastructure for staff training and monitoring and evaluation of programme results. According to the authors there is no standardised reporting system or data management system in place within or across provinces to measure the impact of the YEC. As a result, it will be difficult for provinces to be able to track progress or learn about what is working and what is not. This information and the standardisation of data will make it easier to understand the full impact of the YEC on China’s young people.

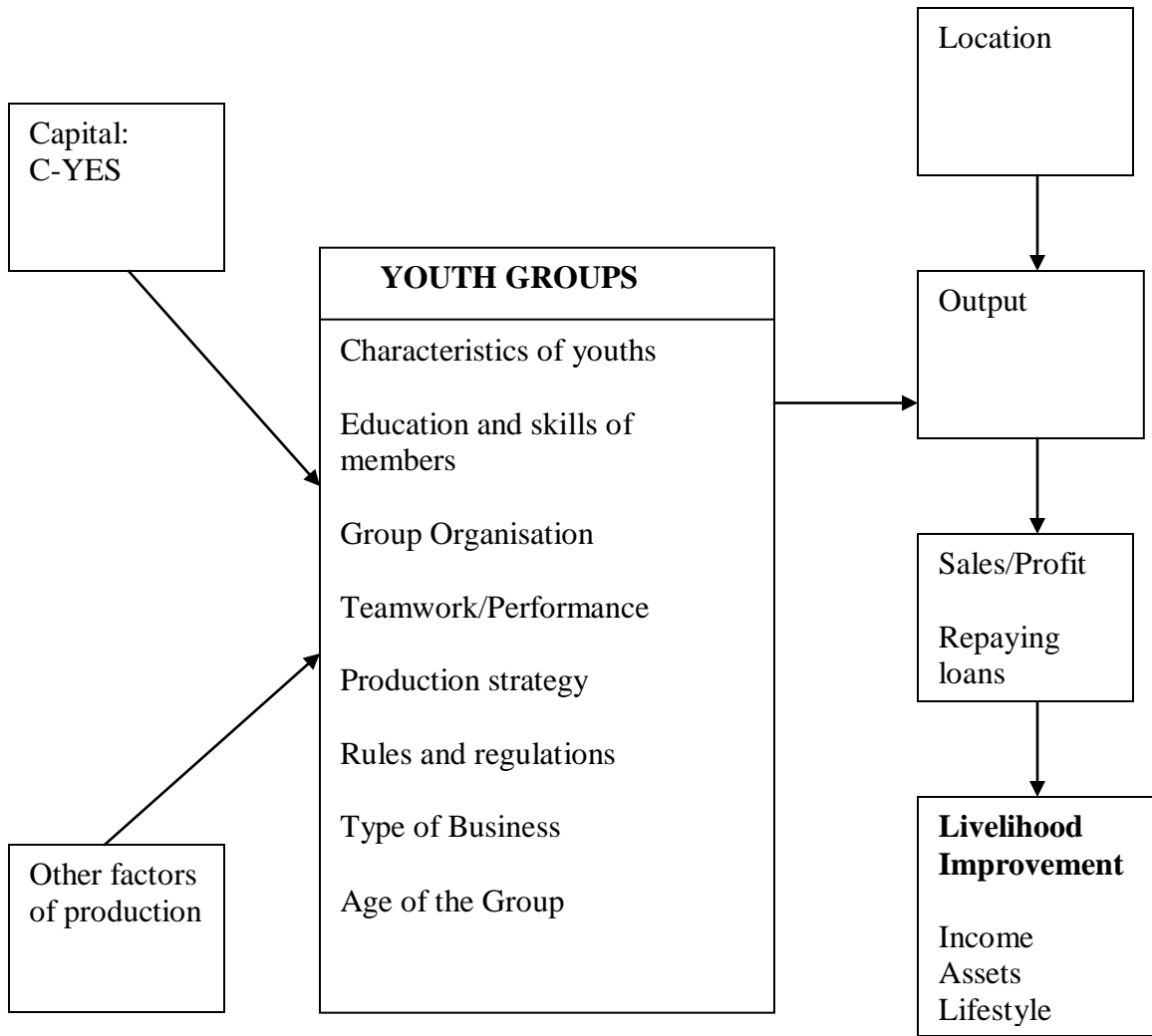
### 2.3 Conceptual framework

A conceptual framework explains graphically and in narrative form the main factors to be studied and the presumed relationship that exists

#### **ANALYTICAL FRAMEWORK OF YOUTH GROUPS AND BUSINESS SUCCESS**

##### **Inputs**

##### **External Factor**



Adapted from Scones (1998:4)

**C-YES FUNDS.** Access and use of C-YES Fund is critical in the success of the businesses established. The study will look at the amount received and how the C-YES Funds allocated to the groups have been spent. It is important as it will determine whether it has played a part in improving livelihoods of the youth.

**MATERIALS:** The availability of labour, energy and other inputs needed for the production of goods and services are also important in the success of a firm. The study will look at the availability of the other critical factors of production and whether the businesses can readily access and afford them for maximum output and quality service. This is important, as it will determine the sustainability of the entrepreneurship or business established.

**YOUTH GROUPS:** It can be considered the core determinant as to whether a business will succeed or fail. The characteristics of group members, for example, family background, age and gender will be analysed, since they have the potential of influencing type and success of a business venture. How members organise themselves as a team and relate to each other in the day-to-day running of the business will also be analysed. The study will look at the education level and skills members possess and how they apply it. The type of businesses the youth groups are involved in, whether single or multiple, will also be studied. In determining how the groups operate, the study will investigate whether they have rules and regulations that guide them and how they are applied to ensure success. The existence or non-existence of a product strategy and how long the youths have been together will also be considered.

**OUTPUT.** This is the end result of the functioning of a particular business. It is the outcome of a combination of inputs and internal factors, and more so, how the youths do it. How the combination is done will determine the quality of the output, be it a service or a product.

LOCATION. Though not as critical as inputs, location of a business, for example, can be an aid or hurdle in determining the amount of sales and profits made, which will impact on livelihoods. Since all businesses to be studied are located in Kibera, the research will find out whether the location is a deterrent to sustainability of the firms given the poor socio-economic condition of the slum.

SALES/PROFIT AND REPAYING OF LOANS. The output influences the sales and profits a business makes. If the output is of good quality there is a high chance the business will record increased sales and make profits and vice versa. The study will look at the sales of the businesses and whether they are enough to cater for the needs of the youth and also ensure sustainability. Businesses that record profits are capable of repaying their loans, hence the study will also investigate whether the youth groups are satisfying the requirement set by the Youth Fund.

CHANGE IN LIVELIHOODS. A business registering increased sales has a higher chance of making profits, and becoming sustainable, enabling youths in the group improve their livelihoods. The study will investigate the changes that have taken place in the lifestyle of the poor members.



## **CHAPTER THREE**

### **3 RESEARCH METHODOLOGY**

#### **3.1 Research design**

A case study methodology was used to answer the study questions. According to Feagin et al (1991), case study is an ideal methodology when a holistic, in-depth investigation is needed. The study used mixed method, that is, both quantitative and qualitative techniques in gathering and analysing data. Quantitative method used was a structured questionnaire, which was administered face-to-face. The questionnaire was important in gathering demographic characteristics of members, average revenue received by the group from the business or businesses and the total amount of C-YES spent on the youth groups. The demographic information was used to calculate the average age, average education, distribution according to gender and the amount of funds disbursed to youth groups. There were also open-ended questions, which were used to make follow-ups to the answers given in the closed-ended categories. This was important as it offered the interviewee the leeway to express himself or herself more openly. According to Foddy (1993), open-ended questions allow the respondent to express an opinion without being influenced by the researcher. Other advantages includes the possibility of discovering the responses that individuals give spontaneously, as a result, avoiding the bias that may result from suggested responses to individuals.

Lazarsfeld (1994) cited in Reja et al (2003) advocates for the use of both close-ended and open-ended questions in questionnaire saying they all have their own advantages and is always important for a compromise to be reached.

Observation, as a qualitative method, was also used to gather information on youth groups and businesses visited. This was done before the structured questionnaires were administered. The random observation was aimed at getting a feel of the social settings under study, mainly events, behaviours and objects. This was important as it helped in formulating the questions, which were later administered to the targeted individuals.

According to Marshall and Gretchen (2006) random observation is important in the early stages of qualitative inquiry since it enables a researcher to discover the recurring patterns of behaviour and relationships. The two authors also argue that even when administering in-depth interviews, observation plays an important role as the researcher notes the interviewee's body language and effect in addition to his or her words.

The study targeted to interview every youth group in the slum that received the C-YES Fund between 2007 and 2008. This was important because, to properly analyse the sustainability of the businesses, it was critical to study both the existing and collapsed businesses, to get a clear understanding as to why certain businesses succeed and improve livelihoods, while others fail. The study inquired whether the businesses that have accessed the C-YES Funds are sustainable and capable of improving livelihoods of the poor youths in Kibera slum.

### **3.2 Site description**

The study was done in Kibera, part of the old Langata constituency, which has since been split into Langata and Kibra in the new constitutional order. The old Langata constituency had seven locations namely: Karen, Langata, Sera Ngombe, Kibera, Laini Saba, Nairobi West and Mugumoini. The villages in Kibera slum are Lindi, Kisumu Ndogo, Soweto, Makina, Kianda, Mashimoni, Siranga, Gatuikira, Laini Saba and the most recent one, Raila Village (see Appendix 5). The slum is now part of Kibra constituency.

Kibera is located southwest of Nairobi city centre. It is approximately 2.5 square kilometres, 256 hectares or 630 acres. In 1999 the total population of Kibera was estimated at 117,106 of which 65,579 were considered poor (GOK, 1999). Currently, there are conflicting figures on the actual number of inhabitants. While some studies have estimated it to be about 600,000, GOK (2009) puts the total population at approximately half the quoted figure. Many studies, nonetheless, are in agreement that between 60 and 70 percent of the inhabitants live on less than one dollar a day.

Nairobi City is divided into four administrative units. They are Nairobi East, Nairobi, West, Nairobi North and Westlands. According to GOK (2009) the old Langata constituency falls under Nairobi West administrative unit. The data on the education status of the residents of Nairobi West administrative unit is summarised in Table 3.1

**Table 3.1**

**EDUCATION STATUS OF RESIDENTS OF NAIROBI WEST ADMINISTRATIVE UNIT**

Aged 3years and above in school	Population that has left school	Population that never attended school	Population that did not state education status	Total Population
222,508	369,347	25,235	14,172	631,262
35.2 percent of total population	58.5 percent of total population	4 percent of total population	2.3 percent of total population	100 percent of the population

Source: GOK (2009)

Majority of the 25,235 residents who have never attended school are concentrated in Kibera and its immediate environs. In the same administrative unit, out of 306,514 residents aged five years and above, 184,059 are employed, with the remaining 40 percent either unemployed or economically inactive. Again, a chunk of the unemployed are concentrated in the expansive slum, while many of those employed perform menial jobs that are low paying and short lived.

Kibera is ideal for the study, since it is one of the biggest slums in the country and hosts the highest number of extremely poor youths in the larger Langata area (Langata Constituency CDF Report, 2006). Majority of youths in Kibera have inherited poverty

from their parents and are experiencing difficulties improving their lives. The slum has been cited by the Kenya National Bureau of Statistics (KNBS) and other government agencies, as one of the areas in need of urgent intervention to address youth poverty. High unemployment rates among the youth, have sharply increased the slum's dependency ratio.

In addition, the slum is characterised by severe poverty, poor access to clean water, overflowing open sewers, huge heaps of rubbish, over-crowded mud houses, constant threat of eviction and widespread criminality, delinquency and unemployment (UN Habitat, 2008). The use of flying toilets (the facetious name given to the use of plastic bags for defecation, which are then thrown into ditches and water bodies) is common in the area due to inadequate sanitation facilities. The combination of poor nutrition and lack of sanitation accounts for many illnesses in the slums. Not only is death by disease and conflict common inside this slum but also HIV/AIDS infections. The unfavourable conditions are ideal for chronic poverty to thrive.

### **3.3 Study population and sampling**

The unit of analysis was the youth group. It was critical to study the youth groups as they influenced the kind of business or businesses established and also played a determining role in the success and sustainability of the investments. To effectively answer the broad study question it was important to also focus on the businesses, to help find out whether the C-YES Fund has played a role in their establishment and sustainability and, as a result, improved livelihoods. Focusing on youth groups was also important as one of the requirements of the Fund is that individual youths applying for money must belong to a registered group. Though the term youth applies to individuals aged between 15 and 24 years (Population Reference Bureau 2005), the research applied the definition used by the Fund, that is, those aged between 15 and 35 years.

The objective of the study was to include all the groups that received the funds in 2007 and 2008. This was important as the groups were the first recipients of C-YES money.

The period chosen was important, as it was adequate to effectively examine the sustainability of the group businesses since studies have shown that most hardly celebrate their fifth anniversary. District Youth Coordinators helped trace the youth groups that received C-YES Funds in the first disbursement in 2007 and the subsequent ones in 2008. Out the total 46 groups that received funds during the period, the research managed to trace 31 (See Appendix 3). All the 31 groups were included in the study, representing 67.4 percent of the population. The remaining 15 youths groups could not be traced physically or through mobile phone numbers of their group leaders, a pointer that many of them had collapsed (see Appendix 4). The cell phone numbers of some of the group leaders were either not functioning or had been changed. A few who were later found, with the help of members of other youth groups, declined to participate in the study. Though businesses still existing were given priority, the study also sought youth groups whose investments had collapsed to satisfy the holistic and in-depth approach required in case studies. To identify those to be interviewed in the groups that participated in the study, purposive sampling and snowball sampling were used to select the 100 youths.

Purposive sampling was the most viable option for obtaining information from the very specific group of people that had the information needed to answer the research questions, that is, group leaders and individual youths who had suffered highest degree of poverty. Kerlinger (1986) argues that purposive sampling is often used when looking for particular type of participants. It is characterised by deliberate effort to obtain representative sample through the inclusion of groups or typical areas in a sample. The group leaders traced also helped identify other leaders and members through the snowballing sample technique. Black (1999) argues snowballing makes it possible to include members of groups where no list or identifiable clusters exist. The leaders were important in identifying poor youths to be interviewed, since in most of the groups, many of the youths occupying top leadership were also founding members, hence had a better knowledge of the group and its members.

### **3.4 Data collection**

The study used both primary and secondary data sources. The primary data was collected from the field, while secondary data, mainly the names of the groups and the amount disbursed were collected from the Youth Fund offices. Both youth leaders and members of the 31 groups were interviewed using various methods.

Interviews were conducted to at least three members of each of the 31 youth groups using structured questionnaires. A total of 100 youths were interviewed. Most of the interviews were conducted face-to-face, while a few who could not be met physically, for one reason or another, were interviewed on phone. The information gathered from the leaders focused on the group (see Appendix 2). The leaders of groups whose businesses are still surviving also helped identify at least two youths who had suffered severe poverty before joining the group. However, to get a fair representation of facts on the ground, leaders and youths from collapsed groups were also interviewed. The identified youths were interviewed on whether businesses established using C-YES money had changed their livelihoods for the better (see Appendix 1).

Structured questionnaire, which had both closed-ended and open-ended questions, were preferred for both groups interviewed, not only because it guided the interviewees to focus on the issues at hand but also gave them the freedom to discuss and raise issues considered important or might have been left out. The guaranteed freedom in answering questions, helped bring out the issue clearly whether the C-YES intervention had worked, that is, its benefits and limitations. The questions also enabled the study to collect rich information on type of business established, characteristics of the members, how they worked and related to each other, the challenges they faced, how they shared the profits and most important, whether the business had improved their livelihoods.

Secondary data on the Youth Fund, and C-YES in particular, was received from the former Ministry of Youth Affairs, which has since been transformed into a department under the Ministry of Planning and Devolution, and District Youth Coordinators in

Langata. The data generated important information for background study and literature review. Random observation of youths with surviving businesses, helped supplement information gathered using questionnaires and secondary data. Random observation was important as it helped gather first hand information on how the groups produce goods and services, how members related to each other and their clients and the strategies employed in selling their products and services.

### **3.5 Data analysis**

Qualitative method of analysis was used to analyse data gathered through the in-depth interviews. The data collected was reviewed to identify issues captured. A theme codebook was developed to classify themes based on the study research questions and then coded appropriately using numbers. The coded themes were characteristics of youths, education/skills of the youth, type of business, training on business by the Youth Fund, youth group members participation, changes in livelihoods and contribution of the C-YES to business success and livelihood improvement.

Since the broad objective of the study was to establish under what circumstances does the C-YES Fund contribute to business success and livelihood improvement of poor members of youth groups, the study categorised youth groups into four key groupings, for easy analysis, using the data collected. The categories identified were best performing, moderately performing, barely surviving and collapsed. Categorising the youth groups also brought out the similarities and the differences they had on how they approached the issue of establishing a business as well as managing it. The data gathered helped in answering the research questions.

The following criteria were used to categorise the groups:

- 1) Whether the type of business chosen is recording profit
- 2) The level of participation and organisation of the groups in managing the business
- 3) Whether members are benefiting and experiencing changes in livelihood

#### 4) Whether the businesses have completed repaying their loans

Emerging themes from the data collected were also identified, that is, importance of formal education in group business, importance of security in establishing successful businesses, loan repayment and improvements needed for the YEDF to effectively serve the youth among others.

To help analyse the themes effectively, elements of business success in the study were viewed as those that included issues such as quality of service or goods produced, revenues generated, assets owned, repayment of C-YES Fund loans and changes in lifestyle of the members. Elements of education/skill, on the other hand, included secondary school and diploma certificates and other short courses undertaken on entrepreneurship and business management. Elements of livelihood improvement included being able to meet basic needs (food, clothing and shelter) and having disposable income for entertainment and luxury goods.

Quantitative data gathered in the study was also analysed using Microsoft Excel to generate descriptive statistics like average age, average group membership and average education level. Statistical mode was used to compute average education level by identifying the most frequent value in education status category of various youth groups.



## **CHAPTER FOUR**

### **4 STUDY FINDINGS**

#### **4.1. Introduction**

This chapter reports the findings thematically, in respect to the five objectives of the study. The broad objective of the study, which is, under what circumstances does C-YES Fund contribute to business success and livelihood improvement of poor members of youth groups, was used as a guide in answering the specific research questions. The study discovered that majority of the youth groups were established between 2005 and 2007, an indication that their formation was linked to the Youth Fund, whose idea was mooted in 2005 and formed a year later. Only three youth groups studied were established before the year 2000. The groups comprise youths aged between 20 and 35 years, mostly primary and secondary school leavers. Most of the members are single, still trying to find means of livelihood in the competitive job market through self employment. Males form the majority of the membership and also dominate the leadership positions. Most of the groups have their origins in Kibera, having been established by youths born and bred in the expansive slum.

The study answered the research questions under the four group categories identified in the data analysis section. This was important given the fact that some information gathered on the specific research questions varied from one category to another. However, there were also some similarities identified in the findings. The study also singled out loan repayment and factors youth groups consider key in business success such as security, education and quick disbursement of C-YES Funds among others as key emerging issues, which are also discussed in this section.

On factors considered central to business success, the study discovered that most of the youth groups shared similar views. The difference was on how the youth groups applied them in the establishment and management of their businesses. The research used letters

of the alphabet to refer to the groups studied as some members requested that the real group names in various categories be left out.

This chapter first discusses the best performing groups, followed by the moderately performing, barely surviving and finally those that have collapsed.

## **4.2 BEST PERFORMING BUSINESSES**

The study identified two youth groups as the best performing, that is, Group X and Group Y. Unlike the rest, they had their core businesses (saloon and retail shop) well established and were recording profits. Both groups had not only expanded their businesses, but also completed repaying their loans. The two groups are well organised and operate strictly within rules and regulations set, ensuring high level of participation by members. As a result, all the members of the two groups have experienced improved livelihoods. The characteristics of groups X and Y are summarised in Table 4.1 in the next page.

**Table 4.1**

**CHARACTERISTICS OF THE BEST PERFORMING YOUTH GROUPS**

<b>Specific characteristics studied</b>	<b>Description of the specific characteristic</b>
Age of group	The groups were formed in 2006.
Composition	Both groups were formed by childhood friends.
Size	Average membership is 15.
Age of members	The average age of members is 29 years.
Education	The average education level is form four and above.
Poverty level	All members grew up in not so poor families.
Gender	Group X is predominantly female. Males make up the majority in group Y.

Source: Field data, 2011

**4.2.1 Characteristics of the youths and youth groups**

The two groups were formed by youths who grew up together and knew each other very well. Both were established in 2006. Unlike many other youth groups, the two have a manageable number of members; group X has 15 and group Y has 16. According to the leaders, membership was deliberately restricted for better participation and coordination. Members of the two groups are aged between 23 years and 36 years, making the average age 30 years. Group X is exclusively female, while group Y has both females and males, with the latter forming the majority. Although both groups have members who were born and bred in poor families, majority were lucky enough as their parents worked hard to ensure they were fed, clothed and educated.

The two groups have a higher literacy rate than others in the study. The average level of education is form four and above. Group Y, for example, has graduates who studied business management, accounting and finance and also book keeping. It is the skilled youths who occupy leadership positions in the group.

“It is important that a group also recruits educated youths who have the necessary skills to help establish and manage the business,” said one of the Group Y founding members. Group X, on the other hand, is predominantly form four leavers. Some of the members have already enrolled in various colleges to pursue higher education. The group has a prominent businessman as its patron and also has several other personalities who offer advice on business matters.

“We knew we would encounter some problems in managing the business since most of us had limited knowledge and experience. It is the reason why we sought the help of established businessmen as our advisors and consultants. Their help has played a major role in the success of our saloon businesses,” said one of the group leaders.

The sentiments confirmed Bewley et al’s (2010) assertions that linked skilled and educated workforce with greater productivity, increased profits and a greater chance of business survival. The performance of the two groups is illustrated in Table 4.2 in the next page.

**Table 4.2**

**GROUP PERFORMANCE (BEST PERFORMING GROUPS)**

<b>Details on youth groups and business</b>	<b>Description of each issue studied</b>
Type of business and revenues received	<p>Both groups concentrated on single business before diversifying into other businesses.</p> <p>Both groups invested in the service sector (retail and saloon). Both businesses record profit.</p>
Group organisation/ Participation of members	<p>Every member participates in the running of the business.</p> <p>The running of the business is strictly governed by rules and regulations.</p>
Changes in livelihood of poor youths	<p>The businesses return profits hence members have experienced changes in livelihood.</p>
Contribution of C-YES Fund and training to livelihood improvement	<p>The C-YES Fund supplemented members contribution enabling them expand their businesses.</p> <p>No member benefited from Youth Fund Training.</p>
Repayment of loans	<p>Both groups have completed repaying their loans.</p>
Factors important for business success	<p>Having enough capital to start and expand a business.</p> <p>Teamwork and hard work.</p> <p>Having skilled members in the youth group.</p> <p>Advice and guidance from established businessmen and businesswomen.</p>

Source: Field data, 2011

#### **4.2.2 Type of business and revenues received**

Both groups have a core business. The businesses can be grouped into retail and service provision, which is common in the informal sector (GOK, 2011). The two groups received Sh50,000 as C-YES Fund. Group X's core business is saloon, while Group Y operates a shop. After successfully establishing the core businesses, the groups are expanding and venturing into other businesses. According to both groups, the reason why they chose the respective businesses is because of the readily available market and the high chance of survival in Kibera. The two also took time to acquaint themselves with the market and consulted established businessmen before venturing into the businesses. This confirms Bewley et al's (2010) argument that the choice of business can also determine success or failure of a firm. Though neither group disclosed the exact amount of money received, the members said their businesses were successful and recording profits, which were either ploughed back into the business or shared among members.

"We cannot disclose the amount as it varies from month to month but it is good money which keeps us going," said a member of group X.

#### **4.2.3 Group organisation and youth participation**

Both groups were founded by youths who knew each other since childhood. According to the members, knowing each other for so long has been critical in uniting them.

All youths in Groups X and Y participate in managing the business. In Group X, for example, there is a rota that describes the tasks and the members assigned.

"We do have a rotation system, which ensures members have performed almost all the tasks when the circle ends. We then start another rotation," said one of the Group X members.

Group Y, on the other hand, divides work according to a member's ability and specialisation. Those with expertise in accounting matters, for example, manage the group's finances, while those good at purchasing stock the business. Members who are comfortable selling products work in the shop and also look for markets elsewhere.

“Members who are good at interacting and offering advice to the youths handle the consultancy business. But we also multi task sometimes because we want to ensure all members are involved no matter our weaknesses,” says one of the group leaders.

#### **4.2.4 Changes in livelihood**

Members of both groups have experienced changes in livelihood partly due to the success of the businesses. Group X, for example, has expanded its saloon business, opening an outlet in Kenyatta market, a proof that the business was making profit. Though the members did not disclose exactly how much the group earns, they were all in agreement that the business has helped improve their livelihoods by supplementing family income.

“The money has enabled me improve my standard of living. I bought most of my household goods using the money I got from the saloon. It has also helped in paying school fees for my children,” said one of the members.

Compared to others, group X members live in better houses (stone houses) either within or in the outskirts of Kibera. Though some of the members of Group Y are employed and do not fully depend on the business, the investment has helped the unemployed members have a means of livelihood. All those who work in the shop are youths who were formerly unemployed and with little education.

“The group business has given me something to depend on. Even though I would love to have more at least I can survive,” said one of the youths.

The profits from the shop and consultancy business are shared among the members. According to the leaders, they first ensure that youths who wholly depend on the group business have ‘enough’ for survival.

The success of the two groups confirms Chambers and Conway (1992) assertion that livelihoods must comprise the capabilities, assets (including both material and social resources) and activities required for a means of living for it to achieve positive results.

#### **4.2.5 Contribution of the C-YES Fund and training to livelihood improvement**

Both youth groups believe the C-YES fund played a major role in their business success. The two groups say the fund supplemented their savings, filling gaps in their budgets. “The C-YES Fund came at the right time, when businesses were facing hardship and money for expansion was hard to get due to post-election violence,” said one of the group X leaders.

“Though the C-YES Fund is not adequate, it does supplement what youth groups have saved. This is important because many of us cannot afford bank loans which are too expensive,” said a group Y leader.

Youth Fund training did not play a role in livelihood improvement of the members, since none of them benefited from the programme. Group X relied on advice from its patron and other businessmen in the Muslim community. Group Y, on the other hand, had members who had adequate knowledge and skills in business management, accounting and finance, who played a key role in identifying and establishing the business.

The strategy adopted by the two groups confirms Harrelson and Macaulay’s (2008) argument that entrepreneurs, be they young or old, must be familiar with all facets of the business they venture in, and this can be through training. In the situation under study training and the necessary knowledge can be gained either in an educational institution or on-the-job.

#### **4.2.6 Repayment of Loans**

The two groups were the first ones in Kibera to repay their loans, thanks to the successful businesses established. Each group received a maximum loan of Sh50,000 for business expansion, which they managed to repay after committing a certain percentage of their monthly profits to debt clearance. As a result, both groups qualified for the second round of loans.



#### **4.2.7 Factors important for business success**

Both groups acknowledge that having enough capital in establishing or expanding a business is crucial. However, the two also believe capital is not the ultimate factor for success. They single out unity and hard work as more important, and without it establishing or maintaining a business, even with excess capital, would be extremely difficult.

“In cases where a business belongs to a group, unity is paramount and without it, success is difficult,” said one of Group X leaders.

Advice and guidance is also important for group business success. According to Group X members, it is important for groups that lack adequate business expertise to have as an advisor or a consultant to give guidance on business matters.

“We had some inadequacies in business management, for example, accounting and book keeping. Thanks to our patron and advisors we managed to steer the business even during post election violence period when doing business was most difficult,” adds another Group X member.

The survival of the two groups even during the post election violence shock fits Scoones’ (1998) argument that a livelihood is sustainable when it can cope with and recover from stresses and shocks hence maintaining or enhancing its capabilities and assets

Group Y advises youth groups to also ensure they recruit some members with skills and expertise in business management.

“Many businesses established by youth groups collapse due to lack of members with the necessary skills and knowledge on business management,” says a group X leader.

### 4.3 MODERATELY PERFORMING BUSINESSES

Out of the youth groups studied only seven youth groups are doing moderately well. The groups are B, D, F, G, I, J and K.

Like the best performing, groups in this category focus on their core businesses and are in the process of gaining stability. The businesses also return some profits that benefit some of the members. Unlike the best performing groups, they were yet to complete the repayment process at the time of the study. Though organised, they do not apply the rules and regulations as strictly as the best performing groups do and not all members are actively involved in running the business. The groups are still in the process of ensuring all members benefit. The groups are described with the help of Table 4.3 and Table 4.4.

**Table 4.3**

#### CHARACTERISTICS OF MODERATELY PERFORMING YOUTH GROUPS

Specific characteristics studied	Description of each characteristic
Age of group	The groups were formed around 2006
Composition	The groups were formed by childhood friends and school mates
Size	Average membership is 20
Age of members	The average age of members is 30 years
Education	The average education level is secondary
Poverty level	Majority of the members grew up in poor but not extremely poor families
Gender	Majority of the members are male

Source: Field data, 2011

### **4.3.1 Characteristics of Youths and Youth Groups**

The groups have more members than the best performing ones. The average number of members in this category is 20. Majority of the members are male, though three groups have strived to achieve gender parity. The youths are aged between 24 years and 36 years, with the average age being 30. More than three quarters of the youths in this category are secondary school leavers, nonetheless, there are few college graduates. Majority of the groups were formed few months after the establishment of the Youth Fund, meaning that the C-YES acted as an incentive. The groups were mainly formed by childhood friends who grew up together. The performance of youth groups in this category is illustrated in Table 4.4 in the next page.

**Table 4.4****GROUP PERFORMANCE (MODERATELY PERFORMING GROUPS)**

<b>Details on youth groups and business</b>	<b>Description of each issue studied</b>
Type of business and revenues received	<p>The groups concentrated on single business before diversifying into other businesses.</p> <p>The groups invested in the service sector and are recording some profits.</p>
Group organisation/ Participation of members	<p>Majority of the members participate in the running of the business. Only a few do not.</p> <p>The running of the business is governed by rules and regulations but not strictly applied as in best performing groups.</p>
Changes in livelihood of poor youths	Since most of the businesses return some profits poor youth are experiencing changes in livelihood.
Contribution of C-YES Fund and training to livelihood improvement	<p>The C-YES Fund supplemented members contribution enabling them expand their businesses.</p> <p>Very few members benefited from Youth Fund Training.</p>
Repayment of loans	Groups are repaying their loans but are yet to complete repayment.
Factors important for business success	<p>Having enough capital to start and expand a business.</p> <p>Unity among members and hard work.</p> <p>Having skilled members in the group.</p> <p>Access to market.</p> <p>Secure environment.</p>

Source: Field data, 2011

Though there are a few married youths, majority are single and brought up in poor families. Nonetheless, the degree of poverty varied from one household to another. While some dropped out of school because of lack of school fees, others reached the level of their choice.

“My parents had difficulties feeding us let alone paying my school fees and those of my three sisters and two brothers. I was forced to drop out of secondary school,” said one of the members of group I.

However, another member from group B said; “Though I came from a poor family, my parents managed to pay my school fees and I left at secondary school level out of choice and not due to financial problems.”

#### **4.3.2 Type of business undertaken and revenues received**

All the groups have a core business, which they invested the C-YES Fund received. Others ventured into other businesses, after the core business had been established. Group B’s core business is making ornaments of which members invested Sh40,000 received from the C-YES Fund. The money was used to buy extra machines to improve the quality of products. Group D, on the other hand, invested the Sh50,000 received on youth education and sensitisation. The money supplemented the funds received from donors. The group, however, still depends heavily on donor funding to run a school feeding programme for orphans, manage small demonstration farms and help widows establish businesses. Group F invested the Sh35,000 it received in water vending. The members used the money to buy a water tank and lay down pipes. After making sure the business was up and running, the group ventured into carpentry and microfinance.

Group G received Sh50,000 and invested it in its core business, which is making ornaments for sale. The money was used to buy tools for improving the quality of ornaments produced. Some of the ornaments produced are bangles, earrings, necklaces and rings among others. Group I’s core business is sanitation, in which it invested Sh35,000 it received as C-YES Fund. The money was used to buy a tank and pipes for its water vending business. The group also manages toilets and bathrooms.

Group J, on the other hand, invested the Sh40,000 it received in increasing the capital base of its microfinance business, which was already in existence. The core business of Group K was printing and photocopying. The Sh50,000 it received, supplemented members' savings and helped buy a used computer and a printer. The groups are recording some profits but less than the amount received by best performing groups as majority of the businesses are still in the process of becoming sustainable.

### **4.3.3 Group organisation and youth participation**

Youths in this category are also actively involved in the businesses. Out of the seven, only two groups (I and K) reported having major problems with inactive members. In group K, for example, less than half of the members are involved in the running of the business. To solve the problem, the group has resolved to strictly use the agreed rules in future to ensure only active members are retained.

“We have decided to come up with a plan of vetting members to do away with inactive members,” said one of the group I leaders.

Group K has also resolved to tighten the rules to ensure only active members remain in the group. This is in line with Komives et al (1998) argument that for a team to be successful in business and even other activities, it must make sure every one is involved. However, compared to best performing groups, the rules and regulations are not so strict and only moderately applied. The rules and regulations ranged from registration of members to how they organised themselves in the business. In some of the groups, for example, though the regulations require that every member must pay annual membership fee without fail, some of the members were in arrears.

#### **4.3.4 Changes in livelihood of poor youths**

All the seven groups recorded changes in livelihood for some of their members, but not to the extent achieved by the best performing ones. The youths, who are poorer and less educated than their counterparts, benefit more from the businesses as they are given first priority in revenue sharing. The study found that unlike the poor and uneducated members, who wholly depend on the group businesses, the few skilled and educated youths only use the investments to supplement their incomes. This is because most of them have alternative sources of revenue. The poor and less educated youths are the ones who do most of the day-to-day errands, while the educated deal with management issues. In one of the groups, for example, poor youths working in the business are paid Sh300 every day as wages. According to the youths the businesses have improved their livelihoods compared to the way they were initially.

“I cannot say that my life has not improved since I joined this business. I have money for food, rent and other necessities unlike before. I work even harder for more,” said one of the youths in Group F.

Another youth from group G said the business had made him independent and can now manage to feed and clothe himself.

#### **4.3.5 Contribution of the C-YES Fund and training to livelihood improvement**

All the seven groups agree the C-YES Fund had a role to play in the success of the businesses. The youths argued that the funds supplemented the ones they had saved for the investments.

All the groups, however, were of the view that one cannot wholly depend on C-YES Fund for capital. Out of the seven, only two groups, D and K, got the maximum amount of funds they had applied for. The two had requested for Sh50,000, which is the maximum amount offered as C-YES loan.

The youth groups also maintained that even the maximum amount of Sh50,000 was not enough to start a business given the prevailing harsh economic conditions.

“C-YES Fund is important but one cannot fully rely on it. It can only supplement the amount of money the group has saved or acquired from other sources,” said one of the Group G leaders.

Group F members agreed with the argument, saying they had to look for extra funds to supplement the Sh35,000 they had received to set up the water vending business in Kibera. The concerns support Bewley et al (2000) argument that lack of capital is one of the reasons for the failure in business and entrepreneurship for many individuals.

On training, only three members of Group K benefited from a day-long training on business management. Like the best performing groups, members of the remaining groups did not undergo any training. Fortunately, like the best performing groups, most of the members are former leavers and many of their leaders benefited from training sessions organised by various non-governmental organisations, which proved to be a key advantage. Members believe the training gained by their leaders has been important in the management of the businesses.

#### **4.3.6 Repaying of loans**

The groups are repaying their loans but are yet to complete the process. The members cited the harsh economic conditions and the fact that their businesses are yet to fully become sustainable for the delay in completing the repayment.

“We set aside some money for loan repayment but it varies in amount depending on revenues received from the business. We will try to complete it and apply for a second round of loans,” said a group G leader.



#### **4.3.7 Factors important for business success**

All the groups mentioned teamwork and staying united as key to success. Like the best performing groups, youths in some of the groups have divided roles among themselves to ensure high participation.

“We found it best to assign everyone duties in running the business so that all of us feel part and parcel of the group,” said one of the leaders of Group F.

The groups in this category also believe that it is important to have youths who are knowledgeable and skilled in business and finance management. They argue that having skilled youths in the group is a big advantage as they can guide non-skilled members on how to manage the business.

“Though the objective of the C-YES Fund is to help poor youths start business, it is important to have a few educated, skilled youths in the group to help run the business effectively. Many youths in the slums do not have such skills,” said one of the Group D leaders.

The youths also believe availability of capital has a big role to play in the success or failure of a business.

“You can have a good business plan but without enough capital the idea cannot be a reality. Expanding a business also needs adequate capital. Most youth businesses collapse due to lack of capital. Let us just say that you have to use money to make money,” said one of the Group J leaders.

Access to market is another factor mentioned by youths in this category. Four of the youth groups mentioned availability of market as critical.

“We know of youth businesses that have failed due to lack of market. We ensured that the business we are in had ready market,” said a leader of group I.

This sentiment confirms Reddy and Manak (2005) argument that livelihoods can be improved through greater access to market.

Four of the groups also mentioned security especially in the slums. The groups argued that without security, businesses would always have an unpredictable future. One of the groups, B, had part of its business destroyed during the post election violence in 2007, forcing members to look for extra money to buy the necessary tools and products. “Our business was looted and some of our property destroyed by rowdy youths during the post election violence. We had to contribute money to buy equipment,” said one of the Group B leaders.

#### **4.4 BARELY SURVIVING BUSINESSES**

This category comprises youth group businesses that are barely surviving, in other words, those that are on the verge of collapse. Out of the 31 groups studied, four groups fit this category. They are groups A, C, E and H.

Unlike the top groups, youths in this category have multiple businesses and do not focus on core business alone. Some even tried other ventures after the core business collapsed but with little success. The businesses operated are yet to start recording profits since they are not fully established. All the groups are far from completing repaying their loans and some have not even started. The groups lack organisation and rules and regulations are only on paper and not applied. As a result, the level of participation is low. Poor members are yet to experience change in livelihood from the ventures. The groups are described with the help of Table 4.5 and Table 4.6. Table 4.5 is shown in the next page.

**Table 4.5**

**CHARACTERISTICS OF BARELY SURVIVING YOUTH GROUPS**

<b>Specific characteristics studied</b>	<b>Description of each characteristic</b>
Age of group	Majority of the groups were formed before 2005.
Composition	The groups were formed by childhood friends and schoolmates.
Size	The average membership is slightly more than 20.
Age of members	Average age of members is 28 years .
Education	Though average education level is secondary, there are also members who were primary school leavers.
Poverty level	Many of members grew up in poor families.
Gender	Majority of the membership is male.

Source: Field data, 2011

**4.4.1 Characteristics of youths and youth groups**

The category has some of the oldest youth groups on the study list. One of the groups, Group E, was formed in 1996. In addition, most of the groups had more than 20 members each at the time of the C-YES Fund loan disbursement, but the number reduced a few months later after many left citing various reasons. Though the founders of the groups know each other, most of the latter-day members do not. Majority of the members are predominantly male aged between 22 years and 35 years, with the average age being 29 years. Although the average education level is secondary, the category has many school dropouts and primary school leavers. Many of the youths were born and bred in Kibera slum and are from poor families. Some dropped out of school due to lack of school fees.

#### **4.4.2 Type of business and revenues received**

The youth groups in this category are involved in service provision. Group A is involved in photocopying and printing services and Group C is in tailoring business. Groups E and H began with core businesses, poultry and printing respectively, but later ventured into others after collapse. The core business of Group E, which it received the C-YES Fund for, was poultry keeping, however, the business collapsed and members ventured into water vending. Group H, on the other hand, commenced with photocopying and printing, but later ventured into selling airtime. None of the multi-businesses in this category is performing well and all are on the verge of collapse.

“Even after our poultry business collapsed, we thought our water vending would do well, but that is not the case,” said a Group E leader.

According to a leader in Group H, both the photocopying and airtime businesses are experiencing major problems due to poor management and lack of adequate capital.

“Our businesses are struggling. We sold airtime to some of our customers on credit basis but they have failed to pay us. There is a chance the business will collapse due to inadequate revenues,” said one of the Group H founders.

The groups in this category are yet to start recording profits from their investments.

While some are struggling to recover from the harsh economic environment and the after effects of post election violence, others are on the verge of collapse.

#### **4.4.3 Group organisation and youth participation**

All the groups are grappling with the problem of participation, which some of the members blame for the poor business performance. Out of the 25 members in Group A, only 10 are active, the others, according to the leaders, do not fully participate in the matters affecting the group. In Group C, only seven out of the available 15 members are active. Leaders fear the number might decline further if the businesses continue to perform poorly. Group E, which began with more than 20 members, has seen its numbers decline by a half. According to the leaders, many members left after realising the C-YES money was not meant for personal use, but for setting up group businesses.

“After many sensed that the money was not going to be divided among members they lost interest in the project and started absconding group activities,” said one of the Group E leaders.

Unlike the two categories above, all the groups lacked a constitution or a set of rules and regulations to govern their operations. The only rule some groups had was the one requiring members to pay membership fee. Those with rules and regulations hardly apply them and the production process is also not well organised.

The performance of youth groups in this category is summarised in Table 4.6 in the next page.

**Table 4.6****GROUP PERFORMANCE (BARELY SURVIVING GROUPS)**

<b>Details on youth groups and business</b>	<b>Description of each issue studied</b>
Type of business and revenues received	<p>Majority of the businesses are service based.</p> <p>The groups had core businesses but ventured into others before the former had been fully established.</p> <p>The businesses are barely surviving hence are not recording profits.</p>
Group organisation/ Participation of members	<p>About half or less of the members in the groups are active participants.</p> <p>The groups have no proper rules and regulations to govern the businesses.</p>
Changes in livelihood of poor youths	Poor members are yet to realise improvement in their livelihoods.
Contribution of C-YES Fund and training to livelihood improvement	<p>The C-YES Fund supplemented members' contribution enabling them to either start or expand their businesses.</p> <p>Only a few members of one of the groups attended a one-day training.</p> <p>The groups have very few members skilled in business management.</p>
Repayment of loans	The groups are not repaying their loans since all the businesses are struggling.
Factors important for business success	<p>Having enough capital to start a business.</p> <p>Secure environment.</p> <p>Unity among members and hard work.</p> <p>Having skilled members in the youth.</p> <p>Proper business plan.</p>

Source: Field data, 2011

#### **4.4. 4 Changes in livelihood of poor youths**

Unlike the other two, the youths in this category are yet to experience changes in livelihood. None of the businesses is fully established to begin recording profits. Furthermore, some are on the verge of collapse.

“We need more money since our business was destroyed in the post election violence. If we do not get it soon, it will definitely collapse,” said a Group A leader.

Group C members who were also affected by post election violence maintain that their tailoring business would have done better if the country had remained peaceful.

“The business was in the process of establishing itself and even three of our members who worked in the business had begun to benefit a little bit, but not any more,” said a leader in Group C.

#### **4.4.5 Contribution of the C-YES Fund and training to livelihood improvement**

Though the groups admit that the idea of establishing the C-YES Fund was noble, they are yet to experience the benefits. The businesses are experiencing difficult times and are making losses. The groups cite lack of enough capital, poor business plan, insecurity and lack of teamwork, among others, for the problems bedeviling their businesses.

“We are yet to benefit from C-YES Fund. Our status has not improved in any way and we have to do other activities to survive. Many of our members left the group after realising what they were expecting is not there,” said a Group E leader.

Out of a total of 63 members in this category, only four participated in the trainings conducted by Youth Fund officials. Groups C and E had two members each trained on business and finance management. The members participated in a crash programme at different times. However, the youths complained the training was too short, rushed up and inadequate.

“The training did not benefit the members, neither did it benefit the group,” said one of the Group E leaders who participated in the training. Group C leaders also shared the same sentiments.

#### **4.4.6 Loan repayment**

None of the groups has been able to successfully repay their loans, since majority of them are either struggling to recover from the harsh economic conditions and the after effects of the 2007 post election violence or are on the verge of collapse.

“How can we repay our loans when we are striving to revive our business,” say a Group C leader whose business was affected by post election violence.

Leaders in Group E want the government to give youths whose businesses are struggling more time to work on their investments before repaying their loans.

“It is impossible to repay loans at the moment especially when none of our members has benefited from the business,” said one of the group E leaders.

#### **4.4.7 Factors important for business success**

Like other youth groups in the top two categories, the youths cited teamwork and unity as the most important factor in the success of group businesses. The youths also conceded that some of the problems faced were as a result of the lack of unity and teamwork. Some of the youths joined the groups under the misconception that the money was supposed to be divided among members and did not have the desire to help set up a group business.

“Immediately some of them learned that the C-YES money was for establishing group businesses they disappeared, while others began causing trouble,” said a Group A member.

The youth leaders were in agreement that lack of skills and knowledge on business and finance management was a major impediment to the success of group businesses in this category. All the groups lacked youths skilled in business and finance and also did not have mentors to guide and advice them.

“None of the members have the adequate skills, either formal or informal, needed in business management. The two-day training that two of our members underwent has not helped us either,” said a Group E member.



“Most of our members had no clue on how to start or manage a business, and many shied away from meetings called to share ideas on how to improve our business,” said one of the Group A leaders.

The groups in this category mentioned a proper business plan as necessary for success. Some of the youths, for example, conceded that their groups had no business plan prior to the receipt of the C-YES Funds. It is partly the reason why majority of the groups in this category tried more than one business but still continue experiencing problems.

“Our undoing is that we did not involve ourselves in drawing up an effective business plan. The plan which we used to apply for the C-YES money was drawn by outsiders at a fee,” said a youth leader in Group E.

The groups also cited access to capital as vital for business success. The members blamed the problem bedeviling their businesses on lack of adequate capital and delay in releasing the C-YES Fund.

“We had to wait for more than five months to access our funds and by the time we got the money our budget had changed due to the rising cost of goods and services,” said a Group A leader.

Groups A and C also mentioned secure environment as critical for business growth. The two groups were dealt a major blow during the post-election violence period, in 2007, after rowdy youths vandalised and destroyed their businesses.

“Insecurity during the post-election violence period also made matters worse for us after a shaky start, and we have not fully recovered since that time,” said another Group A leader.

This confirms Reddy and Manak (2005) argument that businesses or entrepreneurship cannot excel in isolation and government’s involvement in providing infrastructure and facilitating a conducive environment for doing business is important.

All the groups mentioned teamwork as important in the success of any group business. The leaders conceded that the youths had different priorities and were not united under

the single objective of establishing a successful business. Some, the leaders argued, joined the groups with the hope of sharing out the C-YES money, as a result, not all were committed to the course.

#### **4.5 COLLAPSED BUSINESSES**

This category has the highest number of youth groups. Out of the 31 groups studied, 19 youth groups belonged in this category. The businesses established have all collapsed and the groups only exist by name.

Like the groups in the third category, youths tried operating multiple businesses after receiving the C-YES Funds without success. They were the worst in terms of organisation. Many lacked a constitution or necessary rules and regulations as is normally the case with many groups. The members had different priorities, goals and objectives hence failed the unity and participation test. The businesses collapsed before the members experienced any change in livelihood. The characteristics are summarised in Table 4.7 in the next page.

**Table 4.7**

**CHARACTERISTICS OF COLLAPSED YOUTH GROUPS/BUSINESSES**

<b>Specific characteristics studied</b>	<b>Description of each characteristic</b>
Age of group	Majority were formed between 2006 and 2007.
Composition	The groups were formed by childhood friends and schoolmates.
Size	The groups were the largest and many had more than 25 members.
Age of members	Average age of members is 27 years.
Education	Majority are either secondary school dropouts or primary school leavers. There are also many uneducated youths.
Poverty level	Many members grew up in extremely poor families.
Gender	Majority of the members were male.

Source: Field data, 2011

**4.5.1 Characteristics of youths and youth groups**

Most of the youth groups were formed between 2006 and 2007 and had the highest membership on the category list. Group Z, for example, had 56 members, Group P, 44, and Group Q, 34. Though the groups were formed by youths who were friends, there were members who were complete strangers to each other. Majority of the youths in this group were born and bred in Kibera and came from poorer families when compared with youths in first or second category.

“I would have loved to continue with my education but my parents could not afford to keep me in school. I had to give up education after completing primary school. We were

eight children in the family and it was difficult enough for our parents to feed us,” said a member of Group T.

Like other groups, youths in this category are aged between 20 years and 34 years, making 27 years the average age. This category has the lowest number of females, for example, out of a total of 447, over three quarters of the members are male.

There are almost an equal number of primary and secondary school leavers. However, compared to others, groups in this category have the highest number of primary school leavers, secondary school dropouts and illiterate youths.

#### **4.5.2 Type of business and revenues received**

Most of the youth groups were involved in multi business. Out of the 19 youth groups, only six operated single businesses. In addition, many of the members were also engaged in other activities. Like groups in other categories, businesses undertaken fitted the retail and service sector, with the most common ones being tailoring, selling of second-hand clothes and water vending. The groups in this category made losses resulting in the collapse of the businesses. Though external factors, like harsh economic conditions and post election violence affected the businesses, some collapsed due to mismanagement. The performance of groups in this category is summarised in Table 4.8 in the next page.

**Table 4.8****GROUP PERFORMANCE (COLLAPSED GROUPS/BUSINESSES)**

<b>Details on youth groups and business</b>	<b>Description of each issue studied</b>
Type of business and revenues received	<p>Majority of the businesses are service based.</p> <p>The groups ventured into other businesses even before the core business had been established.</p> <p>The businesses have collapsed.</p>
Group organisation/ Participation of members	<p>Though the groups had the highest number of members less than half were active.</p> <p>The groups lacked rules and regulations governing member relations and business management.</p> <p>The groups lacked order in the production of goods or delivery of services.</p>
Changes in livelihood of poor youths	Poor members did not realise any improvement in livelihood.
Contribution of C-YES Fund and training to livelihood improvement	<p>Though businesses collapsed, C-YES Fund supplemented members' contribution in establishing businesses.</p> <p>Only a few members attended training organised by the C-Yes Fund.</p> <p>The groups lacked skilled members who had expertise or knowledge of running a business.</p>
Repayment of loans	The businesses collapsed before the groups completed repaying loans.
Factors important for business success	<p>Enough capital to start and expand a business.</p> <p>Teamwork and unity among members.</p> <p>Having skilled members in the youth.</p> <p>Proper market study before establishing business.</p>

Source: Field data, 2011

### **4.5.3 Group organisation and youth participation**

All the groups in this category had participation problems. Some of the youths accused their colleagues of only being interested in the money and not the group business.

“Some of the youths joined under the misconception that the C-YES Fund was to be shared out. They had no commitment at all in helping establish a business,” said a founder member of Group Z.

In others, divisions arose between men and women, mainly in the manner in which the businesses were managed and decisions made, leading to the collapse of both group and business.

“A few males calling themselves leaders occupied all the leadership posts and took it upon themselves to decide everything with their male colleagues ignoring us women. It is partly the reason why the business and group collapsed,” said a member of Group U.

The problem confirmed Komives et al’s (1998) sentiment that businesses, which want to be successful, must be open and ethical to other people’s ideas, by allowing differences of opinion to be discussed and handling conflict directly and with civility whenever they arise.

Some businesses collapsed after friends turned foes due to infiltration of politics in the groups during and after the botched 2007 General Election. Youths from different ethnic groups differed as tension heightened fanning tribal animosity in the slum.

”We allowed ourselves to be manipulated by rival politicians and everything became tribal. We then turned against each other and from then on operating a group business became difficult. We had to part ways and was very sad,” said a member of Group P.

This confirms arguments made by Astroth (1996) that vibrant groups encourage sense of belonging, where members feel part and parcel of the group.

None of the groups had a constitution or set of laws and regulations to govern the affairs of the group or the business. This was mentioned as one of the reasons why there was lack of teamwork.

“We had no constitution. There was no mechanism of dealing with errant members and those who caused trouble went scot-free. It reached a point where majority were not interested in the group business,” said a member of Group U.

The youths failed the test of identifying a common purpose and creating an environment that fosters trust and builds commitment, which Komives et al (1998) stressed that businesses that aspire to be strong and successful must have.

#### **4.5.4 Changes in livelihood of poor youths**

Compared to groups in other categories, the youths did not experience any change in livelihood. All the businesses they established collapsed before benefiting them. The status of poor youths did not improve with the formation of the businesses. The youths remained poor.

“There is no change in my life. The business collapsed and I have to look for something elsewhere,” said another Group U member.

#### **4.5.5 Contribution of the C-YES Fund and training to livelihood improvement**

Though the groups acknowledged the importance of the C-YES Fund in establishing business, they were of the view that it did not have any impact in the improvement of their livelihoods. Still, youths were also in agreement that had they invested the money well and worked hard as a team, the Fund would have played a role in improving livelihoods.

“Though inadequate, the C-YES Fund can contribute to the improvement of livelihoods if well used. In our case we did not do that,” said a Group R leader.

Of the 19 youth groups in this category, only three (Groups Q, S and U) had at least two of their members trained by the Youth Fund officials. The groups shared concern raised by youths in other categories, on the inadequacy of the training programme.

“It would have been better if more of our members were trained and not only two,” a leader of Group S said.

The other groups whose members did not benefit from the training felt the Youth Fund was discriminatory in its selection.

“The Youth Fund should be fair to all. It should ensure all youth groups benefit from the training and not only a few,” said a member of Group T.

The observation confirms Harrelson and Macaulay’s (2008) contention that for entrepreneurship to succeed in establishing successful businesses and improving youths’ livelihoods, entrepreneurial skills development is just as important as access to capital. It also confirms Scoones’ (1998) argument that human capital is critical in livelihood improvement.

#### **4.5.6 Repayment of loans**

None of the youth groups completed repaying their loans before the collapse of the businesses. Some collapsed after making only one payment, others went under before paying a single cent. Members cited various reasons for the collapse ranging from post election violence, harsh economic conditions and mismanagement among others.

“Though we would have preferred receiving more money than we got, we are also to blame for the collapse of the business. We allowed our leaders to mismanage it, allowed nepotism and tribalism to creep in especially in the run up to 2007 general election,” said one of the Group P members.

#### **4.5.7 Factors important for business success**

One of the factors cited by all the groups studied in this category was the importance of team work. All the group leaders conceded there was lack of unity and teamwork among their members. It confirmed Komives et al’s (1998) argument that businesses can only be strong and successful if those concerned identify common purpose, create an environment that fosters trust and builds commitment.

Another common factor mentioned is the access and availability of affordable capital. According to the youth groups, though the C-YES Fund was important in providing the



necessary capital to establish businesses, many felt it was inadequate and difficult to access.

“When you do not get the amount of money you applied for and wait for long periods to acquire it, things become very difficult. We applied for the maximum Sh50,000 loan but got Sh34,000 only and that affected our plans,” said a Group O leader.

The other important factor mentioned was expertise or knowledge in business management. According to the members, the groups lacked skilled youths with knowledge in business or financial management. The groups had the lowest literacy levels when compared to those in other categories and also the highest number of school dropouts both at the primary and secondary level. It also had the highest number of illiterate youths.

“None of our leaders had business management skills, they were school dropouts. The treasurer even disappeared with our C-YES money, including some that we had saved,” said a member of Group W.

According to the youths, it is important for groups to undertake a proper market study before deciding on the business they want to invest in. Most of the groups conceded a proper market study was never done and full participation of all members was not sought. “We did not have the proper knowledge of the market and we did *pata potea* (trial and error) on business ventures and all of them failed,” said a Group N member.

#### **4.5.8 Comparison of categories of youth groups**

A comparison of the categories of the youth groups is summarised in Table 4.9 in the next page. The major observation is that though the ages of the youths who established the various groups did not vary much, the better performing groups had more educated and skilled youths who had better ideas of establishing and managing businesses. The best performing groups also had an upper hand over others since they had businessmen who were ready to offer advice and help when needed. Both the best and moderately performing also had a better team work strategy compared to the groups with barely performing or collapsed businesses. Unlike their counterparts, the members in the two categories shared the same objective of improving their livelihoods through the establishment of a successful business. Both best performing and moderately performing also applied the rules and regulations better than groups with businesses in the barely performing and collapsed categories. In addition, teamwork was easy to achieve for best performing groups because they had a manageable size of members than collapsed groups, which had large membership with varied goals and objectives. Table 4.9 also reveals that best performing groups put their time and energy on core business first before diverting to others, increasing the chances of their businesses being successful. The data also shows that only stable groups with successful businesses are the ones capable of repaying their loans.

**Table 4.9****COMPARISON OF YOUTH GROUPS CATEGORIES**

FACTORS IDENTIFIED FOR COMPARISON	BEST PERFORMING	MODERATELY PERFORMING	BARELY PERFORMING	COLLAPSED
Group formation	Majority of groups formed in 2006	Majority of groups formed in 2006	Majority of groups formed before 2006	Majority formed in 2006 and 2007
Group composition	Groups formed by childhood friends	Groups formed by childhood friends	Majority of members not childhood friends	Majority of members not childhood friends
Group size	Average membership is 15	Average membership is 20	Membership is slightly more than 20	Average membership is more than 25
Education	Most members are secondary school leavers	Most members are secondary school leavers	Almost an equal number of secondary and primary school leavers	Majority are either secondary school dropouts or primary school leavers
Business model	Concentrated on core business before diversifying	Concentrated on core business before diversifying	Preferred multi-business to core business	Preferred multi-business to core business
Team work	High level of teamwork	Moderate level of teamwork	Teamwork is weak	Teamwork was non-existent
Application of rules	Strict application of rules and regulations	Moderate application of rules and regulations	No proper rules and regulations governing the business	Rules and regulations were non-existent
Loan repayment	Groups have completed repaying their C-YES loans	Groups are still repaying their loans	Businesses not repaying their loans	None of the businesses repaid their loans

Source: Field data, 2011

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

The study sought to establish under what circumstances does C-YES Fund contribute to business success and livelihood improvement of poor members of youth groups. As a result, this chapter summarises the key findings on group businesses as a way of improving youth livelihoods. The chapter also draws study conclusions from information gathered and also gives policy recommendations necessary for strengthening the C-YES Fund programme as a means of improving the livelihoods of poor youths.

#### **5.2 Summary of key findings**

This section first answers the research questions that were identified in the study and also discusses the relationships between key variables identified in the conceptual framework and group business success.

##### **5.2.1 Characteristics of youth groups**

As has been indicated in the conceptual framework, youth groups play a major role in the success or failure of a business. Though there were some similar demographic characteristics shared by the groups in different categories, some differed from one category to the other. The findings for the first research question, which inquired about the characteristics of youth groups and their members is discussed below.

Majority of the youth groups were formed one or two years before the Youth Fund became operational, an indication that the C-YES Fund was a major reason for youths coming together and forming groups to access loans. Most of the groups were formed by youths who grew together in the slum and knew each other well, and later invited others

to boost the numbers. It was, nonetheless, easy for strangers to join groups in the barely surviving and collapsed business categories than in best performing, as regulations governing recruitment were not adhered to. Recruitment aside, the groups are big in terms of membership, with many having more than 15 members. Despite the large membership, majority have huge gender disparities with males aged between 20 years and 35 years accounting for more than 75 per cent.

In addition, although poor youths are the majority, the degree of poverty experienced varied from one member to another. The best performing and moderately performing groups, for example, had more youths who had suffered a lesser degree of poverty compared to those in barely surviving or collapsed groups. The groups in the top two categories also had more educated youths compared to those in barely surviving and collapsed business categories. The latter had the highest number of semi-literate and illiterate youths.

### **5.2.2 Group Business Model**

This section answers the second research question, which asked whether the youth groups that received C-YES funding were involved in a core business or multiple businesses. The findings revealed that youth groups in Kibera adopt different business models in their quest to improve their livelihoods. While some concentrate on core business, others go for the multi-business option in the hope of spreading their risks in the harsh economic environment. However, the study found that groups that concentrated first on core business and diversified later succeeded compared to those that went for the multi-business option without a clear business plan. The best performing youth groups and, to some extent, moderately performing first concentrated on core businesses, which the C-YES Fund loan was to be invested in, before diversifying. Youth Groups in the barely surviving and collapsed business categories, which comprised the bulk of the youth groups studied, took the multi-business option, which proved to be fatal for most of them.

### **5.2.3 Participation of group members**

This section answers the third research question, which sought to find out the extent to which every member is involved in the core business, the group indicated in its application form for C-YES money.

The study found that though youth participation in business varied from one group to another it was low overall. Participation and teamwork was highest in the groups belonging to the best performing category and, to a certain extent, the moderately performing. Only a few groups had a constitution, which clearly stipulated the rules and regulations members had to adhere to. In addition, it is only the two groups in the best performing category that strictly applied the rules and regulations and had a clear mechanism for resolving problems and conflicts whenever they arise, unlike those in the barely surviving and collapsed business categories. The latter two also had the highest number of less active members.

The level of participation of members had a strong link with the success of the business. The groups whose businesses were either best performing or doing moderately well had more active members who worked as a team, compared those whose investments collapsed. The best performing groups, for example, strictly applied rules and regulations to ensure higher participation level towards the single objective of establishing a successful business. The groups in the barely surviving and collapsed business categories even lacked a constitution to guide them. On the other hand, where rules and regulations existed, members failed to apply them.

### **5.2.4 Changes in livelihood of members**

The fourth research question inquired what changes have taken place in livelihoods of individual members of youth groups that benefited from the C-YES Fund.

Findings revealed the C-YES Fund is yet to make a major impact in improving livelihoods of the majority of poor youths in Kibera. The study established that only youths in the best performing and moderately performing categories had experienced

changes in livelihood. Those in barely surviving and collapsed business categories, though having the highest number of members, were yet to experience the change. Youths in best performing and moderately performing categories experienced changes in livelihood because the businesses established became successful and profitable. As a result, the groups also managed to repay their C-YES loans, qualifying them for other loan products on offer. The major change in the livelihood of the youths was being able to afford basic necessities like food, clothing and shelter. Some of the members in the top two categories opted to go back to school after making enough money to pay school fees. Others now have extra money to buy luxury goods and services, unlike before. Most of the luxury goods bought are electronic equipments like television, radios and DVD players.

The study discovered a strong relationship between improved livelihood and business success. The two groups in the best performing category had the most successful businesses and as a result better livelihoods. The saloon business of group X and the retail and research consultancy business of group Y are all thriving bringing in extra income, which members share. The poor youths in the two groups have experienced the highest level of livelihood improvement. On the other hand, members of the youth groups whose businesses have collapsed did not experience any improvement in livelihood due to the failure to establish successful businesses. Either their status remained the same or got worse.

#### **5.2.5 Contribution of C-YES funding and training to business success of youth groups**

The fifth research question sought to find out to what extent C-YES funding and training programme have contributed to youth entrepreneurship and success in business.

The study found that though majority of the businesses are either struggling or have collapsed, the C-YES played a major role in their establishment and expansion.

The loans supplemented money the groups had collected from members and donors making it possible to execute their plans. The training programme provided by the Youth

Fund under the same scheme, on the other hand, did not have any impact on the success of businesses or by extension improvement in livelihood. The programme was haphazardly implemented and less than one per cent of the youths in the study benefited from it. None of the youths in the best performing groups category benefited from training, but still managed to establish successful and sustainable businesses. The groups had either highly trained members within their ranks or had successful businessmen who acted as consultants. In addition, though the C-YES Fund played a key role in the establishment of the businesses, the study found that it takes more than money for investments to succeed and remain sustainable. Some of the groups that received the maximum amount (Sh50,000) were still unable to come up with successful businesses, while others that received less managed to do so. The amount of C-YES Fund disbursed to the groups studied varied between Sh35,000 and Sh50,000. Some groups in the collapsed businesses category got the maximum amount, but still failed to come up with successful and sustainable businesses.

Apart from funding and training, the study also discovered other intervening factors that had a role in youth groups establishing successful and sustainable businesses, which they can depend on to improve their livelihoods. The availability or unavailability of factors of production namely security, water, electricity and cheap labour also determined the success or failure of businesses. Some of the youth groups in barely performing and collapsed businesses categories cited insecurity, especially during the 2007 post-election violence, as one of the reasons for their collapse. Some had difficulties buying inputs and complained about the increased cost of production as a major challenge in producing quality goods and services.

Above all, insecurity was one of the most cited challenges. All the groups, for example, were affected in different ways by the 2007 post election violence. Some of the businesses managed to survive, while others collapsed. Youths in the barely surviving and collapsed businesses categories cited insecurity during the pre and post general election period for the setback suffered. Some of the investments, for example, were vandalised while others were burnt to ashes, leaving groups with nothing.



Despite the intervening factors the study found a strong relationship between various variables. One of them was the relationship between the level of education/skills of members and business success. Group Y, one of the best performing groups, for example, had an average education level of form four and above. It had members who had knowledge in accounting and business management, an advantage that contributed to the success of the business. Many groups in the collapsed businesses category lacked skilled manpower and members had no experience in running a business.

Another strong relationship was the one between good business plans and business success. The study found out that groups, which had a good business plan and focused on a single business, were more successful than those whose plans were vague and without focus. The groups in the best performing category, for example, diversified only after the core business, which they received the loan for, succeeded. The money received from the respective core business helped in the diversification. In comparison, majority of the youth groups whose businesses collapsed, had no clear focus and engaged in multi-business hoping that one of them would succeed.

Having skilled and educated youths with stable jobs is also important, since they are capable of providing a helping hand to the very poor youths to become self-employed and independent of family. In the best performing and moderately performing categories, for example, skilled youths with stable jobs worked extra hard to enable their poor counterparts have a means of livelihood first before sharing the profits. The poor youths depended more on the businesses established using C-YES money than those with jobs. The skilled youths who had stable jobs viewed the businesses as means of making extra money on top of what they get elsewhere.

### **5.3 Other findings**

The study also discovered another emerging issue from the data gathered, which the youth groups considered pertinent in establishment of successful businesses and overall improvement of livelihood. Majority of the youth groups complained that the disbursement period of C-YES funds was too long. The youth groups said they had to wait more than five months for them to receive the funds, affecting their budget plans, as the cost of some of the inputs and services they were seeking had increased by the time the funds were received. The delay caused some youth groups to review their budgets or seek alternative funding which was not forthcoming in some cases. As a result, some youth groups said they were forced to cut their spending on some essentials, which were necessary in establishing successful and profitable businesses.

### **5.4 Conclusion**

There are several conclusions that can be drawn from these findings. First, the C-YES Fund has a role to play in establishing successful and sustainable businesses. Every youth group whether existing or collapsed appreciated the importance of the C-YES Fund in improving livelihood. The groups were of the view that without the loan it would have been difficult to establish businesses as it supplemented funds they had initially collected. Though the groups were in agreement that the government needs to increase the amount of money given as loans, they had different views on what should be the appropriate sum.

Despite its importance in livelihood improvement, C-YES Fund is not the sole contributor to business success. There are other factors that must come into play for an investment to succeed, for example, group savings to top up what is received as loan, a good business plan, training or expertise on how to establish and manage a business, security and ready market for goods and services among others. The important lesson is that funding and support initiatives are the core aspects of any youth venture. As a result, it is always important for any Youth Fund to have two critical sections to ensure youth businesses succeed. First, is the funding section to deal with fund raising and timely

disbursement of money to groups, and, second, the support programme unit to provide the youths with the necessary skills and advice in their respective businesses. It is also important to collaborate with other organisations dealing with young people, both public and private, to achieve a holistic approach to youth development.

On group organisation, the study discovered that the higher the number of skilled/educated youths in a group, the higher the chance of entrepreneurship/business succeeding and having a positive impact on livelihoods. Educating the youths and giving them the necessary training can help them establish a successful business, which in turn can improve their livelihoods. The statement is confirmed by the successes of youth groups in the best performing and moderately performing categories, which had more educated and skilled youths than those in barely surviving and collapsed businesses. The groups in the collapsed business category had very few skilled and post secondary educated youths, capable of offering the necessary guidance needed. The bulk of the illiterate youths were also found in this category.

A group that stays focused and concentrates on core business has a higher chance of success than one engaging in multi-business, with no clear vision. The statement is supported by the model adopted by the best performing and moderate performing groups, which was to first concentrate on core business and diversify after it succeeds. It also confirms Harrelson and Macaulay's (2008) contention that establishing a successful business needs total attention and hard work.

Teamwork is also crucial in group business. A group where each member participates and supports each other has a higher chance of establishing a successful and sustainable business capable of improving livelihoods. Komives et al (1998) argued that disunity and lack of coordination can affect success of a business, hence, must be avoided. In the study, groups in the best performing category were the most organised, a factor identified by members as playing a major role in their success.

## 5.5 Recommendations

Based on the findings of this study, following recommendations were identified as key to the success of youth groups' businesses established using the C-YES Fund.

1) The Youth Fund management should shorten the application and the disbursement period to enable youth groups access funds in the shortest time possible. According to the youths, the process took an average of six months, which was too long for groups that want to execute their plans immediately and stay within the intended budget.

2) The government should conduct further research on the maximum amount youth groups can access as C-YES, considering the weak economic conditions and the depreciation of the shilling. The study on costing can help inform the government whether it is necessary to increase the amount or maintain the current figures. This is important because not all youth groups had a problem with the amount disbursed. In addition, some groups in the best and moderately performing categories got less money compared to others in the barely performing and collapsed categories but still managed to establish a successful business. However, the recent creation of different loan categories within the C-YES to meet various demands of poor youths is a step in the right direction, in view of the challenges the first benefactors of the Scheme faced. Currently there are three loan categories, namely C-YES Rausha Loan for start-ups, C-YES Inua Loan for business expansion and C-YES Special Loan for special business projects, which youth groups can apply for.

3) The Youth Fund should come up with a proper training programme to help youths acquire the necessary knowledge and skills needed to establish and manage a business. Currently, the training organised by Youth Fund officials is haphazard and has no clear programme plan on how to assist youth groups run successful businesses. Youth entrepreneurs require tailor made training and counseling pertinent to their particular start up or expansion situation, their business and the sector it operates in (Mwangi and Kenneth, 2013). The two authors argue that care should be taken to ensure that the

individuals who receive loans actually possess the technical and entrepreneurial skills needed to succeed.

4) The Youth Fund should consider establishing a separate fund within the C-YES Fund to cater for individual youths who prefer undertaking individual business rather than group business. Youths were of the view that the current Easy-Yes loan does not fully serve an individual entrepreneur, as the applicant still has to seek the group's approval for his application to be accepted. Though the idea might help individual youths who want to establish their own businesses, it might pose a major challenge to C-YES Fund not only in terms of capacity needed to oversee the numerous individual businesses, but also go against the objective of the Youth Fund which is to improve livelihoods of poor youths by promoting entrepreneurship through groups.

5) The government should also look into ways of tackling insecurity in Kibera as it was one of the major impediments in establishing a successful business. The government and non-governmental organisations should help residents establish neighbourhood watch organisations, which can be used to promote peace and co-existence and also act as link between the residents and the security agencies.

6) There is need for further research by the government, individuals and organisations on the role of the C-YES Fund in the improvement of livelihoods of poor youths. This study focused on youth groups that have benefited from the C-YES loans in the former Langata constituency alone, hence it is a small sample that cannot give an accurate picture nationally. As a result there is a need to undertake a comprehensive study, using a bigger sample of youth groups drawn from poverty stricken areas in both urban and rural areas. In addition, a study on the sustainability of the C-YES as a development intervention is urgently needed, given the fact that the YEDF, which manages the C-YES Fund, has now been transformed into a parastatal, making it a semi-autonomous organisation.

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## **APPENDIX 1**

### **QUESTIONNAIRE FOR POOR YOUTH**

My name is Jeff Otieno. I am a postgraduate student at the Institute for Development Studies, University of Nairobi. I am conducting a research on youth groups and business success: Using C-YES Fund to improve livelihoods in Kibera slum, Langata Constituency. The information you will give will be confidential and will only be used for this study.

#### **POOR YOUTH**

##### **INTRODUCTION**

INTERVIEW No. ....

DATE.....

LOCATION.....

NAME of Respondent .....

Name of Interviewer.....

##### **PERSONAL CHARACTERISTICS**

GENDER.....

DATE OF BIRTH.....

PLACE OF BIRTH.....

##### **MARITAL STATUS**

(1) single (2) married (3) divorced

## **LEVEL OF EDUCATION**

**(a)** (1) Primary (2) Secondary (3) college. eg. polytechnic, teacher training college, medical training college (4) University (5) Other

**(b)** Was the level of education attained by choice? (Yes) (No)

**(c)** If no why did you stop at that level (give reasons or factors in order of seriousness?)

## **PLACE OF RESIDENCE**

**(a)** Current residence

**(b)** Past residence

**(c)** Where were you born?

## **EMPLOYMENT**

**(a)** Do you consider yourself employed/self employed?

**(b)** If yes, what do you do in the business established by the C-YES Fund?

**(c)** How many hours per day/week do you spend working in the group business?

**(d)** Apart from the group business, do you have another job by the side?  
(Yes) (No)

Kindly explain

(e) Were you employed before the youth group received the C-YES Fund? (Yes)  
(No)

If yes which work did you do?

If no how did you survive?

### **FAMILY LIFE HISTORY**

(a) Was your father or mother employed/self employed? (Yes) (No)

Explain your answer

(b) If no how did he or she survive? (specify)

(c) In your father's/mother's household did you have the following meals? (Yes) (No)

(1) Breakfast (2) 10 O'clock tea (3) Lunch (4) 4 O'clock tea/porridge (5) Dinner (6)  
None. Tick the ones you had.

(d) Do you consider the meals you had in your childhood days nutritious? (Yes) (No)

If no please explain

(e) Did you/ your sister and brothers fall sick often?

(f) What action did your parents take when one was sick?

(1) Take him/her to hospital (2) Buy medicine over the counter (3) Consult a traditional doctor (4) Call pastor for prayers (5) Others specify

(g) Did your father own any electronic equipment? (1) radio (2) television (3) video (4) mobile phone (5) iron box (6) fridge

(h) What kind of a house did your parents live in (a) mabati (iron sheet) house (ii) mud house (iii) stone house

Describe the condition of the house

**LIFE OF POOR YOUTH AFTER ACCESSING THE FUND**

(a) How did you learn about the Fund?

1. A friend
2. Newspapers
3. Television
4. Radio
5. Others (specify)

(b) How much do you get per month from the group business?

(c) How much do you spend on essentials like food, fuel and water?

**HOUSEHOLD EXPENDITURE**

Expenditure	Daily	Weekly	Monthly
Rent			
Fuel			
Water			
Food			
School fees (own and other)			
Transport			
Others specify			

**(c)** Do you have extra money to spend on airtime, alcohol, entertainment (cinema, video shows, soccer matches) etc (Yes) (No)

Please explain

**(d)** Are you able to clothe yourself and family? (Yes) (No)

Please explain

**(e)** Are you able to seek treatment in hospital whenever you/family fall sick? (Yes) (No)

Please explain

**(f)** Do you have any electronic equipment? (1) radio (2) television (3) video (4) mobile phone (5) iron box (6) fridge

**(g)** What kind of a house do you live in (a) mabati (iron sheet) house (ii) mud house (iii) stone house

**(h)** Apart from the Fund what are some of the factors you consider important for a business to be successful?

**(g)** Has the Youth Fund improved your standard of living? (yes) (no)  
Explain your answer?

## **APPENDIX 2**

### **QUESTIONNAIRE FOR GROUP LEADERS**

My name is Jeff Otieno. I am a postgraduate student at the Institute for Development Studies, University of Nairobi. I am conducting a research on youth groups and business success: Using C-YES Fund to improve livelihoods in Kibera slum, Langata Constituency. The information you will give will be confidential and will only be used for this study.

#### **GROUP LEADERS**

(a) When was the group formed?

(b) How many members does it have?

(c) Was forming a group to qualify for the fund a challenge (Yes) (No)

If yes specify

(d) What is the composition of the group in terms of gender

Number of males (.....)                      (2) Number of females (.....)

(e) Average level of education of the group members. Men (.....)                      Women (.....)

(f) How did the group decide on the business to invest?

(g) How did you invest the C-YES Fund?

**(h)** How do you rate the business?

(i) Very Successful (ii) successful (iii) somewhat successful (iv) failure

Please explain your answer

**(i)** Do you see your business surviving and even expanding in future (Yes) (No)

Please explain your answer

**(j)** What are the challenges you faced in investing the C-YES Fund you received?

**(k)** Was the C-YES Fund crucial in helping establish or run the business? (Yes) (No)

Please explain your answer.

**(l)** Apart from funding what other help did you receive from the C-YES Fund/Youth Enterprise Development Fund (YEDF)?

**(m)** What are the factors, other than the C-YES Fund, you consider important in the establishment of your business?

(a) Internal factors

(b) External factors

**(n)** Which of the factors mentioned is the most challenging in establishing and ensuring the business is secure?

**(o)** How have the other factors helped in establishing and running of the business.?

**(p)** Is every member of the group involved in the running of the business? (Yes) (No)



Explain your answer

**(q)** How much money does the group make from the business every month?

**(r)** How do the members share the profits?

**(s)** Is the group repaying the C-YES loan (1) Yes (2) No

If yes, how much do you pay per month?

If no, why is the group not repaying the loan?

**(t)** What are the challenges faced in repaying the loan?

**(u)** Do you have rules and regulations that every member has to adhere to in the business? (Yes) (No)

Please Explain

**(v)** If one or some of the members break the rules what remedial action do the members take?

**(w)** Do you have ready market for your goods and services?

**(x)** Was your business affected by the post-election violence that rocked various estates in Nairobi?

### APPENDIX 3

#### LIST OF GROUPS WHOSE BUSINESSES STILL EXIST

GROUP NAME	MEMBERSHIP	BUSINESS UNDERTAKEN	C-YES FUND RECEIVED	USE OF MONEY
SMART	Predominantly male	Retail and later consultancy	Sh50,000	Expansion of business
YASMIN WOMEN	Exclusively female	Saloon	Sh50,000	Expansion of business
KIBERA MASHIMONI	Predominantly male	Photocopying and printing	Sh42,000	Expansion of business
VICTORIOUS	Predominantly male	Making ornaments	Sh40,000	Expansion of business
HOYWICK PROGRAMME	Predominantly male	Youth education and sensitization	Sh50,000	Start-up
MISSION OUTREACH CHURCH	Predominantly male	Water vending and later carpentry	Sh35,000	Start-up
KIBERA HAMLETS	Slightly more males than females	Making ornaments and later youth empowerment	Sh50,000	Start-up
YOUTH REFORM	Predominantly male	Water vending and later sanitation	Sh35,000	Expansion of business
STORM COMMUNION PROGRAMME	Predominantly male	Microfinance	Sh40,000	Start-up
INITIATIVE FOR SPORTS AND SOCIAL ARTS	Slightly more males than females	Printing and photocopying but abandoned for research later	Sh50,000	Expansion of business
GETANGORA NATIONAL YOUTH DEVELOPMENT	Predominantly male	Poultry farming but abandoned for water vending later	Sh50,000	Expansion of business
CRYSTAL COMMUNICATION	Slightly more males than females	Photocopying and printing but selling of airtime later	Sh40,000	Start-up

### APPENDIX THREE

#### LIST OF GROUPS WHOSE BUSINESSES HAVE COLLAPSED

GROUP NAME	MEMBERSHIP	BUSINESS UNDERTAKEN	C-YES FUND RECEIVED	USE OF MONEY
ST JOHN BAPTIST	Predominantly male	Tailoring	Sh50,000	Expansion
MAKOYETI WEST GROUP	Predominantly male	Butchery, second-hand clothes and charcoal business (multi-business)	Sh50,000	Expansion
RED CORNER	Predominantly male	Charcoal, mobile phone booth and pool game (multi-business)	Sh50,000	Start-up
TUMAINI GENERAL SERVICES	Predominantly male	Carpentry and painting (multi-business)	Sh34,320	Expansion
TOI MARKET	Predominantly male	Micro-finance, second hand clothes and grocery (multi-business)	Sh50,000	Expansion
SETLUCK WELFARE	Predominantly male	Second-hand clothes	Sh50,000	Expansion
LUOMRA	Predominantly male	Making ornaments and tailoring (multi-business)	Sh50,000	Expansion
OMONTO OMINTO	Predominantly male	Tailoring and training of youths in tailoring (multi-business)	Sh46,500	Expansion
KENYATTA MARKET OPEN AIR	Predominantly male	Selling second hand clothes	Sh46,500	Expansion
AMBASSADOR CHRISTIAN DEVELOPMENT	Almost an equal number of males and females	Hotel business	Sh40,000	Expansion

**LIST OF GROUPS WHOSE BUSINESSES HAVE COLLAPSED (CONTINUED)**

<b>GROUP NAME</b>	<b>MEMBERSHIP</b>	<b>BUSINESS UNDERTAKEN</b>	<b>C-YES FUND RECEIVED</b>	<b>USE OF MONEY</b>
SOKI YOUTH GROUP	More males than females	Butchery and saloon (multi-business)	Sh40,000	Expansion
MUKWANO YOUTH	Predominantly male	Tailoring and water vending (multi-business)	Sh30,000	Expansion
SALVATION TUJARIBU	Predominantly male	Fish selling and microfinance (multi-business)	Sh40,000	Start-up
JITEGEMEE	Predominantly male	Shop, microfinance and water vending (multi-business)	Sh40,000	Expansion
VISION YOUTH GROUP	Predominantly male	Carpentry, microfinance (multi-business)	Sh40,000	Expansion
KARINA	Predominantly male	Micro-finance, water vending (multi-business)	Sh35,000	Expansion
AMUKA KIBERA YOUTH GROUP	Predominantly male	Ornaments making	Sh50,000	Expansion
KAREN BIDII	Predominantly male	Selling firewood	Sh40,000	Start-up
DAWN TO DUSK YOUTH GROUP	Predominantly male	Tailoring and training youths in tailoring (multi-business)	Sh50,000	Start-up

**APPENDIX 4****YOUTH GROUPS THAT COULD NOT BE TRACED FOR THE STUDY**

<b>GROUP NAME</b>	<b>MEMBERS</b>	<b>BUSINESS UNDERTAKEN</b>	<b>C-YEF FUND RECEIVED</b>	<b>USE OF MONEY</b>
GHETTO BIG HOPE	15	Sanitation	Sh46,080	Expansion
GETTO ARTS PROMOTION	16	Bookshop	Sh50,000	Start up
BUNKER YOUNG GENERATION	15	Fumigation	Sh50,000	Expansion
KIBERA DEAF ORGANISATION	35	Micro credit	Sh50,000	Expansion
YOUTH ICT FIELD GROUP	15	Computer repair and maintenance	Sh50,000	Expansion
SOUTHLAND YOUTH GROUP	22	Water vending	Sh30,000	Start up
LANGATA MAASAI BANICU	41	Water vending	Sh35,000	Start up
KIBERA COMMUNITY YOUTH PROGRAMME	14	Solar Assembling	Sh50,000	Expansion
BONDE SHG	24	Mini bakery	Sh50,000	Start up
SOWETO MUSLIM	24	Charcoal selling	Sh40,000	Start up
NAIROBI WEST YOUTH GROUP	15	Cereal distribution	Sh40,000	Expansion
FAHARA YOUTH GROUP	12	Food kiosk	Sh35,000	Start up
SOUTHLAND CARPENTRY STALL	19	Water vending	Sh35,000	Start up
UNIVERSAL NEIGHBOUR	15	Tailoring	Sh48,000	Expansion
KIBERA EMPOWERMENT ORGANIZATION	12	Tailoring	Sh46,500	Expansion

APPENDIX 4

MAP OF KIBERA



Source: [www.mapkiberaproject.yolasite.com](http://www.mapkiberaproject.yolasite.com)