

**FACTORS INFLUENCING PARTICIPATION OF YOUTH IN
ENTREPRENEURSHIP IN KENYA: A CASE OF YOUTH
ENTREPRENEURS IN KAKAMEGA CENTRAL DISTRICT,
KAKAMEGA COUNTY**

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DECLARATION

This research project is my original work and has never been presented for award of any degree in any other university.

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DEDICATION

This research project is dedicated to my two grandchildren Stella Okwambitsa Atiti and Mildred Omuronji Atiti. It is my dream that they will grow up healthy, have access to quality education and ample access to all resources they require to thrive in life.

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ABBREVIATIONS AND ACRONYMS

| | |
|--------------|--|
| ADEA | Association of Development of Education in Africa |
| GOK | Government of Kenya |
| KIE | Kenya Industrial Estates |
| ICDC | Industrial and Commercial Development Corporation |
| ILO | International Labour Organization |
| TIVET | Technical, Industrial, Vocational, and Entrepreneurship Training |
| SME | Small Micro-enterprises |
| SPSS | Standard Package Software for Statistics |
| UNDP | United Nations Development Program |

ABSTRACT

In efforts to promote self-employment, since independence, the government has pursued endeavors to support small business creation. Entrepreneurship plays a crucial role in the country's development and employment generation. The purpose of this study was to determine factors that influence youths' participation in entrepreneurship in Kenya. The objectives of the study were to assess the influence of innovativeness and creativity; entrepreneurship training; funding; markets and marketing and formal employment opportunities, on youth entrepreneurship participation in Kenya. The study employed an exploratory research study to determine the factors Influencing Youth's participation in Entrepreneurship among urban Youths in Kenya. The study employed descriptive research design targeting the urban youths engaged in entrepreneurial activities in Kakamega County. The principal target population was 908 youths involved in entrepreneurship and aged between 18-35 years from the Kakamega Central District in Kakamega County. Information on the number of registered youths' entrepreneurs in Kakamega Central District was obtained from the county offices. Based on this information, the study adopted Yamane (1967) to come up with a sample size of 278. Data was collected with the use of self-administered structured questionnaires and drop and pick later method was adopted. Entry and analysis of data was done using descriptive analysis with the help of SPSS (Statistical Package for Social Sciences) version 22 tool for quantitative data and findings presented using tables and percentages. The research findings revealed that; Innovativeness and creativity, entrepreneurship training, funding and formal employment opportunities influence youths' participation in entrepreneurship. On the other hand markets and marketing do not. Further it revealed that education level and government policies, in particular strict business regulations/labour laws/ regulatory red tape, are intervening variables that influence youths' participation in entrepreneurship. The study recommends that; Youth entrepreneurship programs in Kakamega County should focus on imparting knowledge and skills on small business management, use of computers as a business tool, how to attract business financing and general success/employability skills to encourage their participation in business. It also recommends that youth in Kakamega Central District, Kakamega County should consider establishing new businesses from innovative ideas based on the market needs and not replicate local established businesses due to lack of adequate capital to compete with them. Further; it recommends that the county of Kakamega should ease regulations/labour laws/ and regulatory red tape which hinders youth participation in business. Finally; the study recommends that the government should regulate interest rates and support youths to acquire loans to start businesses.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

According to the 2008 Global Employment Trends for Youth report prepared by the International Labor Organization (ILO, 2008), youth comprise approximately 40 percent of total unemployed persons worldwide although they account for only one quarter of the total working age population (ages 15 and over). In the decade between 1997 and 2007, unemployment of youth worldwide increased from 10.9 to 11.9 percent while the global adult unemployment ratio stayed level at 4.2 from 1997 to 2007 (ILO, 2008). Youth are approximately three times more likely to be unemployed than adults. The youth-to-adult unemployment ratio was 2.8 in 2007, up from 2.6 in 1997 (ILO, 2008, p. 3). O'Higgins (2001, p. 11) noted that youth unemployment rates are generally observed to be higher than adult unemployment for every country for which statistics are available. With the volatility of local economies in an era of recurrent global economic crises, the vulnerable position of youth within labor markets may become more solidified as they are often not the priority in the agendas of policy makers. Recent studies of the effects of the 2008 crisis and studies of prior crises have shown that youth have been adversely affected and much more so than adults; the effects have been very severe and long lasting (Verick, 2009; Bell & Blanchflower, 2009)

If overlooked, youth unemployment has a potential to have significant and serious social repercussions. Youth unemployment has implications for social exclusion and division within the society (ILO, 2006). If prolonged, unemployment may have negative consequences for the later stages of working life in terms of lower wages and longer spells of unemployment (Fares & Tiongson 2007; Arulampalam, Gregg & Gregory, 2001; Ellwood, 1982; O'Higgins, 2001). Such scenarios imply that youth unemployment also has a potential to impact not only a person's lifetime economic well-being, but also social and political participation and the economic inequality in the society at large. Increasingly, it becomes apparent that youth experiences, as they relate to the labor market, need to be viewed within macro-level contexts while taking

micro-level perspectives into consideration.

Kenya has a severe youth unemployment problem. According to the Household Survey (GOK, 2008b), 12.7% of the 14.6 million-labor force is unemployed. An estimated 55% of the unemployed are in the rural areas, 45% in the urban areas; and 55.3% are female and 44.7% male (GOK, 2008b). Half of the unemployed (51.6%) are youths aged 15-24. It is worth pointing out that youths below 30 comprise 73% of Kenya's population.

A January 2013 study prepared for UNDP by Eduardo Zepeda (UNDESA) during his tenure in the Poverty Practice (UNDP), Fatou Leigh (UNDP Kenya), Lydia Ndirangu from Kenya School of Monetary Studies, Jacob Omollo from Kenyatta University and Stephen Wainaina, Economic Planning Secretary at the Ministry of Planning National Development and Vision 2030; Youth, as understood by the Kenyan policy milieu, comprises a large group of people that represents two thirds of the population of working age, and many of them face the hardships of unemployment. While the national unemployment rate is about 10 percent, which is high for a country with large informal and traditional sectors, youth unemployment rates are usually much higher. The highest unemployment rates are for people around 20 years old, at 35 percent. Young people joining the labour market between 15 and 16 years of age start with high unemployment rates of above 20 percent, but rates are even higher for older age groups and are highest for young people aged 18 to 20 years. After that age, unemployment rates decrease rapidly. Young people aged around 25 and 30 years old show an unemployment rate of 25 percent and 15 percent, respectively, and as young people approach adulthood, rates get closer to 10 percent. According to this, not only is Kenya's employment challenge a youth issue, it is a more pronounced issue among those younger than 25 years of age.

In proportional terms, 80 percent of Kenya's 2.3 million unemployed are young people between 15 and 34 years of age. About 19 percent of the young unemployed are between 15 and 19 years of age; 30 percent are aged between 20 and 24 years; 21 percent are aged between 25 and 29; and 9 percent are aged between 30 and 34 years.

The link between education and access to an informal job has an inverse relationship: the less education, the higher the proportion of young people in informal activities. At their highest points, the proportions are: uneducated: 30 percent; primary: 60 percent; secondary: 50 percent; and tertiary: 15 percent. Youth with secondary education are proportionately less devoted to home-making and other miscellaneous activities than those with primary education. Nonetheless, despite significantly better access to formal jobs (than youth with only a primary education), their unemployment figures are relatively high. This high unemployment rate might be associated with the relatively low acceptance of informal jobs. Perhaps young people with secondary education at this age spend more time searching for a job. Youth may be involved in: employment (formal/informal); job search (unemployed); homemaker; full time studies; and other economically inactive chores. Youth with no education are mainly in: informal employment (45.6%); job search (26.2%); home-making (17.6%); and economically inactive chores (8.2%).

Youth with primary education are engaged in: in informal sector (54.29%); full time students (16.93%); unemployed (14%); and in formal sector (3.95%). This means that 15 – 20 year old youth are either in school or in informal sector.

Youth with secondary school level education are engaged in informal sector employment (40%), formal sector employment (12%), unemployed (15%) and full time studies (25.5%). Entry of these youths into the labour market becomes visible at age 21 years. Unemployment problem for these youths are severe at 19-26 years of age. Youth who have attended tertiary education and training are mostly not found in formal and informal employment or active job search until age 20 years since they require 1-2 years for the lowest certificate qualification in TVET. Representation of such youth in the formal sector mainly starts at age 21 after qualifying with a diploma or degree. This increases with age until it reaches the cut-off age of 35 years.

According to a report commissioned by the Association for Development of Education in Africa (ADEA) as an input into the conference of African Ministers

responsible for skills development and youth employment that took place in Ivory Coast in July 2014; Youth demographics show that Youths (15 – 34 year olds), who form 35% of the Kenyan population, have the highest unemployment rate of 67%. 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. A further 155,000 join the labour market annually after completing training in TVET or at the university. A total of over 1.3 million new employment places have to be created annually to meet this demand. It is also noted that, the skills acquired by the college and university graduates often do not meet the expectation of employers. There is therefore; an urgent need for the Government to strengthen and scale up successful measures targeting quality skill development and employment creation for the youth.

The ADEA report further states that youth face many challenges while seeking for employment. These include few available employment opportunities against a fast growing pool of employment seekers; lack of requisite skills sought by industry due to mismatch of TVET acquired skills and industry expectation; and poor access to information on available opportunities. Other measures are: gender and cultural biases; ethnicity and corruption; unfavorable geographical distribution of jobs; and limited career guidance. Job seekers cite limited financial resources, lack of relevant skills and experience as major obstacles.

The soaring unemployment is mainly attributed to declining job opportunities in the formal sector, and inadequate skills for self-employment. From the 1980's, employment in the formal sector has stagnated or declined due to the impact of globalization and the public sector reform, which reduced public sector employment. Between 1991 and 2008, employment in the civil service declined from 657,400 to 638,000 and employment in the formal private sector has grown from 1,107,300 to 1,305,500 creating 198,200 jobs- a 17% job growth.

Meanwhile, emphasis has been on self-employment in the small and medium enterprise sector. The small business sector has grown by 28.4% from 6,233,800

to 8,002,700 employees (a growth rate of 28.4%), and is projected to continue to generate the bulk of the employment (Vision, 2030). It is, therefore; expected that the 500,000 targeted annual job growth (GOK, 2009) will mainly be in self-employment (ILO, 2005). This emphasis on the small business sector resonates with the trend worldwide, where knowledge-based economy, information communication technology, the service sector, and increased individual independence, have led to the predominance of self-employment and the small business sector as the main creator of jobs.

In efforts to promote self-employment, since independence, the government has pursued endeavors to support small business creation. This includes the establishment of institutions such as ICDC (Industrial and Commercial Development Corporation) and KIE (Kenya Industrial Estates), to facilitate small business development (Sessional Paper 10, 1963); rural based business creation (Sessional Paper, 1 1986); the formulation of comprehensive small business development policies (Sessional Paper 2, 1995; 2005). Vision 2030, and various five-year National Development Plans, annual Economic Surveys, and ad hoc reports also support the SME sector.

In addition, in 1984, the government changed the system of education from the 7-4-2-3 (7 years of primary, 4 years secondary, 2 years pre-university, and 3 years university) system, inherited from the colonial period, to an 8-4-4 (8 years primary, 4 years secondary, and 4 years, university) structure. The government further added vocational and technical subjects in primary and secondary schools' curriculum, and rationalized technical and vocational training in TIVET (Technical, Industrial, Vocational, and Entrepreneurship Training) institutions, to promote self-employment. Subsequently, in a review of the curriculum in 1992 and 2004 the government changed the system of education, in order to align it with the country's needs and has, since 2005 revised the Business Studies syllabus and introduced life Skills Education into the Secondary school education curriculum (KIE, 2010).

From these changes in education, currently the TIVET institutions in Kenya comprises an integrated system with two Polytechnic University Colleges and five

National Polytechnics offering diplomas and higher national diplomas to high school leavers, nineteen Technical Training Institutes, sixteen Institutes of Technology, and four Vocational and Skills Training Institutions also offering diplomas to high school leavers, and in addition, there are 650 Youth Polytechnics offering craft courses, to both primary and high school leavers. The system also includes 930 vocational training institutes under various private sector, religious, and non-government organizations (Ministry of Education (MOE), 2009).

However, the changes in the education system and the promulgation of various policy instruments have not succeeded as envisaged and have not met the country's needs (KIE, 2010a). Particularly, as hypothesized by Foster (1965), despite training youths in order to go into self-employment, a large number continue to seek paid employment, and many of them remain unemployed (Kilemi, 2002; King, 1996; Kinyanjui, 2007). Therefore, to get entrepreneurship to play its envisaged role in job creation in self-employment, there is need for a better understanding of its incidence among the youth in Kenya's urban centers.

1.2 Statement of the Problem

Unemployment is a major problem in Kenya and an estimated 500,000 youths leaving school yearly cannot find employment (GOK, 2008b). This problem has gradually crept up the education ladder: While in the 1960s it affected primary and secondary school leavers in the 1970s and 1980s, it now affects persons with university level of education (GOK, 2008b). Over 50% of Kenya's population lives below the poverty line, which is defined as 'living on less than one dollar a day' (GOK, 1999). Unemployment fuels poverty. In addition, unemployed youths are a potential social and political problem. Many unemployed youths drift into crime and other social ills (GOK, 1986). The resultant higher crime rates discourage investors and have a cost in the quality of life. Besides, the unemployed youths are a big loss in human capital, with high opportunity cost in view of health, water, physical infrastructure, and other competing national social and economic development needs.

Entrepreneurship plays a crucial role in the country's development and employment generation. In the past, the government's education policies have aimed at promoting self-employment for alternative job creation to formal employment. However, these efforts have not worked as expected. Despite the technical education and skills training, a large number of youths who cannot find paid jobs do not go into self-employment and remain unemployed. Besides, the various efforts to promote entrepreneurship would expectedly be premised on personality and entrepreneurial psychology literatures whose explanation of business creation is inconclusive and there is, therefore, a need to re-examine present strategies to promote self-employment among the youth in Kenya.

1.3 Purpose of the Study

The purpose of the study was to determine factors influencing participation of youths in entrepreneurship in Kenya using a case of youths in Kakamega Central District of Kakamega County.

1.4 Objectives of the Study

The study was guided by the following research objectives:

1. To determine the influence of innovativeness and creativity on youth participation in entrepreneurship in Kakamega Central District, Kakamega County.
2. To establish the extent to which entrepreneurship training influence youths' participation in entrepreneurship in Kakamega Central District, Kakamega County.
3. To examine the influence of funding on youth participation in entrepreneurship in Kakamega Central district, Kakamega County.
4. To explore the influence of markets and marketing on youth participation in entrepreneurship in Kakamega Central District, Kakamega County.
5. To assess the influence of formal employment opportunity on participation of youths in entrepreneurship in Kakamega Central District, Kakamega County.

1.5 Research Questions

The following research questions guided this study:

1. What is the influence of innovativeness and creativity on youth's participation in entrepreneurship in Kenya?
2. What is the influence of entrepreneurship training on youths' participation in entrepreneurship in Kenya?
3. What is the influence of funding on youth's participation in entrepreneurship in Kenya?
4. What is the influence of markets and marketing on youth's participation in entrepreneurship in Kenya?
5. What is the influence of formal employment opportunities on youths' participation in entrepreneurship in Kenya?

1.6 Significance of the Study

This study is deemed significant for a number of reasons. First, as observed by Krueger et al., (2000), the linking of entrepreneurial participation with attitudes and individual background factors give a better understanding of how entrepreneurship occurs, and specific suggestions of how it can be influenced. The results might be used by policy makers and trainers to identify the technical, financial, and other training needs required to foster entrepreneurship amongst the youths in Kenya.

Secondly, the study will add knowledge in an area that is relatively young and still emerging. Entrepreneurship is yet in a formative stage with its theoretical foundation still needing empirical validation. Shapero's (1982) Entrepreneurial Event Model, and even the seminal Ajzen's (1971) Theory of Planned Behavior, are theoretical propositions and still subject to empirical support (Krueger, 2000). Researchers have also not yet considered the influence that entrepreneurship education has on people's self-efficacy beliefs, their perceptions, and intentions, and entrepreneurship education should be included in intention models as an exposure item (Peterman & Kennedy, 2003).

Krueger (2000), in addition, observes that most of the research in entrepreneurship in general, has been carried out in the developed countries. Since the social and economic environment in developed countries is different from the developing countries, a study in a developing country is significant.

Further, this study will provide entrepreneurship knowledge for a group at the optimum stage. Shapero (1982) argues that inertia guides human action and there needs to occur a displacing event to push or pull an individual to change course. Shapero specifically sees getting 'out of school' as such a transition event whereby the person is open to differing life paths and career options. Super (1957) also identifies this age as critical in the formation of self-concept, attitudes, interests; general understanding of the world of work, and making tentative choices and skills development about careers. Filion (1994) and Gasse (1985) observe that the ideal stage to acquire basic knowledge about entrepreneurship and to foster a positive attitude towards entrepreneurship is during childhood and adolescence years. However, Gorman, Hanlon, and King (1997) observe that the bulk of research within the area of entrepreneurship education has focused on college education, leaving a gap in the literature pertaining to pre-university entrepreneurship and enterprise programs.

1.7 Delimitation of the Study

The study was delimited to youths involved in entrepreneurship in Kakamega Central District of Kakamega County. The study focused on factors influencing urban youths' participation in entrepreneurship and, therefore; focused on youth involved in entrepreneurship in the targeted urban setting.

1.8 Limitations of the Study

This research study encountered a number of limitations;

The data collection was subjected to the youth who might have had their own formed opinions on the factors influencing their participation in entrepreneurship. In addition, the respondents may have failed to articulate or tended to overemphasize

their opinions for fear of the information being used for other reasons other than academic. Data was collected from a sample of youths in Kakamega Central District as a representation of urban youth. The different contexts of different towns might have different influence on youths' participation in entrepreneurship. The study focused on five research objectives; which are assumed to be most important in influencing the participation of youths in entrepreneurship. Other factors might have influence as well.

1.9 Assumptions of the Study

The study had the assumption that;

- The respondents were not biased on their opinion and perspective on factors influencing their participation in entrepreneurship.
- The sample was representative of the entire population of urban youth entrepreneurs in Kakamega Central in Kakamega County.

1.10 Definitions of Significant Terms

Entrepreneurship – is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

Innovation – is the process of translating an idea or invention into a good or service that creates value or for which customers will pay.

Creativity - is about coming up with innovative ideas and turning them into value-creating profitable business activities.

Funding – is the application of finance for new entrepreneurs or for expanding existing businesses by entrepreneurs.

Participation – is the involvement of an entrepreneur in starting a business venture.

Market - is one of the many varieties of systems, institutions, procedures, social relations and infrastructures whereby parties engage in exchange of goods and services at a price. In mainstream economics, the concept of a market is any structure that allows buyers and sellers to exchange any type of goods, services and

information.

Marketing - is communicating the value of a product, service or brand to customers, for the purpose of promoting or selling that product, service, or brand.

1.11 Organization of the study

This study is divided in five chapters. The first chapter laid out the background to the study, the problem under study, purpose of the study, research objectives, research questions, and justification of the study, significance of the study, delimitation of the study, limitations of the study, assumptions of the study and the definitions of terms. The second chapter looked at the past literature related to the objectives of the study while the third chapter outlined the methodology of the study; which included target population, research design, sample size and sampling procedure, data collection instruments and collection process, data presentation and analysis as well as reliability and validity.

Chapter four analysed as well as discussed the findings of the study while chapter five summarized, gave conclusion and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same study on entrepreneurship participation. The study specifically covers the theoretical discussions, conceptual framework and research gap.

2.2 Entrepreneurship

Stevenson and Jarillo (1990) define entrepreneurship as “a process by which individuals pursue opportunities without regard to the resources they currently control” and Shane and Venkataraman (2000) define entrepreneurship as an activity involving the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals. Other definitions have stated that entrepreneurship is the process of creating something new and assuming the risks and rewards (Hisrich & Peters, 1998; Kinicki, 2003). Based on these few definitions and many others it is no surprise that there is not much agreement on the definition of entrepreneurship (Koh, 1996) or the theory of entrepreneurship. It has been argued that the inherent character of entrepreneurship is ambiguous and the creation of an agreed up model may be unsuccessful (Johannison & Senneseth, 1993). However, “good science has to begin with good definitions” (Bygrave & Hofer, 1991).

Entrepreneurship aids economic growth, economic competitiveness, economic independence, self-esteem, job creation, and social welfare of any country, as well as political stability and national security of a country (European Commission, 2003; Linan et al., 2005; Dempsey, 2009; Fatoki & Chindoga, 2011). Therefore; entrepreneurship would be particularly useful among youth themselves; their families, the society at large, and the country’s economy (Fatoki & Chindoga, 2011).

2.3 The Entrepreneur

The entrepreneur is the main actor facilitating entrepreneurship. Cantillon was the first well-known economist to use the term entrepreneur in a precise way (De Klerk & Kruger, 2002). By doing so he engrained the entrepreneurial function in the field of Economics. The principle of profit maximization immediately became part of the definition of an entrepreneur. Cantillon argued that entrepreneurs were directly involved in the equilibrium of supply and demand.

Say extended Cantillon's notion of an entrepreneur as risk-bearing and stated that running limited-risk experiments when introducing new commodities or entering into new markets is a defining characteristic of entrepreneurship (Jones & Wadhvani, 2006). According to De Klerk & Kruger (2002), Say's theory of the entrepreneur in the nineteenth century came from his explicit opposition of the 'zero-sum game' economy: "be a loss to another; ...as if the possessions of abundance of individuals and of communities could not be multiplied, without the robbery of somebody or other" (Say, 1971). Wealth was part of the process and it did not mean that somebody had to suffer. The entrepreneur performed "the application of knowledge to the creation of a product for human consumption" (Say, 1971). This kind of action is necessary to set industries in motion to satisfy the needs of the community in order to earn wealth for the country. "A country well stocked with intelligent merchants, manufacturers and agriculturists has more powerful means of attaining prosperity" (Say, 1971). Furthermore, Say recognized the managerial role of the entrepreneur who acts as both a leader and a manager.

Marshall's definition of the entrepreneur included the concept of innovation and progress (De Klerk & Kruger, 2002). Businessmen who started new enterprises often died as millionaires but they left society with benefits far beyond their own personal gains (Marshall, 1930). The entrepreneur continuously seeks opportunities to make a profit through minimizing costs. He directs production, bears the risks and coordinates capital and labor. The entrepreneur is both manager and employer and he must be able to act promptly and adapt quickly to change.

One of the most influential individuals in the field of entrepreneurship has been economist Joseph Schumpeter. In *The Theory of Economic Development*, he presented a theory of entrepreneurship referencing three typologies. The first typology pertains to entrepreneurial behavior, including the introduction of a new good, new method of production, opening a new market, conquering a new source of raw materials, and reorganizing an industry in a new way.

In the work, Schumpeter built on Say and argued that entrepreneurship occurs when an entrepreneur carries out new combinations of means of production marked with innovative ideas. The “new combinations of means of production,” include (1) the introduction of a new good - that is one with which consumers are not yet familiar - or of a new quality of a good. (2) The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially. (3) The opening of a new market that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before. (4) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created. (5) The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly position (Schumpeter, 1936).

Entrepreneurship takes the economy out of equilibrium through what Schumpeter termed “creative destruction.” In effect, he believed that entrepreneurs were the cause and not the effect of long term economic progress.

Like Say, Schumpeter believed entrepreneurship included both management of the firm and leadership of the firm. Schumpeter regarded the entrepreneur as the decision maker in a particular cultural context - therefore entrepreneurship is a temporary position for any person, unless he continues to be innovative. He stated that “everyone is an entrepreneur when he actually ‘carries out new combinations,’ and

loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses.” Similarly it has been asserted that entrepreneurship is part of human behavior and is not performed only by a class of specialists. According to Schultz (1979), “no matter what part of the economy is being investigated; we observe that people are consciously reallocating their resources in response to changes in economic conditions.” Therefore businessmen, farmers, housewives, students, and even university presidents, deans, and research directors may be entrepreneurs.

Knight’s *Risk, Uncertainty and Profit* published in 1921 viewed the entrepreneur as one who bears the risk of uncertainty. He takes responsibility for decisions he made. He mixes the factors of production and determines their remuneration. Entrepreneurship requires the ability to bear uncertainty as well as the availability of enough capital to pay the remuneration which has been demanded by the owner or other investors. The entrepreneur bears the risk of changing consumer needs and is held responsible for economic progress (Knight, 1921).

Kirzner’s contribution to the theory of entrepreneurship was a rediscovery of the classics (De Klerk & Kruger, 2002). Kirzner stated that entrepreneurs are the persons in the economy who are alert to discover and exploit profit opportunities. Entrepreneurs are producers of products or services and owners of resources. Furthermore they are entrepreneurs only if they make discoveries and if they also make a profit out of these discoveries. Kirzner’s entrepreneur requires no special ability or personality to carry out this function; the pure entrepreneur could even hire all the required labor and business talent.

As one of the contemporary entrepreneurship theorists, Drucker (1985b) defined an entrepreneur is one who ‘always searches for change, responds to it, and exploits it as an opportunity. Even though the terms entrepreneurship and the entrepreneur have been in existence for some time, understanding of both entrepreneurship and the entrepreneur remains difficult and challenging (Koh, 1996).

2.4 Factors Influencing Participation in Entrepreneurship

This section presents empirical review of literature based on themes of; Innovativeness and creativity, entrepreneurship training, funding, markets and marketing and formal employment opportunities and how each of these influences participation in entrepreneurship.

2.4.1 Innovativeness and Creativity

“Entrepreneurship” implies the pursuit of an opportunity (Shaw, 1996), where opportunity is the gap left in the market by those who currently serve it. Entrepreneurship, therefore; presents the potential to serve customers better than they are being served at present. Timmons (1999) suggests that an opportunity has the qualities of being attractive, durable and timely, and is anchored in a product or service that creates or adds value for its buyer or end user.

“Opportunity identification” is the first step in the process by which an entrepreneur starts to exploit the opportunity for a new venture (Hisrich & Peters, 2002). Opportunity may be inspired by market changes or driven by product demand changes, but the point is that entrepreneurship starts with ideas. Established businesses sometimes fail to see new opportunities, as opportunities do not present themselves openly but have to be actively sought (Wickham, 2001). Organisational inertia (inability to realise) or resistance to change in response to changing circumstances is a well-documented phenomenon influencing opportunity finding (Wickham, 2001). Various behaviours are required to utilize opportunities, including improvisation; quick, agile thinking; resourcefulness; and inventiveness. Pressures that pull a business towards behaving entrepreneurially include, according to Gibb (1998), an action orientation, short decision windows, risk management and limited-decision constituencies.

Nasution et al. (2011) defined entrepreneurship as a process of growth through being creative and innovative in the identification and explorations of opportunities.

This process requires such entrepreneurial characteristics as risk taking, autonomy and proactiveness. Entrepreneurial orientation was measured by Aktan and Bulut (2008). They focused on risk taking (what is the tendency to take risks when confronting competitors, how willing are employees to take risks, the support of the organization of small and experimental projects although they may fail, how do managers favor aggressive posture aiming to maximize the exploitation of the company potential, is the term 'risk taker' seen positively, are employees encouraged to take risks and test new ideas), proactiveness (does the organization initiate actions before competitors, does the company have a tendency to introduce novel ideas and products before competitors, is the company shaping the environment by introducing new products, technologies and processes or does the company merely react to competitors actions), competitive aggressiveness (the organization makes use of bold, varying actions to achieve good performance, the company adopts very competitive behaviour, the firm has a strong will to increase the market share, also by reducing the competitors), and innovation (the organization is creative and often tries new ideas, it frequently seeks out new ways to perform, employees are developing new products, the organization is investing in new product development and in proprietary technologies). Proactiveness and risk taking were also studied by Avlonitis and Salavou (2007). In their study Kyrgidou and Spyropoulou (2013) analysed entrepreneurial skills, i.e. entrepreneurial capabilities (seeking new market opportunities, identifying goods and services that people want, exploiting high quality market opportunities, having special sensitivity toward market opportunities, identifying market opportunities that are better than others) and managerial capabilities.

Tajeddini (2010) analysed entrepreneurial orientation (relative to the competitors, the company has a higher propensity to take risks, a higher tendency to engage in strategic planning activities, a higher ability to identify customer needs and wants, a higher level of innovation, a higher ability to persevere in making our vision of the business a reality and a higher ability to identify new opportunities) and customer orientation (having regular measures of customer service, all the development is based on good market and customer information, knowing the competitors well, having a good sense of how customers value products and services, being more

customer focused than the competitors, putting the customer's interest first and believing that their business exists primarily to serve customers). Chen (2011) examined the importance of a proactive personality (always looking for new ways to improve life, being excited when seeing the ideas turn into reality, wishing to be a champion for the ideas, even against others' opposition, being able to identify opportunities, always looking for better ways to do things, believing that no obstacle can prevent something from happening) in the hotel industry. Chang and Hughes (2012) investigated the leadership adaptability and risk-taking tolerance (willing to take financial risks and encourage the development of innovative marketing strategies, the employees are told that the company survival depends on it adapting to market trends, to be sensitive to the activities of the competitors and to meet customers' needs).

The work of Koellinger (2008) begins with the question of why some entrepreneurs are more innovative than others. He assumed that it is because entrepreneurs differ in terms of their characteristics and in terms of the level of novelty they are able to introduce to the economy. Also a lot of other researchers focused on the impact of entrepreneurial traits on innovativeness (Baron 2006; Khan and Sokolof 1993; Marcati, Guido)

Within the entrepreneurial process of exploiting the opportunity, creativity is always involved, as it drives the thinking of the entrepreneur in finding alternative ways of doing business. One of the key functions of the entrepreneur is to attract resources (money, knowledge, physical assets, brand names and goodwill) to the venture and to use those resources to build up a set of assets, which allow the venture to supply its innovative product or service competitively and profitably. Although resources are crucial to the performance of a venture, resources alone are not sufficient to achieve a sustainable competitive advantage. Entrepreneurs are key contributors to the venture, and the skills and experience they contribute to the venture will influence its success. The entrepreneur must also ensure that the correct mix of talents and commitment exists in his management team. It follows that entrepreneurs must develop skills and select competitive strategies in order to make optimal use of the resources that are available and accessible to them.

The skills that are associated with personal enterprise include intuitive decision-making, creative problem solving, managing of interdependency on a “know who” basis, an ability to conclude deals, strategic thinking, project management, time management, persuasiveness, selling and negotiating skills, and the ability to motivate people by example (Gibb, 1998). Many of these skills have to do with “doing it” and require more than “thinking about it”.

The unique application of creativity in the entrepreneurship domain, therefore; lies in the exploitation of opportunities to innovate. Creativity is not a natural trait that can be measured objectively like height, strength, perfect pitch, reaction time or knowledge of languages or mathematics. Rather, it is an attribute based on the prevailing conditions of the social system - more like judgments of taste, beauty, or goodness. Hence, one must conclude that creativity is not an attribute of individuals but of social systems making judgments about individuals. With regard to entrepreneurship, Amabile (1998) concludes that the creative idea must somehow influence the way business gets done (is implemented) for instance, by improving a product or by opening up a new way to approach a process. Kruger’s (2004) study of the concept “creativity” identified the following acts as key to instituting creativity in the entrepreneurship domain: creation (usually seen in the context of a venture, but could be extended to the creation of an opportunity); synthesis (building up separate elements into a connected whole/system putting together an opportunity), and modification (adapting/changing resources/processes etc. to develop a business concept).

A change in the economy has been identified recently, moving from knowledge based activities to creativity, innovation, entrepreneurship and imagination (van den Broeck et al. 2008; Oke et al. 2009). Increasing globalization and technology effects have resulted in more business opportunities but the marketplace has also become more crowded and competition has increased (McMullan and Shepherd 2006). Creativity enables the entrepreneur to act on these opportunities in ways which can result in competitive advantage for the organization. It can provide the basis for innovation and business growth, as well as impacting positively on society generally (Bilton 2007).

Entrepreneurship occurs in all types and sizes of organizations, from the domestic microenterprise to the global corporation. Creativity has been viewed as the construction of ideas or products which are new and potentially useful (Amabile 1988), although in an entrepreneurial sense there should also be a subsequent link to innovation and profitability in monetary and social terms. These ideas can be internally or externally located, although the entrepreneur will tend to search and identify potential solutions shaped in part by internal competencies. Creativity allows the organization to take advantage of opportunities which develop as the result of changing environmental conditions (Shalley et al. 2004).

Entrepreneurship has three central underlying dimensions: innovation, risk-taking and proactiveness. Innovation is the manner in which the entrepreneur searches for new opportunities or the way in which ideas are brought to a profitable conclusion. The test of innovation lies in its success in the marketplace of ideas, rather than in its novelty alone. Risk-taking refers to the manner in which innovation is embedded in the organization, society or community. It also relates to the willingness of people to commit significant resources to opportunities that are calculated to succeed. Proactiveness is concerned with making things happen by perseverance, adaptability and by breaking with the established ways of doing things. Creativity involves a perceptual response to the environment which may induce a high or low frequency of creative endeavor. The term 'creative intensity' is used by Morris et al. (2003) to illustrate the combined effects of the degree and frequency of creative behavior at the individual, organizational or societal levels. Individual creativity within an organization contributes to overall competitive advantage and organizational innovation, while teams or groups of creative individuals increase this advantage further (Hirst et al. 2009). The contribution of creativity to today's changing economies makes it central to business, scientific and social endeavor.

Blackburn and Kovalainen (2009) call for more critical perspectives in researching small firms and entrepreneurship and this paper adopts such an approach when considering how creativity impacts on entrepreneurship. They remark that research should be embedded in core disciplines such as economics, psychology and

sociology. Blackburn and Kovalainen identify a number of mature, enduring and novel research topics in entrepreneurship but there is no specific mention of creativity or innovation. This suggests that, although creativity does impact across a number of areas of entrepreneurship, there is still much more potential to fulfil. There is no universally accepted definition of creativity, although there are a number of overlaps in its interpretation. A preliminary analysis identifies creativity as showing imagination and originality of thought in moving beyond everyday thinking. It can be characterized by stretching or even breaking the rules of convention, with even the smallest departure from the norm being deemed creative.

Fillis and Rentschler (2006) view creativity as being able to do imaginative and non-routine things while also building on tradition to achieve profitable outcomes. Hunter et al (2007) view creativity as emerging from an interaction between the individual and the situation, facilitated by an appropriate environment or climate.

De Bono, as quoted by Antonites (2000), emphasizes that the skills needed to be successfully creative (that is, to be able to primarily change concepts and perceptions) include mainly thinking skills such as lateral thinking and creative thinking. He further postulates that creativity is a logical process, and if individuals understood the process as being a logical one, they would be more likely to take further creative actions.

However, creativity, when undertaken in complex social settings, could be considered an element of innovation, which is in turn an element of change (Brazeal & Herbert, 1999). Innovation can therefore be defined as the successful implementation of creative ideas (Brazeal & Herbert, 1999). Innovation is the phase in which new ideas are developed and it includes the ability to change an idea into a money-generating activity. Innovation is seldom a systematic, structured process in the case of the small business venture. Creativity is thus the starting point of innovation.

“Innovation” is defined by Ireland, Hitt, Camp and Sexton (2001) as the sum of invention and the commercialization of that invention. Innovation thus involves having the idea and turning that idea into an opportunity through commercialization, Ireland et al., (2001) further postulate that, to be effective, an innovation has to be simple, and it has to be focused; effective innovators usually start small, often trying to do one specific thing. Innovation is work (implementation) rather than genius, requiring knowledge, ingenuity and focus; if an innovation does not aim at industry leadership from the outset, it might not be innovative enough. Innovation should be pursued systematically and not left to chance. According to Jun and Deschoolmeester (2003), entrepreneurs’ innovativeness is demonstrated by their willingness and capability to create a paradigm shift in science and technology and/or market structure in an industry from a macro perspective. From a micro perspective, innovativeness is the willingness and the capability of entrepreneurs to influence the firm’s existing marketing resources, technological resources, skills, knowledge, capabilities, or strategy.

The Schumpeterian definition (Schumpeter, 1934) of innovation states that the commercialization of all new combinations is based upon the application of any of the following: new materials and components, the introduction of new processes, the opening of new markets, and the introduction of new organizational forms. Only when a change in technology is involved is it termed an “invention”, but as soon as the business world becomes involved, it becomes an “innovation” (Janszen, 2000). According to this definition, innovations are the composite of two worlds, namely the technical world and the business world. Innovation in this sense can be seen as an event: the introduction of something new to the business world as well as a process.

Nystrom (in Ivanyi & Hofer, 1999), questions the causality direction in the relationship between innovation and creativity. Creativity, by itself, does not define entrepreneurship. Creativity without innovation does not produce results, and innovation without effective management does not produce marketable products, processes or services (Beattie, 1999). Furthermore, Beattie (1999) believes that not

all innovations are creative, as some innovations are incremental changes or were developed by others and adapted for use locally. Creativity therefore cannot directly generate innovation, nor does innovation automatically establish creativity, but the unity and degree of mutuality incorporates the possibilities for further development and a higher level of quality.

2.4.2 Entrepreneurship Training

The purpose of entrepreneurship training is to “produce entrepreneurial founders capable of generating real growth and wealth.” (Solomon, Duffy, & Tarabishy, 2002) Charney and Libecap (2000) suggest that entrepreneurship education should accomplish a broad set of goals including: integrating various courses and disciplines; providing the foundation for new businesses; improve graduates’ employment prospects; promoting the transfer of university-based technology; forging links between the business and academic communities; and provide an opportunity to experiment with curriculums. Others have suggested that development of leadership skills should be added to this list (Nelson, Byers, & Gary, 2005).

The distinguishing factor of a successful entrepreneur “from other people is precisely the fact that he does not let himself be guided by what was and is, but arranges his affairs on the ground of his opinion about the future. He sees the past and the present as other people do; but he judges the future in a different way” (Von Mises, 1949). Furthermore, due to an uncertain future, the entrepreneur’s understanding of the future “defies any rules and systematization. It can be neither taught nor learned” (Von Mises, 1949). Mises and other such as Chaharbaghi and Willis (1998) have asserted that entrepreneurs cannot be created but only recognized. The reason for this may be highlighted by Klein and Bullock (2006), who in their experiences teaching entrepreneurship to undergraduates believe that while the process of new venture formation can be studied, “it is not generally possible to teach discovery, recognition, decision-making under genuine uncertainty, and the nature of the “entrepreneurial” personality.”

It has long been conventional wisdom that some entrepreneurs are born and will succeed with or without education, providing education to those lacking the

'entrepreneurial spirit' will not lead to success (Jones & English, 2004). Solomon (2006) notes that if entrepreneurs are born perhaps "teaching entrepreneurship should be limited to those passing a specific blood test." Ironically, business-related behaviors may be at least in part, explained by our biology (White, Thornhill, & Hampson, 2006). This debate on whether students can be taught to be successful entrepreneurs has existed for some time. Most management research assumes business-behaviors are learned and that the human mind is a blank slate that can be shaped by parents, schools, and culture (Pinker, 2002).

A survey of 100 chief executives in entrepreneurial firms found that the respondents believed "while personality traits are difficult to influence, the vast majority of knowledge required by entrepreneurs can be taught" (Hood & Young, 1993). Based on a study of 408 entrepreneurship students, Kantor (1988) found that most students generally believed that both entrepreneurial traits and abilities could be influenced, however abilities were perceived as more easily influenced. This concurs with the findings of Clark, Davis & Harnish (1984), which indicated that teaching entrepreneurship skills aided the creation and success of new businesses. A ten-year (1985-1994) literature review performed by Gorman, Hanlon, & King (1997) found that "... most of the empirical studies surveyed indicated that entrepreneurship can be taught, or at least encouraged, by entrepreneurship education."

While Vesper's US based study of university professors found that 93 per cent of respondents indicated that entrepreneurship could be taught (Vesper, 1982), and the results favor the idea that entrepreneurship can be taught, the results of a more recent study of 141 UK HEI entrepreneurship lecturers was less conclusive. One question asked whether they agreed or disagreed with the statement "Entrepreneurship is a learned competency rather than an innate predisposition or cultural trait," 53% agreed or strongly agreed it could be taught, 25% disagreed or strongly disagreed, and 22% neither agreed nor disagreed (Bennett, 2006).

However, there is a growing acceptance that many aspects of entrepreneurship can be taught and learned (Garavan & O'Cinneide, 1994; Vesper & Gartner, 1997), that

the question of whether entrepreneurship can be taught is obsolete (Charney & Libecap, 2000) and that the question is too broad. Rather the appropriate questions that should be asked include how do we teach entrepreneurs such that we can increase their likelihood of success? Can we increase a student's entrepreneurial aspirations? Are those who have high entrepreneurial aspirations self-selecting entrepreneurship classes, if so what is the effect? Or to address Mises, can we teach students to think "differently" about the future? And since each person has different tacit and explicit knowledge, can we teach people to think in a way to exploit their own knowledge and contingency in a way that they will not think similarly to each other?

Sandrock (2011) suggests that graduates from universities, as well as matriculates, should be equipped with entrepreneurial skills in order to create more jobs, rather than to seek paid employment. She stresses that a generation of employers, would be much helpful than that of employees. Similarly, Mahadea et al., (2011) believe that exploring young people's talent by fostering a culture of entrepreneurship amongst school leavers would be beneficial in their well-being. These writers further point out that, schooling system should be able to develop entrepreneurial attitudes, knowledge and skills in a student. Nonetheless, they suggest that another aspect required from universities in order to be able to effectively deal with the issue of unemployment is the development of business incubators within the universities. They argue that, incubators could assist students in linking theoretical training with practical exposure. They also add that such incubators should be able to provide management guidance and technical assistance to young people and potential youth entrepreneurs in any business related issue.

The research by Meager, Martin and Carta (2011) represent one of the most important sources for statistical analysis of the links between self-employment and business skills. The evidence suggests that a wide range the generic competences are important for success in self-employment over and above any occupational skills which may be required. These include: the individuals values, beliefs and attitudes; 'soft' skills including interpersonal, communication and networking skills; realistic awareness of the risks and benefits of self-employment; functional business skills; and relevant

business knowledge. Further, the research underscores the importance of prior work experience, particularly if it includes previous spells of self-employment, contributes to success in self-employment.

Education and its impact on entrepreneurial intentions and entrepreneurship, has also been widely studied (Peterman and Kennedy, 2003). Education, specialized entrepreneurial courses, and prior business experience can be collectively considered as personal human capital or the potential entrepreneurs' knowledge capital. Knowledge as a critical resource can positively influence self-efficacy and eventually the intention to start a new business (Chang et al 2009).

William et al contends that there is an entrepreneur in the youth who given the right stimulating education and a nurturing environment can contribute to economic growth, community development, individual wellbeing regardless of whether the individual ever launches the enterprise (ML Kourilsk, 2007). Young Entrepreneurs are motivated by the same basic factors as professionals everywhere. For the desire to become action however significant challenges that young entrepreneurs envision need to be addressed. The most pressing obstacle for venturing into entrepreneurship is lack of managerial experience and lack of technical knowledge. This is what leads the young entrepreneurs in some kind of a dilemma of how to compete with already established entrepreneurs (Jane W.H Moy et al 2003). This dilemma is not limited to regions but the same barriers to entrepreneurship faced by students and budding entrepreneurs from developed countries are same as those of developing countries (Manjit sign Sandhu, 2011). In an attempt to find out the advantage that graduate entrepreneurs have in terms of resources, David Pickemell et al(2009) concludes that they exhibit greater ability to access knowledge from a range of sources with particularly strong ability for accessing government resources and national/international procurement procedures. He explains that sources linked to informal networks/trade associations as well as direct industry sources, customers /suppliers, are more likely to be accessed by graduate entrepreneurs.

2.4.3 Funding

Capital in the form of money is crucial for entrepreneurial development. This is enunciated by Harper (2003), who contends that one way money affects entrepreneur's agency belief is through its impact on their perception of their problem situation. An entrepreneur's estimates of self-efficacy and degree of agency may include a cognitive appraisal of the situational context in which entrepreneurship occurs, including the nature of the goals to be achieved and the requirements of transactions to be carried out.

According to the European Central Bank (2012), "Survey on the access to finance of small and medium-sized enterprises in the Euro area", April to September 2012; Access to finance is a key driver in the creation, survival and growth of innovative new ventures. Lack of finance typically prevents new ventures from investing in innovative projects, improving their productivity, financing their growth, covering working capital requirement and meeting market demand.

Research supports the relevance of access to finance as a key determinant of entrepreneurship and clearly identifies a finance gap in many locations for new and small firms involved in the early stages of innovation, especially in the market for high risk capital.

The importance of different types of finance varies across the stages of business development. During the seed and start-up stages, technology-driven high-growth SMEs can obtain equity financing from entrepreneurs or from family and friends. In earlier stages, self-financing is particularly important since innovative entrepreneurs cannot overcome information asymmetry and therefore rarely find any lender or investors, even for potentially profitable projects. Subsequently, financing may be supplemented by seed capital investment from informal private investors (e.g. business angels) and, in a few cases, by seed financing funds and venture capitalists. In the expansion stage, SMEs generally require increasing amounts of equity to maintain R&D and to expand marketing and sales activities, amounts that are typically only available through other sources, such as initial public offerings on stock exchanges.

There is a large literature that suggests that finance is important for entrepreneurs. Liquidity constraints place important roadblocks before potential entrepreneurs. Evans and Jovanovic (1989), for example, find that individuals with more assets are more likely to become self-employed. Holtz-Eakin, Joulfaian, and Rosen (1994a, 1994b) find that individuals who have received large inheritances are more likely to succeed in running small businesses, and in Holtz-Eakin and Rosen (1999), they find that entrepreneurial activity in Germany is retarded relative to the United States by limited access to capital. Additionally, Hubbard and Gentry (1999a) report that entrepreneurial households hold a substantial share of overall household wealth, and that nonbusiness assets helps predict the likelihood and success of entrepreneurial activity. Huck et al., (1999) find that new businesses rely heavily on credit from informal sources such as business contacts and family, and Avery et al., (1998) find that bank loans to small businesses tend to be personally guaranteed. Finally, Fairlie (1999) finds a lower level of minority-owned businesses, in part because of their lower levels of wealth.

William Kerr and Ramana Nanda in their 2013 report on financing constraints and entrepreneurship state that; surveys of current and potential entrepreneurs suggest that obtaining adequate access to capital is one of the biggest hurdles to starting and growing new businesses. Given the important role that entrepreneurship is believed to play in a countries economy and in alleviating unemployment, – it is not surprising that attempts to alleviate financing constraints for would-be entrepreneurs is an important goal for policy makers across the world. For example, the U.S. Small Business Administration funded or assisted in the funding of about 200,000 loans in Fiscal Year 2007, at an administrative cost of about \$1,000 per loan (SBA 2008). Financial assistance for entrepreneurs is also high on the agenda in the European Union and OECD, where member states are urged to promote the availability of risk capital financing for entrepreneurs (OECD 2004).

In recognition to the importance of funding in entrepreneurship development, the Kenya government has put in place sources of funding to support entrepreneurship such as; Youth Enterprise Development Fund. This is arguably the most renowned

of the Kenya government's initiatives. Sadly this has been tainted by scandals. That notwithstanding, it's a core part of realizing Vision 2030. The Youth Fund was established in 2006 with aims of availing opportunities to Kenyan youth. The government eyes fostering entrepreneurship as a tool in dealing with youth unemployment. The fund is open to those aged between 18-35 years old.

Mirroring the Youth Fund is Uwezo Fund. Only that it has a much wider scope. It is an empowerment program, created in 2013, hoped to benefit women, youth and persons with disability. It offers capital and mentorship to entrepreneurs with the primary aims of achieving gender equality and eradicating poverty. Its loans range from sh.50,000-500,000 at a time.

Women Enterprise Fund is an initiative is tied to the Ministry of Gender. From the name it is evident who it targets. Women Enterprise Fund not only offers credit to women entrepreneurs but also markets goods and services produced by them. Keeping in line with the social motivation of these government funds; it aims to make women financially independent.

The Industrial and Commercial Development Corporation is a 60 year old soul. Nevertheless, it still plays an important role in our Vision 2030 quest. It avails funding for Kenyan entrepreneurs through medium and long term financing. The main task of ICDC is to prop up industrial development in Kenya. A key but poorly sold sector to the public. ICDC offers venture capital, joint-ventures, commercial loans and asset financing.

Kenya Industrial Estates; Like ICDC, KIE is joined to the Ministry of Industrialization at the hip. The Kenyan Government is aware that industrialization is the key to reaching developed status. It provides industrial sheds, subsidizes credit and improves entrepreneurial skills of small to medium size enterprises. KIE offers Jua Kali sector loans of between sh.100,000-500,000 and to medium enterprises it offers up to 14 million shillings.

Huka Sharu and Dr Wario Guyo in an Internal Journal of Science and Research (2013) state that; in Kenya; Youth entrepreneurs face a lot of challenges in accessing finances to inject in their business both as startup, seed capital and finance expansion of the businesses. This is because of many factors which make their businesses less attractive in terms of lending. Due to the lack of self-sustaining resources, the absence of a substantive credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are often seen as particularly risky investments and therefore face difficulties in accessing finance. Young entrepreneurs often have difficulties in meeting strict credit scoring criteria as banks often deal arbitrarily with terms and conditions. There is a lack of binding rules and clear general terms ensuring the transparency of rating procedures and credit scoring systems for young entrepreneurs. They are easily put off by the documentation procedures and information required by many commercial lenders of credit. Particularly funds requiring less or no collaterals but that charge very high interest rates and fees often have more complex documentation procedures. Entrepreneurs are often not aware of all available types of finance, funding forms and special support programs. They often do not understand the concept, the benefits, the possibilities and the drawbacks of numerous forms of equity financing.

2.4.4 Markets and Marketing

Kirkpatrick (1983, 1985) equates the role of entrepreneur, as defined by Mises (1949) and Kirzner (1973), to the marketing function of a business enterprise. Speculative insight, or alertness to opportunities, allows a firm's marketing function to anticipate and realize profit opportunities by offering consumers "better deals." In essence, the marketing function creates these opportunities by employing the classic tools of marketing management: market research, product design, pricing, marketing communications, and distribution (Broeckelmann, 2008; Kirkpatrick, 1983). Success in this endeavor comes from providing consumers with value (allowing consumers to exchange less satisfactory states of affairs for more satisfactory states). Broeckelmann (2008) agrees with Kirkpatrick in presenting Austrian perspectives as a solid base for the commercial aspects of marketing. Pointing to commonly accepted definitions of marketing, including those put forward by the American Marketing Association and Philip Kotler, he identifies "striking similarities with the Austrian

entrepreneur” (Broeckelmann, 2008, p. 54). Marketing managers, planning and acting in the context of a dynamic market process where consumers’ tastes and preferences continuously change, must speculate about uncertain future events and use instruments of the marketing program to facilitate exchanges with consumers. Alertness to opportunities, which allows for product differentiation, exploitation of opportunities, and resulting profits, is one key to success. In a dynamically competitive market process, however, product differentiation and profits quickly erode (Broeckelmann, 2008; Kirkpatrick, 1983; Kirzner, 1997). The firm’s marketing function must, therefore; scan the environment in search of short-term as well as long-term opportunities for profit. Opportunities for long-term product differentiation and lasting profits are rare, so the firm’s marketing function (acting entrepreneurially) most regularly seeks profit opportunities that can be briefly exploited through relatively small changes in marketing program elements.

In recent years, the interrelationship between marketing and entrepreneurship has been explored through the “entrepreneurial marketing” construct presented by Morris, Schindehutte, and LaForge (2002). Emerging primarily from structural and occupational approaches to entrepreneurship, entrepreneurial marketing is offered as most appropriate for the marketing functions of small and mid-size firms facing environmental turbulence. Entrepreneurial marketing differs from the “marketing is entrepreneurship” of Kirkpatrick (1983, 1985) and Broeckelmann (2008), who indicate that the marketing function in all firms (and in all competitive environments) is essentially entrepreneurial. Elaborating on this point, Kirkpatrick (1985, p. 186) describes strategic marketing as follows: Strategic marketing unites innovation with execution. Just as individual acting man chooses his goals and then acts to achieve them (with no guarantee that he will achieve them), so also the strategic marketer chooses his company’s goals (including what products to offer and what markets to serve) and then sets out to achieve them. That is entrepreneurship.

According to McMullen, J. and Shepherd, D. A. (2006) on how entrepreneurs think. To start a new restaurant, for example, instead of first conducting marketing research: (the entrepreneur) would have to proceed in the opposite direction. Instead of starting

with the assumption of an existing market and investing money and other resources to design the best possible restaurant for the given market, she would begin by examining the particular set of means or causes available to her.

OECD (2010), Market development and access play a key role for innovative entrepreneurship since market opportunities will ultimately determine the conditions that lead to business success or failure. Competition can foster innovation by giving firms an incentive to be more effective and thus survive. Barriers to market entry are a substantial obstacle for innovative entrepreneurs. Moreover, improved access to domestic and foreign markets can facilitate the acquisition of foreign technologies and contribute to improved knowledge spillovers, as well as facilitate firms' market expansion. At the same time, competition will not always benefit innovation: if it does not allow innovators to recover the costs of their investments in innovation, the rate of those investments will decline. Markets for technology also play a critical role in innovative entrepreneurship as they allow new ventures to get access to technologies that might be too time consuming, too costly or even impossible to develop internally.

Huka Sharu and Dr Wario Guyo in an Internal Journal of Science and Research (2013) state that; Limited access to markets remains a severe constraint to SME growth and competitiveness in Kenya owing to a shrinking domestic market due to globalization. Limited access to market information makes SMEs less aware of opportunities in the market. Overall aggregate demand for the sector's products is low and markets are saturated due to overproduction and dumping of cheap imports. Markets do not function well due to insufficient information, high transaction costs and stiff competition for similar products, inefficiencies and information asymmetry. SMEs face difficulties accessing markets due to limited market information, poor marketing capacity and poor market research leading to a discrepancy between the supply and demand.

2.4.5 Formal Employment opportunities

Musengi-Agulu (2010) asserts that the development of youth entrepreneurship has drastically heightened worldwide. This could be because of the high unemployment

facing the youth all over the world, which also appears to be a threat that might persist for decades if there are no effective measures that are established to address it (Schoof, 2006). For instance, the World Bank predicts that by 2015 there will be 25 billion young people under the age of 25, worldwide; despite the prospects that this generation could be the most educated ever; the ILO's statistics foresee a massive decline in job opportunities (Youth Business International, 2009). In Africa, young people represent majority of the population in numbers (Mahadea, Ramroop & Zewohir, 2011), however; the unemployment among them continues to rise (Fatoki & Chandoga, 2011; Mkoka, 2012). This could imply that the majority of young people in Africa are living under poverty conditions. These conditions could negatively affect them and their families' standard of living (Fatoki & Chindoga, 2011). As a result, criminal activities may occur (Mahadea et al., 2011; Mkoka, 2012), low self-esteem may persist, which could result in a negative perception of life (Fatoki & Chindoga, 2011:162). Unfortunately for the less advantaged individuals if these circumstances continue to persist, the next generation may have no choice but to bear the poverty legacy. Morrow et al., (2005) caution that poverty normally reproduces itself among children and young people who come from already disadvantaged homes. James (2012) maintains that during this era of high unemployment in the country, more attention should be paid to fostering youth entrepreneurship.

2.5 Theoretical Framework

This study is guided by the following theories of creativity, human capital and Disadvantage Theory.

The Amabile's (1983) componential theory of creativity that identifies three individual characteristics that must be present for creative output: intrinsic motivation, domain-relevant skills, and creativity-relevant cognitive processes. Of these three, intrinsic motivation – considered to be the individual pursuit of tasks for its own sake – is considered critical to creative performance. Intrinsic motivation, as both a persistent trait and state, creates the drive to persist with difficult tasks, take risks, and overcome obstacles associated with introducing new things. According to Amabile, contextual variables, (e.g., leader support) are thought to affect creativity

through their effect on intrinsic motivation. Domain-relevant skills refer to the expertise required to effect meaningful changes to domains, while creativity-relevant cognitive processes include divergent thinking ability, as well as decision-making styles discussed earlier.

Although personal traits may contribute to creative performance, creativity in organizations takes place in a work context, often in groups. The complex interaction of work-setting components serves to enhance or inhibit the contribution of individual factors; as Woodman, Sawyer, and Griffin (1993) put it:

“Individual creativity is a function of antecedent conditions (e.g., past reinforcement history, biographical variables), cognitive style and ability (e.g., divergent thinking, ideational fluency), personality factors (e.g., self-esteem, locus of control), relevant knowledge, motivation, social influences (e.g., social facilitation, social rewards), and contextual influences (e.g., physical environment, task and time constraints).”

Sternberg (2006) emphasized that six distinct but interrelated resources are required, at least at threshold levels, in confluence for creativity: intellectual abilities, knowledge, styles of thinking, personality, motivation, and environment. In considering these factors, both Sternberg (2006) and Csikszentmihalyi (1999) point out that, in the end, creative contributors have options and make deliberate decisions about how their creativity is expressed. In other words, although individual traits are one component of creative output, creative actors themselves will alter or switch their environments to suit their needs. For entrepreneurs establishing a creative context, it is important to recognize three things: i) creative output is contingent upon a supportive work environment; ii) there are several contributing factors, but maintaining intrinsic motivation is key to individual outperformance; and iii) creative actors are decision makers and will not remain in place when the first two criteria are not met.

David McClelland built on his work in his 1961 book, "The Achieving Society." He identified three motivators that he believed we all have: a need for achievement, a need for affiliation, and a need for power. People will have different characteristics depending on their dominant motivator. According to McClelland, these motivators are learned (which is why this theory is sometimes called the Learned Needs Theory). McClelland says that, regardless of our gender, culture, or age, we all have three motivating drivers, and one of these will be our dominant motivating driver. This dominant motivator is largely dependent on our culture and life experiences.

These characteristics are as follows:

| Dominant Motivator | Characteristics of This Person |
|---------------------------|--|
| Achievement | <ul style="list-style-type: none"> • Has a strong need to set and accomplish challenging goals. • Takes calculated risks to accomplish their goals. • Likes to receive regular feedback on their progress and achievements. • Often likes to work alone. |
| Affiliation | <ul style="list-style-type: none"> • Wants to belong to the group. • Wants to be liked, and will often go along with whatever the rest of the group wants to do. • Favors collaboration over competition. • Doesn't like high risk or uncertainty. |
| Power | <ul style="list-style-type: none"> • Wants to control and influence others. • Likes to win arguments. • Enjoys competition and winning. • Enjoys status and recognition. |

Human capital theory by Theodore W. Schultz (1971). The human capital theory assumes that formal education is highly instrumental and even necessary to improve production of a population, Education and training raises the productivity of individuals by imparting useful knowledge and skills, hence raises their future income. It includes the unique insights, skills, cognitive characteristics and aptitudes of entrepreneurs. Schultz conceives entrepreneurial ability as a form of human capital. Specific human capital is more or less exclusively applicable to given activities such as development of new products. It includes aspects such as prior knowledge, experience, attitude towards innovations, technical and managerial competencies and industry expertise. It refers to the requirement necessary for establishing and running a business. Human capital of business owners increase the productivity of the enterprise thereby improving its profits resulting in further growth. Financial institutions or venture capital firms take the human capital of business owners into consideration when giving financial capital.

Formal education has been identified as an avenue to greater opportunities to participate in the formal wage sector. Conversely, therefore, fewer years of education is as a factor limiting access to wage employment. Additionally, it is also likely that workers with fewer years of education would receive lower incomes. Theoretical arguments have been constructed to explain the choice of self-employment. One such theory is the Disadvantage Theory, which is classified under what are referred to as the Sociological-Psychological Theories of self-employment. According to this proposition, individuals treat self-employment as a "survival strategy", rather than generator of ideas or source of higher income (Startienė, Remeikienė, and Dumčiuvienė, 2010). In view of this, the disadvantage theory states that workers with low labour market opportunities become self-employed more often, although as noted, this is driven by necessity rather than the opportunities presented in entrepreneurship. Correlating livelihood contexts and self-employment, Light (in Startienė, Remeikienė, and Dumčiuvienė, 2010) identified unemployment, business cycles, poverty, discrimination and excessive urbanization, as barriers, which essentially had a positive effect on a person's determination to become self-employed person

2.6 Conceptual Framework

The conceptual framework provides a relationship between the dependent and the independent variable. The framework is used in research to outline possible courses of action or preferred approach to the research subject (Mugenda & Mugenda, 2003). The independent variables are the factors influencing entrepreneurial participation among the youth in Kenya. The framework, therefore; shows the relationship between the dependent and the independent variable while noting the intervening variables.

Independent Variables

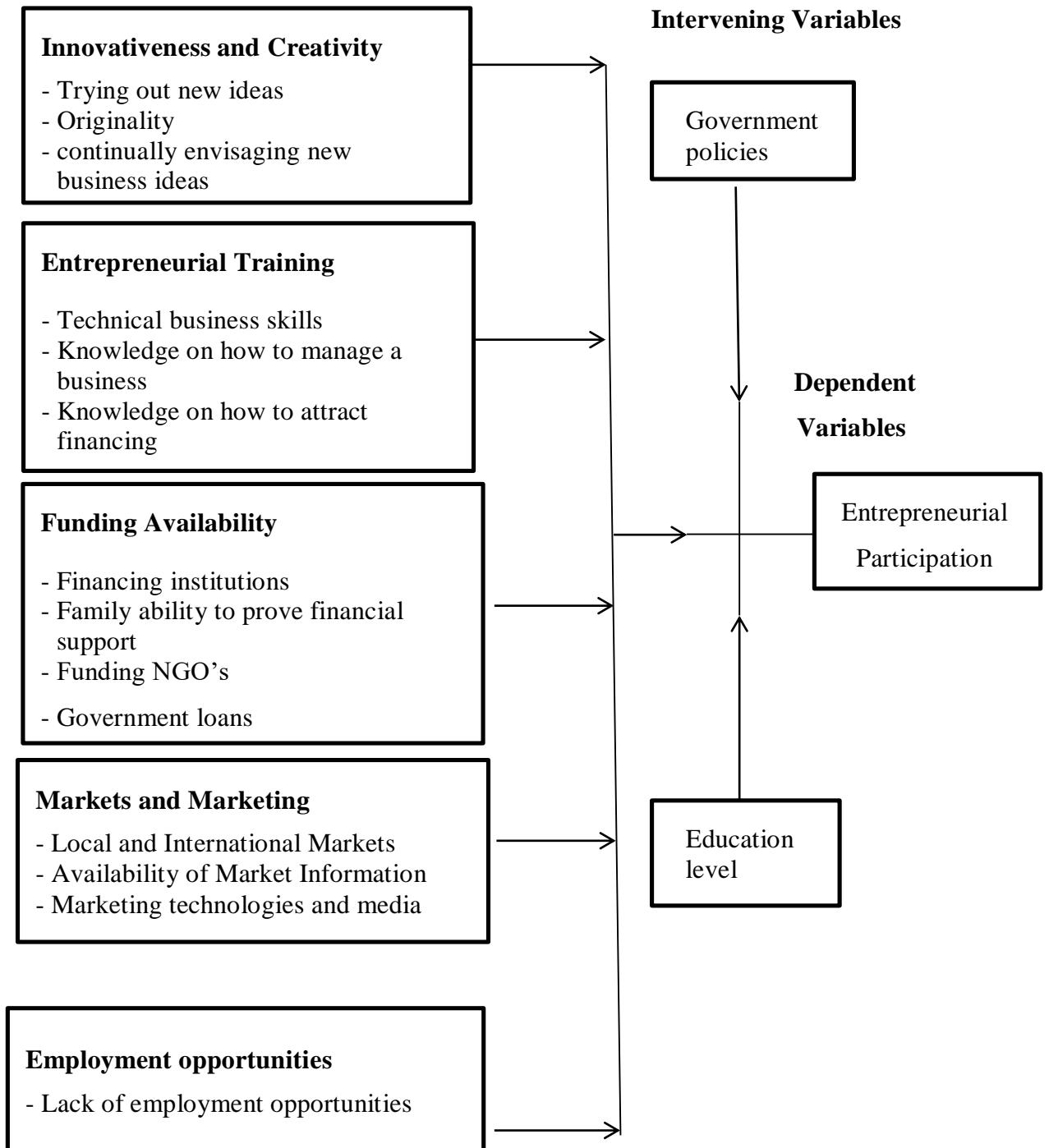


Figure 1: Conceptual Framework

Discussion of the Conceptual Framework

The conceptual framework is developed by looking at some of the extrinsic motivators that would influence youths towards entrepreneurship participation.

The conceptual framework presented in figure above shows the diagrammatical representation of the interrelationship among variables of the study. The figure presents the factors that were perceived to influence youths' participation in entrepreneurial activities in Kakamega Central District, Kakamega County. The framework shows that youth participation in entrepreneurial activities is affected by several perceived factors which include entrepreneurship training, creativity and innovativeness, funding availability, markets and marketing and employment opportunities. These are the independent variables which, when manipulated have an impact on how youth participate in entrepreneurial activities. The moderating factors between the independent variables and the dependent variable are government policies and level of education while the extraneous variables are the unfavorable investment policies and unfavorable economic conditions. These are the variables which the researcher had no control over but have an impact on the dependent variables. For example it was not possible to control the government investment policies and economic conditions but these had an impact on youth participation in entrepreneurial activities.

2.6 Summary of Chapter Two

This chapter has given an elaborate literature review on entrepreneurship and the importance of youths' participation. Correspondingly, an elaborate review on factors influencing entrepreneurial participation. The chapter has also detailed the conceptual framework applied in the study. The next chapter outlines the research methodology to be used to achieve the study's objectives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. It gives details of how research was executed and how respondents were selected. Therefore; in this section the research identifies the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections are included; research design, target population, sampling design, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

Research design is the general plan of how one goes about answering the research questions. It provides the glue that holds the research project together. It is the structure that shows all of the major parts of the research project. Kothari (2007) refers to research design as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy of procedure. It is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The two main methods when investigating and collecting data are quantitative and qualitative approaches, where a quantitative approach is strongly linked to deductive testing of theories through hypotheses, while a qualitative approach to research is generally concerned with inductive testing (Saunders et al, 2003).

The main focus of this study was quantitative. However some qualitative approaches were used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study.

This research study adopted a descriptive survey design to determine the factors Influencing Youth's participation in Entrepreneurship among urban Youths in Kenya with a case study of Kakamega Central District, Kakamega County. As such a descriptive statistics to describe the relations between the variables was used during the study. According to Mugenda and Mugenda (2003) Quantitative research aims at designs, techniques and measures that produce discrete quantifiable data which is verifiable and correlated.

3.3 Target Population

Target population in statistics is the specific population about which information is desired. Population is referred to as the total membership or “universe” of a defined class of elements, people, objects or events (Kothari, 2007). Kothari further refers to population as all homogeneous items in any field of inquiry or a census of inquiry. This definition ensures that population of interest is homogeneous. Population studies are more representative because everyone has equal chance to be included in the final sample that is drawn according to Mugenda and Mugenda (1999).

Kakamega Municipality is in Kakamega Central District in Kakamega County; which is in the Western Province of Kenya. According to the Kakamega municipality records as of December 2016, Kakamega Municipality in Kakamega Central District had 908 registered youth entrepreneurs aged between 18 to 35 years. The study targeted this particular population.

3.4 Sample and Sampling Procedure

3.4.1 Sample Size determination

The sample size was determined based on a formula due to Yamane (1967) as follows;

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = Sample size to be determined

N = Population size = 908

e= Margin error = 5%

At 5% significance level;

$$n = \frac{908}{1 + 908(0.05)^2} = 278$$

The sample size was distributed proportionately basing on the percentage of population holdings for each type of entrepreneurship.

Table 1: Sample distribution matrix

| Type of entrepreneurship | Total | Sample size |
|---------------------------------|--------------|--------------------|
| Services | 245 | 75 |
| Restaurant, Cafe and Bakery | 100 | 30 |
| Retail | 318 | 97 |
| Medical and Health Care | 36 | 11 |
| Manufacturing | 54 | 17 |
| Farm and Food Production | 18 | 6 |
| Bar and Nightclub | 9 | 3 |
| Wholesale and Distributor | 10 | 3 |
| Construction and Engineering | 118 | 36 |
| Total | 908 | 278 |

3.4.2 Sampling Procedure

According to Mugenda and Mugenda (2010), sampling is the process of selecting a few from a bigger group to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation, or outcome regarding the bigger group”. Mugenda and Mugenda (2010), states that members of a given population may be large or may be scattered over a wide geographical area, therefore; researchers draw samples from an accessible population.

The basic idea of sampling is that by sampling some of the elements of a population, conclusions about the entire population can be drawn. The ultimate test of a sample design is how well it represents the characteristics of the population it purports to represent (Kothari, 2009). An ideal sample should be large enough so that the researcher can, with confidence, and within specified limits, be certain that a different sample of the same size if drawn using the same procedures can give approximately similar results (Wiersman, 2010). In addition, Wiersman has noted that sampling error is a function of the size of the sample and the error is largest when the sample is small.

This study used both probability and non-probability sampling techniques. Youths engaged in entrepreneurship were clustered according to the kind of enterprise they are engaged in. The cluster sampling technique enabled the researcher to capture the respondents in Kakamega Central in Kakamega County. Simple random sampling technique was used in the selection of the study sample in the clusters.

3.5 Data collection Instrument

3.5.1: The questionnaire

In this research study, a detailed structured questionnaire that ensures that all the variables in the study are included was used to collect the research data.

3.5.2 Pilot Testing

The administration of the questionnaire was preceded by a pilot study, involving 28 urban youths entrepreneurs in Kakamega central district of Kakamega County. This represents the minimum requirement of 10% of the sample used of 278. The purpose of the pilot study was to assess the face validity and the reliability of the psychometric measures included in the study. From the feedback obtained, the questionnaire was revised to make it more theoretically meaningful. Following the completion of the pilot study, a revised self-report questionnaire was used to collect data from the respondents.

3.5.3 Validity of the Data Collection Instrument

Validity is the degree to which the research instruments was appropriately and accurately measure what they were supposed to measure (Orodho, 2005). In this study, piloting of the instruments was done with ten youth entrepreneurs that were not included in the study to validate the questions and to determine their accuracy, clarity and suitability. Piloting of the instruments helped check how far the measuring instrument is a representative of the full content of the concept being studied. Based on the analysis of the piloting, modification and removal of ambiguous questions, inaccurate responses or indicated weaknesses was done to attract appropriate responses from the respondents. Content validity was established through consultations and discussions with the research supervisor at the University of Nairobi.

3.5.6 Reliability

Reliability is the degree of consistency to which a research instrument measures whatever it is intended to measure or how it yields similar results over a number of repeated trials (Orodho, 2005). The reliability of questionnaires was established through the test-retest procedure. Questionnaire was first tested with ten randomly selected youths involved in entrepreneurship in Kakamega Central District who were not to be in the study sample. A period of two weeks was allowed before the tools were administered again for a retest. Sampled responses from the test and the retest were analyzed using means, frequencies and percentages that produced scores which

helped check whether the two processes gave similar results. The scores were correlated using Pearson's Product Moment Correlation Coefficient as an estimate of reliability. The procedure helped in modifying and removing ambiguous responses or weaknesses and hence produced a revised instrument that was used in the actual study.

3.6 Data Collection Procedure

During the study, data from primary and secondary sources was collected and used in making various recommendations and conclusions. Secondary data was obtained from secondary sources such as books, academic journals, magazines, newspapers and internet. Primary data for the study was gathered using a structured questionnaire. The researcher coordinated the data collection process after having sought the permission of various respondents to conduct the research. The researcher recruited and trained two research assistants to assist in data collection and data entry. The research assistants were taken through training to clearly understand the purpose of the research and ethics of research to be considered. For data collection, the questionnaires were distributed to the respondents and collected the same day or the following day. For the case of respondents who were illiterate, the questions were explained to them in the language that they understand and assisted to fill appropriately. Respondents who were not willing to complete the questionnaire were replaced by others, who were selected through a random sampling method.

3.7 Data Analysis and Presentation

Data analysis is the process of bringing order, structure and meaning to the mass of collected data. Data from the questionnaire was cleaned, coded and analyzed. Items were grouped together in the expected dimension constructs. The data was then coded to enable the responses to be grouped into various categories. A descriptive analysis was employed. Descriptive statistics was used to summarize the data. This included percentages and frequencies. Tables were used to present the data collected for ease of understanding and analysis. The researcher used the data with an aim of presenting the research findings in respect to factors influencing youth's participation in

entrepreneurship among urban Youths in Kakamega County. Tables were used to summarize responses for further analysis and to facilitate comparison. This generated quantitative reports through tabulations and percentages. Cooper and Schindler (2003) notes that the use of percentages is important for two reasons; first they simplified data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons.

3.8 Ethical Consideration

While collecting data, the researcher and Assistants kept the respondents' information in confidence. The respondent's names were not written on the questionnaire. The language used was friendly and simple. Those collecting data were expected to be respectful to the respondents.

3.9 Operationalization of variables

Definition of variables is illustrated in the table below. The table states the research questions and explains the variables in the study and the indicators that the study sought to investigate. The data collection instruments and how the data was analyzed to answer the research questions are also shown in the table.

Table 2: Operationalization Table

| REARCH QUESTIONS | VARIABLES | INDICATORS | DATE COLLECTION INSTRUMENT | MEASURING SCALE | DATA ANALYSIS |
|--|---|---|----------------------------|-----------------|----------------------------------|
| <p>What is the influence of innovativeness and creativity on youth's participation in entrepreneurship in Kenya?</p> | <p>Trying out new ideas Originality continually envisaging new business ideas</p> | <p>Considers more than one solution to address a problem Enjoys trying out new ideas Purposefully seeks problems where nobody else sees any Is willing to try a truly original approach even if there is a chance it could fail Has purposefully mastered some creativity techniques Easily make connections between things happening in their environment and commercial opportunities Loves to modify and adapt business products/services Continually envisaging business ideas to make life</p> | <p>Questionnaire</p> | <p>Ordinal</p> | <p>Frequency and percentages</p> |

| | | | | | |
|---|--|--|---------------|---------|---------------------------|
| | | easier | | | |
| What is the influence of entrepreneurship training on youths' participation in entrepreneurship in Kenya? | <p>Technical business skills</p> <p>Knowledge on how to manage a business</p> <p>Knowledge on how to attract financing</p> | <p>Skills in business planning</p> <p>Able to solicit financing</p> <p>Understand accounting and financial management</p> <p>computer knowledge as a business tool</p> <p>Selling and human resources skills</p> <p>Skills in managing a small business</p> <p>Entrepreneurial thinking</p> <p>Analysis of new business opportunities</p> <p>Expertise in entrepreneurship</p> <p>Knowledge in new economy and the high technology field</p> | Questionnaire | Ordinal | Frequency and percentages |
| What is the influence of funding on youth's participation in entrepreneurship in Kenya? | <p>Financing institutions</p> <p>Family ability to provide financial support</p> | <p>Access to loans</p> <p>Access to other sources of funding</p> | Questionnaire | Ordinal | Frequency and percentages |

| | | | | | |
|---|---|--|---------------|---------|---------------------------|
| | Funding NGO's Government loans | | | | |
| What is the influence of markets and marketing on youth's participation in entrepreneurship in Kenya? | Local and International Markets Availability of Market Information Marketing technologies and media | Obstacle or no obstacle to local and international markets | Questionnaire | Ordinal | Frequency and percentages |
| What is the influence of formal employment opportunities on youths' participation in entrepreneurship in Kenya? | Lack of formal employment opportunities | Reason for starting entrepreneurship | Questionnaire | Ordinal | Frequency and percentages |

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The research data was gathered exclusively through questionnaires as the primary research instrument. The questionnaires were designed in line with the research objectives of the study.

4.2 Response Return Rate

The study dispatched 278 questionnaires to all sampled respondents. Of this 271 questionnaires were completed and returned; which is a 97% return rate. According to Mugenda and Mugenda (2003), a 50% return rate is adequate, 60% is good, above 70% is rated very good. This also concurs with Kothari (2004) assertion that a response return rate of 50% is adequate, while a return rate of greater than 70% is very good. Therefore; based on these assertions' the response return rate of 97% for this study is very good.

4.2 Demographic Information

4.2.1 Gender of the Respondents

The study sought to determine the gender of the respondents. The results are shown in Table 4.1

Table 4.1: Gender of the Respondents

| | Frequency | Percentage |
|--------------|------------|------------|
| Male | 135 | 66.50% |
| Female | 136 | 33.50% |
| Total | 271 | 100 |

The findings indicate that 66.50% of the respondents were male while 33.50% were female. This is an indication that both men and women participate in entrepreneurship almost equally in Kakamega County.

4.2.2 Respondents Age

The study sought to determine the ages of the respondents. The results are shown in table below.

Table 3.2: Respondents Ages

| Age Bracket | Frequency | Percentage |
|--------------|------------|------------|
| 18-25 | 41 | 15.13% |
| 25-30 | 98 | 36.16% |
| 30-35 | 132 | 48.71% |
| Total | 271 | 100 |

The findings indicate that most of the respondents (48.71%) were aged between 30-35, 36.16% were aged 25-30, while 15.13% were aged 18-25. This indicates that the most registered entrepreneurial youth age-set was between 30-35 years. Also it shows that 84.4% of the registered youths entrepreneurs are above 25 years.

4.2.3 Education Level of the Respondents

The study sought to determine the education level of the respondents. The results are shown in table below.

Table 4.3: Respondents' Level of Education

| Education level of Respondents | Percentage |
|---|------------|
| Primary | 10% |
| High School | 34.1% |
| College, polytechnic, technical institute certificate | 42.2% |
| College Diploma | 9.3% |
| University | 4.4% |
| Total | 100 |

The findings indicate that most of the respondents (42.2%) had certificate level education obtained from either a polytechnic, college or technical institute, 34.1% had high school education, 10% had primary level education, 9.3% college diplomas and only 4.4% were university degree holders. This indicates that fewer youths who have attained higher level of education engage in entrepreneurship. Also, very few of primary level education engage in entrepreneurship. Thus, we can say that level of education influences youths' participation in entrepreneurship.

4.3 The influence of Creativity and Innovation on Youths' Participation in Entrepreneurship

The study sought to determine the influence of innovativeness and creativity on youths' participation in entrepreneurship in Kakamega Central District, Kakamega County. To establish this, the respondents were asked if they thought that creativity and innovation influenced their participation in entrepreneurship. The findings are shown in the table below.

Table 4.4: Opinion on Whether Innovativeness and Creativity Influences Youths' Participation in Entrepreneurship

| | Strongly Agree | | Agree | | Neutral | | Disagree | | Strongly Disagree | |
|--|----------------|-----|-------|--------|---------|-----|----------|--------|-------------------|-------|
| | F | % | F | % | F | % | F | % | F | % |
| Do you think creativity and ability to be innovative influenced your participation in entrepreneurship | 97 | 36% | 63 | 23.25% | 32 | 12% | 59 | 21.77% | 20 | 7.38% |

As can be seen from the table above, 36% of the youths strongly agreed that Innovativeness and Creativity Influenced their Participation in Entrepreneurship, 23.2% agreed, 12% were neutral, 21.6% disagreed while only 7.2% strongly disagreed.

The findings indicate that the respondents agreed that creativity and ability to be innovative influenced their participation in entrepreneurship as those who agreed is

a total of 59.2%.

People who are creative and innovative usually consider more than one solution to address a problem in their business, they enjoy trying out new ideas in their business, they purposefully seek problems where nobody else sees any, they are willing to try a truly original approach even if there is a chance it could fail, they love to modify and adapt their business products/services and they have purposefully mastered some creativity technique and they are continually envisaging new business ideas.

The respondents were asked questions that would establish if they are creative and innovative, based on these factors/traits. The findings are summarized in the table below.

Table 4.5: Practice of Factors Associated with Creativity and Innovativeness

| | Strongly Agree | | Agree | | Neutral | | Disagree | | Strongly Disagree | |
|---|----------------|--------|-------|--------|---------|--------|----------|--------|-------------------|--------|
| | F | % | F | % | F | % | F | % | F | % |
| I usually consider more than one solution to address a problem in my business | 112 | 41.60% | 48 | 17.60% | 48 | 17.60% | 61 | 22.40% | 2 | 0.80% |
| I enjoy trying out new ideas in my business | 136 | 50.40% | 33 | 12% | 59 | 21.60% | 21 | 8% | 21 | 8% |
| I purposefully seek problems where nobody else sees any | 128 | 47.20% | 50 | 18.40% | 30 | 11.20% | 39 | 14.40% | 24 | 8.80% |
| I am willing to try a truly original approach even if there is a chance it could fail | 115 | 42.40% | 73 | 27.20% | 22 | 8% | 56 | 20.80% | 5 | 1.60% |
| I have purposefully mastered some creativity techniques, e.g. "Thinking hats" | 115 | 42.40% | 82 | 30.40% | 26 | 9.60% | 41 | 15.20% | 7 | 2.40% |
| I easily make connections between things happening in my environment and commercial opportunities for my business | 113 | 41.60% | 41 | 15.20% | 0 | 0 | 54 | 20% | 63 | 23.20% |

| | | | | | | | | | | |
|--|-----|---------------|----|---------------|----|---------------|----|---------------|----|--------------|
| I love to modify and adapt my business products/services | 134 | 49.60% | 69 | 25.60% | 4 | 1.60% | 41 | 15.20% | 23 | 8% |
| I am continually envisaging business ideas to make life easier | 178 | 65.60% | 65 | 24% | 28 | 10.40% | 0 | 0 | 0 | 0 |
| Average | | 46.30% | | 21.50% | | 10.20% | | 15.30% | | 6.70% |

On average 46.3% strongly agreed to these factors, whilst 21.5% agreed; which is a total of 67.8%. This indicates that innovativeness and creativity influences participation in entrepreneurship and it helps the youths' in Kakamega Central District, Kakamega County in their businesses.

The findings concur with (Baron 2006; Khan and Sokolof 1993; Marcati, Guido) theory which states that within the entrepreneurial process of exploiting the opportunity, creativity is always involved, as it drives the thinking of the entrepreneur in finding alternative ways of doing business. As one of the contemporary entrepreneurship theorists, Drucker (1985b) defined an entrepreneur is one who 'always searches for change, responds to it, and exploits it as an opportunity. Knight's Risk, Uncertainty and Profit published in 1921 viewed the entrepreneur as one who bears the risk of uncertainty.

4.4 Influence of Entrepreneurship Training on Youths' Participation in Entrepreneurial Activities

The study sought to determine the influence of Entrepreneurship training on youths' participation in entrepreneurship in Kakamega Central District, Kakamega County. The respondents were asked if they had undergone any entrepreneurship education and 71% said that they had not.

The respondents were asked how they thought entrepreneurship education could help youths participating in entrepreneurship. The findings are summarized in the table below.

Table 4.6: How Entrepreneurship Training helps Youths' participation in Entrepreneurial activities

| Entrepreneurship skill | Strongly Agree | | Agree | | Neither Agree nor Disagree | | Disagree | | Strongly Disagree | |
|---|----------------|---------------|-------|---------------|----------------------------|---------------|----------|---------------|-------------------|--------------|
| | F | % | F | % | F | % | F | % | F | % |
| Develop technical business skills | 0 | 0% | 23 | 85.6% | 24 | 8.8% | 15 | 5.6% | 0 | 0% |
| Learn how to start up and manage a business | 30 | 11.20% | 13 | 51.2% | 80 | 29.6% | 20 | 7.2% | 2 | 0.80% |
| Develop general success/employability skills | 9 | 3.20% | 56 | 20.8% | 48 | 17.6% | 15 | 56% | 7 | 2.4% |
| Understand/Develop components of a business plan | 13 | 4.8% | 18 | 66.4% | 65 | 24% | 13 | 4.8% | 0 | 0% |
| Learn how to attract financing | 17 | 6.4% | 91 | 33.6% | 14 | 52.8% | 20 | 7.2% | 0 | 0% |
| Understand accounting and financial management | 15 | 5.6% | 17 | 63.2% | 69 | 25.6% | 14 | 4.8% | 2 | 0.80% |
| Gain a working knowledge of computers as a business tool | 17 | 6.4% | 96 | 36% | 13 | 48.8% | 26 | 8.8% | 0 | 0% |
| Develop selling and human resources skills | 84 | 31.2% | 84 | 31.2% | 26 | 9.6% | 42 | 15.2% | 3 | 12.8% |
| Develop a career in managing a small business | 21 | 8% | 78 | 28.8% | 11 | 41.6% | 59 | 21.6% | 0 | 0% |
| Practice entrepreneurial thinking | 95 | 35.2% | 10 | 40% | 54 | 20% | 14 | 4.8% | 0 | 0% |
| Analyse new business opportunities | 13 | 50.4% | 93 | 34.4% | 15 | 5.60% | 26 | 9.6% | 0 | 0% |
| Become an expert in entrepreneurship | 80 | 29.6% | 15 | 58.40% | 21 | 8% | 5 | 1.60% | 7 | 2.40% |
| Learn about the new economy and the high technology field | 82 | 30.4% | 14 | 54.4% | 32 | 12% | 10 | 3.2% | 0 | 0% |
| Average | | 17.11% | | 46.46% | | 23.38% | | 11.57% | | 1.48% |

The findings indicate that the respondents agreed that entrepreneurship training would help them analyze new business opportunities, become expert in entrepreneurship, learn about the new economy and the high technology field, practice entrepreneurial thinking, develop technical business skills, understand accounting and financial management, understand/develop components of a business

plan, learn how to start up and manage a business, develop selling and human resources skills. The respondents neither agreed nor disagreed that entrepreneurship training helps in developing a career in managing a small business, gain a working knowledge of computers as a business tool, learn how to attract financing and how to develop general success/employability skills.

This indicates that entrepreneurship training would help the youths' in Kakamega Central District, Kakamega County to analyze new business opportunities, become an expert in entrepreneurship, learn about the new economy and the high technology field, practice entrepreneurial thinking, develop technical business skills, understand accounting and financial management, understand/develop components of a business plan, learn how to start up and manage a business, develop selling and human resources skills. However the extent to which it helped them develop a career in managing a small business, gain a working knowledge of computers as a business tool, learn how to attract financing and how to develop general success/employability skills was unclear.

This findings concurs with" (Hood & Young, 1993) findings of a survey of 100 chief executives in entrepreneurial firms that found that the respondents believed "while personality traits are difficult to influence, the vast majority of knowledge required by entrepreneurs can be taught. Based on a study of 408 entrepreneurship students, Kantor (1988) found that most students generally believed that both entrepreneurial traits and abilities could be influenced, however abilities were perceived as more easily influenced. This concurs with the findings of Clark, Davis & Harnish (1984), which indicated that teaching entrepreneurship skills aided the creation and success of new businesses. A ten-year (1985-1994) literature review performed by Gorman, Hanlon, & King (1997) found that "... most of the empirical studies surveyed indicated that entrepreneurship can be taught, or at least encouraged, by entrepreneurship education."

4.5 Influence of Funding on Youths' Participation in Entrepreneurial Activities

The study sought to determine the influence of funding availability on youths' participation in entrepreneurship in Kakamega Central District, Kakamega County. The findings are shown in Table 4.7

Table 4.7: Opinion on whether funding affects Youths Participation in Entrepreneurship

| Finding and Availability | Strongly Agree | Percentage | Agree | Percentage | Neutral | Percentage | Disagree | Percentage | Strongly Disagree | Percentage |
|---|-----------------------|-------------------|--------------|-------------------|----------------|-------------------|-----------------|-------------------|--------------------------|-------------------|
| Do you think funding availability influences youths' participation in entrepreneurial activities | 50 | 18.45 | 106 | 39.11 | 52 | 19.19 | 61 | 22.51 | 2 | 0.74 |
| Lack of security is a challenge of getting a loan that affects youths' participation in entrepreneurship? | 59 | 21.77 | 102 | 37.64 | 108 | 39.85 | 2 | 0.74 | 0 | 0.00 |
| Too high interest rate is a challenge of getting a loan that affects youths' participation in entrepreneurship? | 56 | 20.66 | 100 | 36.90 | 108 | 39.85 | 7 | 2.58 | 0 | 0.00 |
| Lack of start-up and expansion capital is a big challenge that affects youths' participation in entrepreneurship? | 43 | 15.87 | 104 | 38.38 | 119 | 43.91 | 4 | 1.48 | 1 | 0.37 |

The findings indicate that 18.45% of the respondents strongly agreed and 39.11% agreed that funding availability influences youths' participation in entrepreneurship. This is a total of 57.56%; which implies that funding availability plays a big role in youths' participation in entrepreneurship.

Also the findings indicate that the respondents either strongly agreed or agreed that that; lack of security is a challenge of getting a loan that affects youths' participation in entrepreneurship, high interest rate is a challenge of getting a loan that affects youths' participation in entrepreneurship and lack of start-up and expansion capital is a big challenge that affects youths' participation in entrepreneurship as shown by the percentages of 59.41%, 57.56% and 54.24 respectively.

In Addition the findings show that 56.83% of the respondents said that loans were the main financial sources of start-up and expansion of their businesses whilst 16.54% stated inheritance, 10.40% used their own savings, 11.12% were supported by spouses, 5.11% were supported by relatives, to start their businesses.

From this, it can be inferred that funding availability and in particular access to loans influences youths' participation in entrepreneurship.

The youths entrepreneurs in Kakamega Central District, Kakamega County agreed that they use loans to support their business, they lack security in getting loans, high interest rates are a challenge of getting a loan, lack of start-up and expansion capital is a big challenge in entrepreneurship. This is an indication that lack of loan collateral security, high interest rates, lack of startup and expansion capital and funding availability influences youth participation in entrepreneurial activities in Kakamega Central District, Kakamega County. The findings also indicate that savings, inheritance, spousal support and relatives are sources of finance the support participation in entrepreneurship in Kakamega Central District, Kakamega County.

According to the European Central Bank (2012), "Survey on the access to finance of small and medium-sized enterprises in the Euro area", April to September 2012; Access to finance is a key driver in the creation, survival and growth of innovative new ventures. Lack of finance typically prevents new ventures from investing in innovative projects, improving their productivity, financing their growth, covering working capital requirement and meeting market demand. The findings of the study affirm this.

4.6 Influence of Markets and Marketing on Youths' Participation in Entrepreneurial Activities

The study sought to determine the influence of Markets and Marketing on youths' participation in entrepreneurship in Kakamega Central District, Kakamega County. The findings are shown in Table below

Table 4.8: Markets and Marketing influence on Youths' participation in entrepreneurship

| Markets and Marketing | No Obstacle | Percentage | Minor Obstacle | Percentage | Moderate Obstacle | Percentage | Major Obstacle | Percentage |
|---|--------------------|-------------------|-----------------------|-------------------|--------------------------|-------------------|-----------------------|-------------------|
| Is access to local markets a main obstacle to Youths' participation in entrepreneurship? | 126 | 46.4% | 126 | 46.4% | 13 | 4.8% | 6 | 2.4% |
| Is access to international markets a major obstacle to youths' participation in entrepreneurship? | 52 | 19.2% | 189 | 69.6% | 24 | 8.8% | 6 | 2.4% |
| Is access to market information a major obstacle in youths' participation in entrepreneurship? | 56 | 20.8% | 178 | 65.6% | 26 | 9.6% | 11 | 4% |
| Is marketing a major obstacle in youths' participation in entrepreneurship? | 69 | 25.6% | 154 | 56.8% | 30 | 11.20% | 18 | 6.4% |

The respondents indicated that access to local markets, access to international markets, access to market information and marketing were minor obstacles to youths participation in entrepreneurship in in Kakamega Central District, Kakamega County, as shown in the table above.

The findings are contrary to Huka Sharu and Dr Wario Guyo in an Internal Journal of Science and Research (2013) state that; Limited access to markets remains a severe constraint to SME growth and competitiveness in Kenya owing to a shrinking

domestic market due to globalization. Limited access to market information makes SMEs less aware of opportunities in the market. Overall aggregate demand for the sector's products is low and markets are saturated due to overproduction and dumping of cheap imports. Markets do not function well due to insufficient information, high transaction costs and stiff competition for similar products, inefficiencies and information asymmetry. SMEs face difficulties accessing markets due to limited market information, poor marketing capacity and poor market research leading to a discrepancy between the supply and demand.

4.7 Influence of Formal Employment Opportunity on Youths' Participation in Entrepreneurial Activities

The study sought to determine the influence of paid employment opportunity on youths' participation in entrepreneurship in Kakamega Central District, Kakamega County. The respondents were asked if they started their business because they lacked employment opportunity and 89.2% agreed whilst only 10.8% said they had employment opportunities but they preferred to own their own businesses.

They were also asked if they thought that employment opportunity influenced youths' participation in entrepreneurship. Responses are summarized in the table below

Table4.9: Influence of formal employment opportunities on youth engagement in entrepreneurship

| Employment opportunities | Strongly Agree | Percentage | Agree | Percentage | Neither Agree nor Disagree | Percentage | Disagree | Percentage | Strongly Disagree | Percentage |
|--|----------------|------------|-------|------------|----------------------------|------------|----------|------------|-------------------|------------|
| Most youths get into business ventures because of lack of employment opportunities | 53 | 19.6% | 187 | 69% | 24 | 8.9% | 7 | 2.6% | 0 | 0% |

As can be seen from the table above 19.55% agreed strongly whilst 69% agreed meaning that 88.55% agreed that employment opportunity influences youths' participation in entrepreneurship.

This indicates that the most influential factor to youths in Kakamega Central District,

Kakamega County participation in entrepreneurship is of lack of formal employment opportunities as most of them started their business venture because of lack of formal employment.

Musengi-Agulu (2010) asserts that the development of youth entrepreneurship has drastically heightened worldwide. This could be because of the high unemployment facing the youth all over the world. The findings of the study concur with Musengi-Agulu' observation.

4.8 Other Intervening Variables that influence

Table 4: Responses on Intervening factors affecting Youths' Participation in Entrepreneurship

| Intervening variable | Strongly Agree | Percentage | Agree | Percentage | Neutral | Percentage | Disagree | Percentage | Strongly Disagree | Percentage |
|---|----------------|------------|-------|------------|---------|------------|----------|------------|-------------------|------------|
| Strict business regulations/labour laws/ regulatory red tape are an obstacle to youths' participation in entrepreneurship | 13 | 49.60 | 13 | 50.40 | 0 | | 0 | | 0 | 0 |
| Lack of access to business information is an obstacle to youths' participation in entrepreneurship | 4 | % | 7 | % | | | | | | |
| | 85 | 31.20 | 83 | 30.95 | 26 | 9.60 | 41 | 15.20 | 34 | 12.80 |
| | | % | | % | | % | | % | | % |

The findings indicate that the respondents strongly agreed that strict business regulations/labour laws/ regulatory red tape influence their participation in business as 100% agreed. Also 62.15% agreed that lack of access to business information is an obstacle to youths' participation in entrepreneurship.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and it gives the conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of the Findings

The study found out that 66.50% of the respondents were male while 33.50% were female. This is an indication that both men and women in Kakamega Municipality of Kakamega County participate in entrepreneurship though there are more males participating than females.

Most of the respondents (48.71%) were aged between 30-35, but also the age of 25-30 had a significantly high percentage of 36.16%; which can be attributed to the fact that they have been able to create opportunities along the years.

Majority of the participants (42.2%) have attained certificates from either polytechnics, technical institutes or colleges and another high percentage (34.1%) have attained high school education level. Very few degree holders (4.4%), diploma holders (9.3%) and primary level education (10%) participate in entrepreneurship, in Kakamega municipality in Kakamega County.

The study found out that 71% of the respondents had not undergone entrepreneurial education. However; they felt that entrepreneurship education would help the youths' in Kakamega Central District, Kakamega County to analyze new business opportunities, become expert in entrepreneurship, learn about the new economy and the high technology field, practice entrepreneurial thinking, develop technical business skills, understand accounting and financial management, understand/develop components of a business plan, learn how to start up and manage a business, develop selling and human resources skills. However the extent to which

it would help them develop a career in managing a small business, gain a working knowledge of computers as a business tool, learn how to attract financing and how to develop general success/employability skills was unclear.

On innovativeness and creativity 59.2% of the respondents agreed that it influences youths' participation in entrepreneurship. They further stated that innovativeness and creativity influences participation in entrepreneurship and it helps the youths' in Kakamega Central District, Kakamega County to consider more than one solution to address a problem in their business, to try out new ideas in their business, purposefully seek problems where nobody else sees any, try truly original approaches to business even if there is a chance they could fail, to modify and adapt their business products/services, purposefully master some creativity techniques and continually envisage business ideas to make life easier.

The study also found out that most of the youth (56.83%) in Kakamega Central District, Kakamega County use loans to support their business. However; lack of security in getting loans and high interest rates are a challenge of getting a loan; which affects youths' participation in entrepreneurship. Also the respondents stated that lack of start-up and expansion capital is a big challenge in entrepreneurship and funding availability influences youth participation in entrepreneurial activities. This is an indication that lack of loan collateral security, high interest rates, lack of startup and expansion capital and funding availability influences youth participation in entrepreneurial activities in Kakamega Central District, Kakamega County. The findings further indicate that savings, inheritance, spousal support and relatives were main source of financial capital of starting business and expansion for 42.44% of the respondents. A total of 57.56% agreed that funding availability affects youths' participation in entrepreneurship.

The respondents from the study also indicated that access to local markets, access to international markets, access to market information, difficulty in accessing the markets and marketing is not a main reason youth do not get involved in entrepreneurship and were minor obstacles to youths participation in

entrepreneurship in in Kakamega Central District, Kakamega County.

Finally the study found out that most 89.2% of the study respondents started business because of lack of employment opportunity and 88.55% agreed that employment opportunity influences youths' participation in entrepreneurship.

In Addition the most influential factor to youths in Kakamega Central District, Kakamega County participation in business is the strict business regulations/labour laws/ regulatory red tape and lack of access to business information influences their participation in business.

5.3.1 Discussions

The study found out that though most of the respondents (71%) had not undergone entrepreneurship training; they agreed that entrepreneurship training would help them analyze new business opportunities, become expert in entrepreneurship, learn about the new economy and the high technology field, practice entrepreneurial thinking, develop technical business skills, understand accounting and financial management, understand/develop components of a business plan, learn how to start up and manage a business, develop selling and human resources skills.

This implies that entrepreneurship training would help the entrepreneurs to boost their businesses and hence increase profit. This concurs with the Human capital theory by Theodore W. Schultz (1971); which assumes that formal education is highly instrumental and even necessary to improve production of a population, Education and training raises the productivity of individuals by imparting useful knowledge and skills, hence raises their future income.

David McClelland built on his work in his 1961 book, "The Achieving Society." He identified three motivators that he believed we all have: a need for achievement, a need for affiliation, and a need for power. People will have different characteristics depending on their dominant motivator. He states that such persons have a strong need to set and accomplish challenging goals. Take calculated risks to accomplish

their goals. Like to receive regular feedback on their progress and achievements.

Most of the respondents stated that they usually consider more than one solution to address a problem in their business, enjoy trying out new ideas, purposefully seek problems where nobody else sees any and are willing to try a truly original approach even if there is a chance it could fail. Thus; these responses concur with David McClelland's theory.

5.4 Conclusions

The study concludes that both young men and women participate in entrepreneurship in Kakamega central district in Kakamega County while a majority of them have undergone basic education under Kenya's 8.4.4 education system and are, therefore; literate and that education level influences youths' participation in entrepreneurship. The study also concludes that though most of the youths have not undergone entrepreneurship training, it would help the youths in Kakamega Central District, Kakamega County to analyze new business opportunities, become an expert in entrepreneurship, learn about the new economy and the high technology field, practice entrepreneurial thinking, develop technical business skills, understand accounting and financial management, understand/develop components of a business plan, learn how to start up and manage a business, develop selling and human resources skills. However the extent to which it helped them develop a career in managing a small business, gain a working knowledge of computers as a business tool, learn how to attract financing and how to develop general success/employability skills was unclear.

On innovativeness and creativity the study concludes that innovativeness and creativity influences participation in entrepreneurship and it helps the youths' in Kakamega Central District, Kakamega County to consider more than one solution to address problems in their business, to try out new ideas in their business, purposefully seek problems where nobody else sees any, try truly original approaches to business even if there is a chance they could fail, to modify and adapt their business

products/services, purposefully master some creativity techniques and continually envisage business ideas to make life easier.

The study also concludes that loans support the business youths' in Kakamega Central District, Kakamega County. Lack of security in getting loans, high interest rates, and lack of start-up and expansion capital is a big challenge in entrepreneurship and therefore an influence on youth participation in entrepreneurial activities in Kakamega Central District, Kakamega County. The study also concludes that savings, inheritance, spousal support and relatives are an important source of financial capital, an indication that the youths in Kakamega Central District, Kakamega County used all the above sources of capital to start up and expand their business.

On markets and marketing the study concludes that access to local markets, access to international markets, access to market information, difficulty in accessing the markets are minor obstacles to youths participation in entrepreneurship in Kakamega Central District, Kakamega County.

Finally the study concludes that other influential factors to youths in Kakamega Central District, Kakamega County participation in business is the strict business regulations/labour laws/ and regulatory red tape. Lack of employment opportunities and lack of business information influenced their decision to participate in business.

5.4 Recommendations

This study recommends that Youth entrepreneurship programs in Kakamega County should focus on imparting knowledge and skills on small business management, use of computers as a business tool, how to attract business financing and general success/employability skills to encourage their participation in business.

Also, the study recommends that university graduates be encouraged to venture into entrepreneurship other than focusing on seeking formal employment. As in an

attempt to find out the advantage that graduate entrepreneurs have in terms of resources, David Pickemell et al(2009) concludes that they exhibit greater ability to access knowledge from a range of sources with particularly strong ability for accessing government resources and national/international procurement procedures. He explains that sources linked to informal networks/trade associations as well as direct industry sources, customers /suppliers, are more likely to be accessed by graduate entrepreneurs. Thus, graduates are more likely to be very successful in entrepreneurship. For instance; many of the world renowned entrepreneurs begun as students while at the University or in college. For example founder of Facebook Student Entrepreneur Mark Zuckerberg was studying at Harvard when he started the facebook social networking website. Facebook is reported to have over 40 million registered members generating 1.6 billion page views each day (Needham and company, 2007). Facebook has also purchased You Tube, a web favorite among students and now deliver just under 40% of online videos viewed on the net. (John Battelle, 2007). It is interesting to note that they both started working on the idea when they were second year students at Stanford University.

The study recommends that youth in Kakamega Central District, Kakamega County should consider establishing new businesses from innovative ideas based on the market needs and not replicate local established businesses due to lack of adequate capital to compete with them.

The study also recommends that the county of Kakamega should ease regulations/labour laws/ and regulatory red tape which hinders youth participation in business.

Finally the study recommends that the government should regulate interest rates and support youths to acquire loans to start businesses.

Recommendation for Further Studies

I recommend that further studies be undertaken on more factors influencing youths' participation in entrepreneurship, in particular government policies and laws and cultural factors. The study has established that the youth entrepreneurs in municipality of Kakamega county believe that innovativeness and creativity influence participation on entrepreneurship. I recommend further studies to establish of this trait is inherent or can be learnt. The findings show that the youths do not consider access to markets to be a main obstacle to participation in entrepreneurship. Further; studies should be carried out in other localities to affirm this.

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APPENDICES

APPENDIX 1: RESEARCH PERMIT



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

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Ref. No. **NACOSTI/P/16/77498/9430** Date: **11th April, 2016**

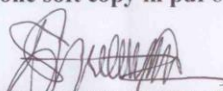
Stella Agnes Atiti
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Factors influencing entrepreneurial participation among the youth in Kenya: A case of youth entrepreneurs in Kakamega Central District, Kakamega County,”* I am pleased to inform you that you have been authorized to undertake research in **Kakamega County** for the period ending **2nd April, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Kakamega County** before embarking on the research project.


On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


DR. STEPHEN K. KIBIRU, PhD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kakamega County.

The County Director of Education
Kakamega County.



National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified

APPENDIX 2: TRANSMITTAL LETTER

ATITI Stella Agnes

P. O. Box 46 – 50115

Kakunga - Kenya

Telephone number: 0713553010.

RE: REQUEST TO CARRY OUT RESEARCH

I am Master of Arts (project planning and Management) student at the University of Nairobi. As part of the requirement for the award of the degree, I am expected to undertake a research study on “factors influencing entrepreneurial participation among the youth in Kenya”. I am, therefore; seeking your assistance to fill the questionnaire attached herewith. Kindly complete all the questions.

The research result will be used for academic purposes only and will be treated with confidentiality. The information obtained will be purely for the purpose of this research and the identity of the respondents will be treated as strictly confidential.

Thank you for your cooperation and assistance.

Yours Sincerely,

ATITI Stella Agnes

Appendix 3: Questionnaire

Age

- Below 18 []
- 18 - 24 []
- 25- 30 []
- 30-35 []

Education

- Primary []
- High School []
- Certificate []
- College diploma []
- University Degree []
- Higher Degree []

PART A: INNOVATIVENESS AND CREATIVITY

The following are statements relating to how creativity and innovation has influenced your participation in entrepreneurship activities. Please indicate the extent of agreement or disagreement with each statement. Key: 1=Strongly Disagree, 2= Disagree; 3=Neutral; 4= Agree; 5= Strongly Agree. Use the keys provided to tick.

| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|-------------------|----------|---------|-------|----------------|
| Do you think creativity and ability to be innovative influences participation in entrepreneurship | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| I usually consider more than one solution to address a problem in my business | | | | | |
| I enjoy trying out new ideas in my business | | | | | |
| I purposefully seek problems where nobody else sees any | | | | | |
| I am willing to try a truly original approach even if there is a chance it could fail | | | | | |
| I have purposefully mastered some creativity techniques, e.g. "Thinking hats" | | | | | |
| I easily make connections between things happening in my environment and commercial opportunities for my business | | | | | |
| I love to modify and adapt my business products/services | | | | | |
| I am continually envisaging business ideas to make life easier | | | | | |

PART B: ENTREPRENEURSHIP TRAINING

Have you undergone any Entrepreneurship Training – Yes or No

The following are statements relating to how entrepreneurship education has influenced your participation in entrepreneurship activities. Please indicate the extent of agreement or disagreement with each statement. Key: 1=Very Important, 2=Important; 3=Moderately Important; 4= Of Little Importance; 5= Unimportant. Use the keys provided to tick.

Entrepreneurial Education helps youth to:

| | | | | | |
|--|----------------|-----------|----------------------|----------------------|-------------|
| | Very Important | Important | Moderately Important | Of Little Importance | Unimportant |
|--|----------------|-----------|----------------------|----------------------|-------------|

| | | | | | |
|---|--|--|--|--|--|
| Develop technical business skills | | | | | |
| Learn how to start up and manage a business | | | | | |
| Develop general success/employability skills | | | | | |
| Understand/Develop components of a business plan | | | | | |
| Learn how to attract financing | | | | | |
| Understand accounting and financial management | | | | | |
| Gain a working knowledge of computers as a business tool | | | | | |
| Develop selling and human resources skills | | | | | |
| Develop a career in managing a small business | | | | | |
| Practice entrepreneurial thinking | | | | | |
| Analyze new business opportunities | | | | | |
| Become an expert in entrepreneurship | | | | | |
| Learn about the new economy and the high technology field | | | | | |
| Not applicable, I did no undergo any | | | | | |

PART C: FUNDING

The following are statements relating to how Funding and Availability has influenced your participation in entrepreneurship activities. Please indicate the extent of agreement or disagreement with each statement. Key: 1=Strongly Disagree, 2= Disagree; 3=Neutral; 4= Agree; 5= Strongly Agree. Use the keys provided to tick.

| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|-------------------|----------|---------|-------|----------------|
| Do you think funding availability influences youth participation in entrepreneurial activities? | | | | | |
| Savings is the main source of financial capital to start my business | | | | | |
| Inheritance is the main source of financial capital to start my business | | | | | |
| I used my own savings to start my business. | | | | | |
| Formal financial institution is the main source of financial capital to start my business | | | | | |
| Informal financial institution is the main source of financial capital to start my business | | | | | |
| My Spouse is the main source of financial capital to start my business | | | | | |
| My Relatives are the main source of financial capital to start my business | | | | | |
| Lack of security is a challenge of getting a loan | | | | | |
| Too high interest rate is a challenge of getting a loan | | | | | |
| Lack of start-up and expansion capital is a big challenge in entrepreneurship | | | | | |

PART D: MARKETS AND MARKETING

The following are statements relating to how Markets and Marketing has influenced your participation in entrepreneurship activities. Please indicate the extent of agreement or disagreement with each statement. Key: 1= No Obstacle, 2= Minor Obstacle; 3= Moderate Obstacle; 4= Major Obstacle; 5= Very Severe Obstacle. Use the keys provided to tick.

| | No Obstacle | Minor Obstacle | Moderate Obstacle | Major Obstacle | Very Severe Obstacle |
|--|-------------|----------------|-------------------|----------------|----------------------|
| Is access to local markets a main obstacle to Youths' participation in entrepreneurship? | | | | | |
| Is access to international markets a major obstacle to youths' participation in entrepreneurship | | | | | |
| Is access to market information a major obstacle in youths' participation in entrepreneurship? | | | | | |
| Is marketing a major obstacle in youths' participation in entrepreneurship? | | | | | |

PART D: FORMAL EMPLOYMENT OPPORTUNITY

The following are statements relating to how Unemployment has influenced your participation in entrepreneurship activities. Please indicate the extent of agreement or disagreement with each statement. Key: 1=Strongly Disagree, 2= Disagree; 3=Neutral; 4= Agree; 5= Strongly Agree. Use the keys provided to tick.

| | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|--|-------------------|----------|---------|-------|----------------|
| I started my business venture because of lack of formal employment | | | | | |
| Most youths get into business ventures because of lack of employment opportunities | | | | | |
| I have employment opportunities but I prefer to have my own business | | | | | |
| Strict business regulations/labour laws/regulatory red tape | | | | | |
| Lack of access to business information | | | | | |