CHAPTER ONE

INTRODUCTION

1.1 Introduction

Small Enterprises are a major source of employment and income. Entrepreneurship is argued to be the key to economic growth in developing countries. This section looks at the Background of the study, Statement of the problem, Purpose of the study, Objectives and Research Questions, Significance, Delimitations and Limitations of the study as well as the Assumptions of the study. Definitions of the significant terms used in the study are also outlined. It examines briefly the concept of Small Enterprise Development (SED) for employment creation, economic development and as a career option for youths.

1.2 Background of the Study

Youth unemployment around the globe has become a major challenge in the 21st Century. According to the World Youth Report (WYR), (2005) approximately 88 million youth around the world are unemployed and underemployed. In Africa, the Sub-Sahara is one of the regions highly affected by youth unemployment. According to the International Labour Office (ILO), (2005) projection youth unemployment is estimated to be more than 21 percent, and that Sub-Saharan Africa will witness substantial growth in additional labour force of 28 million to 30 million between 2003 and 2015.

While youth unemployment is a widespread phenomenon in the world, the case is much worse in Kenya. Today, Kenya's youth unemployment rate stands at 67 percent, among the highest in the world. (Youth Employment Marshall Plan, 2009). According to ILO, quoted in Schoof, (2006) three in five unemployed Kenyans are youth, aged between 15 and 35 years. This clearly indicates that unemployment in Kenya is a youth problem. (Youth Employment Marshall Plan, 2009). The situation is exacerbated by the shrinking economy amidst political instability and pervasive income inequality (WYR, 2007).

One of the key forces driving conflict in Kenya is youth unemployment. Significantly, youth are engaged in the informal sector, which is largely unregulated and workers are subjected to low earnings and long working hours, without any formal contract. Suffering under a slow-growing
economy, youth, whether well educated or uneducated, have increasingly turned to crime and violence, serving as *watu wa mkono* (handymen) to the ruling elite. According to the Waki Report into the Post Election Violence, during Kenya's disputed 2007 elections approximately 1,133 people were left dead, 3561 injured, 350,000 displaced from their homes and 117,216 private and 491 Government property destroyed. Many of these atrocities were committed at the hands of youth. With the next general elections a few months away, Kenya risks renewed violence if the daunting youth unemployment rate is not properly addressed.

Youth unemployment studies are not new, but there is urgent need to address the current global youth unemployment crisis, more so the Kenyan one. According to the Organisation for Economic Co-operation and Development (OECD), (2010) youth unemployment has been rising dramatically and the trend is set to continue in 2011, resulting in disillusionment and despair among the youth which renders them vulnerable to criminal activities and violence. Given this situation, it is paramount that governments work very hard to reverse the current situation. Fundamentally, the problem requires properly planned, well-structured, and broad-based programmes. Youth unemployment is a special problem, one that differs in its causes, magnitude and implications from the general unemployment problem (Marshall, 1978).

Researchers from various disciplines agree about the importance of small business to economic growth and personal wealth (e.g. Autio, 2005). The small business sector as a major source of employment and income is argued to be even more important to the economies in developing countries. In Africa, about 25 percent of the people employed outside agriculture depend on this sector for their livelihood; improving the conditions for small business is thus seen as a solution to unemployment and poverty alleviation (Mead & Liedholm, 1998). Self-employment and micro and small enterprise creation are routes that young people can actively explore to forge their futures. Enterprises are the places where the jobs are (Haftendorn & Salzano, 2003).

The economic contribution of small enterprises in Kenya is widely acknowledged. However, it seems little efforts are made to look at it from the youth perspective. The specific needs of the youth and particularly their entrepreneurial potential as well as their critical contribution to economic and social progress are underestimated (Irene, 2009). Often overlooked is the
development of small enterprises in favour of formal employment. Many do not consider becoming entrepreneurs a genuine career path with financial reward and work satisfaction but as an alternative to joblessness. Schoof, (2006) quoted in Irene, (2009) states that there is still general lack of accurate and concrete data on youth entrepreneurship especially as it relates to entrepreneurial framework conditions and creation of new firms by youth.

Small enterprises in Kenya cut across all sectors of the economy and provide one of the main sources of employment and generate widespread economic benefits (GoK, 2005). According to the economic survey of 2003, the Small and Medium Enterprise (SME) sector accounted for 74.2 percent of the total persons engaged in employment and contributed up to 18.4 percent of the country’s GDP in 2003. Further the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 recognised the need to establish and maintain a conducive environment for the growth and transformation of SMEs into medium sized enterprises that have capacity to create more employment opportunities (GoK, 2005). Since then, the GoK has embarked on a long term development strategy-Kenya Vision 2030. The first medium term plan-2008-2012 prioritise faster job creation among others.

The Ministry of Youth Affairs and Sports (MOYAS) strategic plan 2008-2012 is linked to the vision 2030 and its first medium term plan and, was prepared to cater for youth and development. It has a responsibility of raising the labour participation in the country to 85 percent by among other projects promoting an entrepreneurial culture and developing infrastructure for SMEs. Thus, MOYAS through Department of Youth Development (DYD) is mandated with implementing programs to provide opportunities for self employment through group mobilisation and support, capacity building on entrepreneurship techniques, marketing and business financing. Against this backdrop, the Youth Enterprise Development Fund (YEDF) was initiated in 2006 to boost employment and entrepreneurship among youth of ages 18 to 35. Through YEDF, youth groups of up to 10 people can apply for funding in addition to other services such as training, mentorship and market access. The Fund’s strategic focus is on small enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building. MOYAS collaborates with YEDF to administer loans to youth enterprises and create a framework for development of youth SACCOs and provision of commercial infrastructure for youth businesses.
Given the importance of small business to the people and their economies in the developing countries, research effort should be directed towards understanding the factors that foster the creation and growth of successful small business activities among youths in these regions. In this study, the researcher sought to better understand the concept of youth employment and income generation through entrepreneurship in small enterprise development in the context of Bomachoge constituency.

According to the 2009 census results, the national population stands at 38.8 million. The Youth, defined as young people of ages between 15-35 years are about 15 million which is 40 percent of the population (KNBS, 2010). Kenya’s economic growth provides for only 25 percent of employment leaving the majority 75 percent unemployed.

Bomachoge constituency has a total population of 200,729, out of which 67,220 are youth aged between 15-35 years representing approximately 34% of its total population. Data from the district youth offices indicate that most of the youth group owned enterprises are SMEs operating mainly in the informal sector and mostly agricultural and building and construction based.

It is often argued that lack of start up capital is the greatest challenge for young entrepreneurs. This notion is however increasingly being challenged by lack of findings that support it. In an interview with the Sunday Nation May 15th, 2011, Mr Mwatata, the CEO of YEDF, stated that a total of Ksh 2.9 billion had so far been disbursed to 71,000 individual youth enterprises and 8,650 youth groups across the country. Another Ksh 1.8 billion was available in the year 2011. In Nyanza Province, Ksh 79, 950,497.40 had been loaned to 1,858 Y.Gs. In Kisii County, 404 Y.Gs had benefited with a total of Ksh.18, 417,149.00. There are approximately 108 registered Y.G.s in Bomachoge constituency. A total of 1,997,500 million shillings had been disbursed by YEDF to 40 youth groups in form of loans since 2007. This amount is large and the number of youth groups funded many. Young people in this constituency however still face many obstacles in their transition from childhood to adulthood. Unemployment, poverty and lack of sustainable
income are among many other factors that exacerbate these difficulties. This makes them prone to idleness, hopelessness, and unfulfilled dreams.

Wameyo, (2011) observes that group investment in our society seem not to work. This study aimed at contributing to understanding why many youth groups in Bomachoge fail to start and grow small businesses. The question therefore was why the high failure rate and what are the success factors? In answering this question, the researcher aimed at adding to previous research and efforts, by investigating the role of group dynamics, organisational learning and managerial strategies adopted by the Y.Gs on the development of small enterprises aimed at alleviating youth unemployment and poverty.

1.3 Statement of the Problem

Youth unemployment was one of the underlying causes behind the political upheaval across North Africa, which began in the middle of December 2010 (Melik, 2010) and in Kenya’s 2007/2008 post election violence (CIPEV, 2008).

It is because of this unemployment problem that the Government of Kenya in 2006 established the Youth Enterprise Development Fund (YEDF). The concept was based on the premise that micro, small, and medium enterprise development initiatives are likely to have the biggest impact on job creation. However, out of the Ksh.1, 997,500 disbursed in Bomachoge constituency since 2007, only Kshs 950,217 had been recovered by the end of July 2011; this is poor loan repayment of only 48 percent. In addition, youths who have accessed the fund which has zero percent interest rate claim that their businesses die within the first 6 months of start-up. Thus while YEDF shows high small business birth-rates, the business failure or stagnation is equally high (Rogito, 2010). While data is available on the amount of funds disbursed, repayment rate and status of youth enterprises, no data is available on youth enterprise performance.
Despite many studies having been done in the past on youth unemployment, (e.g. Irene, 2009 and Kimwonga, 2009), the obstacles to Small Enterprise Development (SED) among youths in Bomachoge as a major strategy to reduce youth unemployment have also not been adequately identified and, the concept of SED continues to be narrowly defined hence the research gap this study aims to address. Among the most important gap is the lack of emphasis on group dynamics, organizational learning and management strategies adopted by the groups all of which would mitigate enterprise stagnation and or failure among youth run enterprises.

This study therefore aimed at establishing whether success of youth enterprises is influenced by factors other than those that affect enterprises owned by adult entrepreneurs. It sought to investigate the factors influencing small enterprise development among youth groups in Bomachoge constituency.

1.4 Purpose of the Study

The purpose of this study was to investigate the factors that influence small enterprise development among youth groups in Bomachoge constituency. It was expected to shed more light on the factors that contribute to success and failure of entrepreneurship in small enterprises and guide policy makers and particularly the youths in formulating policies and strategies that will address development of sustainable small enterprises in the area and Kenya in general.

1.5 Objectives of the Study

Small enterprise development among youth groups in Bomachoge constituency is the focus of this study. It includes the direction and organisation of these activities through the YEDF. Thus this study aimed at achieving the following objectives;

1. To assess the influence of group dynamics on small enterprise development among youth groups in Bomachoge constituency.

2. To determine the influence of organisational learning on small enterprise development among youth groups in Bomachoge constituency.
3. To examine the extent to which the management strategies adopted by youth groups influence development of small enterprises in Bomachoge constituency.

1.6 Research Questions

The researcher in this study sought to answer the following questions;

1. To what extent do group dynamics influence the development of small enterprises among youth groups in Bomachoge constituency?

2. How does organisational learning influence small enterprise development among youth groups in Bomachoge constituency?

3. What is the influence of the management strategies adopted by youth groups on small enterprise development in Bomachoge constituency?

1.7 Significance of the Study

As the rate of unemployment increase and the need to create formal employment for more people with the fewer formal organisations become more and more challenging, more and more people are thinking about the concept of Entrepreneurship in small enterprise development. There would be no reason to conduct a study on the factors that influence small enterprise development if there are enough Small Enterprises (SEs) in Bomachoge to address the high youth unemployment in the area.

This research therefore is important to the Government of Kenya, the agencies and departments addressing youth unemployment through entrepreneurship so that the problem of SED failure and stagnation can be properly addressed. They shall begin to evaluate and analyse the existing SED activities and programmes among youth groups and develop new proposals for entrepreneurship training and education, review approaches to and provide a training programme for youth officers. It also aimed at helping Y.Gs in the constituency to find solutions to the development of small enterprises that are sustainable and economically viable. The study also
sought to add to previous research with its emphasis on the active role of group dynamics, the organisation (in this case the Y.G) as a learner and the importance of the management strategies adopted by the Y.Gs in running successful small enterprises, and open up room for further scholarly studies in Youth Investment Groups. The study is also significant to the researcher’s work as head of department in the Ministry of Youth Affairs and Sports Kenyenya District, Bomachoge constituency. The job in brief entails promoting youth owned SMEs and coordinating, monitoring, and training youths on entrepreneurship in the district. In other words, the researcher will be involved directly in the research field, thus the study will become a learning process for her in order to be more competent in this area.

1.8 Delimitation of the Study

This study was conducted in Bomachoge constituency and focused on small enterprise development among registered youth groups that had been funded by YEDF. The researcher was only interested in studying the following independent variables; group dynamics, skills and knowledge gained as a result of organisational learning through mainly group networking and the management strategies adopted by the Y.Gs. Previous studies have focused on other variables e.g. funding, entrepreneurship training, monitoring and evaluation (M&E) among others.

Although a number of studies have been conducted on this topic and in the context of YEDF in Kenya, none had been carried out in this region. The researcher also ensured that the instrument for data collection was simple to administer, with an easy to follow format and simple language.

1.9 Limitations of the Study

Bomachoge constituency is heavily dominated by a single community. There is little difference in cultural, geographical and economic conditions. This may have introduced some degree of bias.
One of the major limitations of this study was resources including time to cover the region. The researcher however worked overtime and effectively used the available resources. She made use of the interns in the constituency to help reach the youth groups.

Respondents whose youth groups that defaulted in YEDF loan repayment were also not willing to participate in the study and were afraid to give complete and correct information for fear of being victimised. The researcher however fully explained the purpose of the study to the respondents to try and overcome the resistance and gain their cooperation.

1.10 Assumptions of the Study

The assumptions which were made in this study were that the sample was a representative of the population targeted and that the variables used were not to change throughout the period of the study. The study also took into consideration the assumption that the instruments for data collection were valid and reliable in measuring the findings and the respondents gave valid information for the research.

1.11 Definition of Significant Terms

Different researchers use different definitions of concepts in their studies. The following provides a brief discussion of terms as used in this study.

Small Enterprise/Business: An income generating activity with the number of employees ranging from 1-49 for which the owner(s)-manager(s) is/are responsible for management decisions relating to the business operations; operating in all sectors of the economy i.e. manufacturing, trade and service etc, unregistered, (also known as Jua Kali) or registered (or formalized) and capital employed ranging from ten thousand Kenyan shillings (US$150) to 5 million Kenyan shillings (over US$68,000). The words “Enterprise” and “Business” were used interchangeably in this study to refer to the same thing.

Small Enterprise Development: The practice of creating and managing the operations and growth of a small enterprise. This was bounded by three variables in this study; sales revenues/profitability and number of employees.
**Group Dynamics:** Forces that result from the interactions among group members. In this research this was bounded by the size of the group, purpose of group formation, roles of the members.

**Organisational Learning:** The evidence of change within the group or within individual members of the group, as a result of verbal interchanges and observation among groups, other individuals or organisations. In this study, this was defined by group networks and number of exchange programmes.

**Management Strategies:** The means used to coordinate business resources in order to achieve business goal(s) or objective(s). In this study, this was defined by business planning, customer care, book keeping and employee motivation.

**Youth Group:** A team of up to 10 or more youth who share a common purpose.

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

**Bomachoge:** A constituency in Kisii County consisting of two districts namely Kenyenya and Gucha.

**Youth:** An individual aged between 15-35 years old.

**Entrepreneurship:** The process of creating and running a business activity.

**Entrepreneur:** Someone who is involved in entrepreneurial activity such as establishing a new firm or entering into self-employment.

### 1.12 Summary

The general understanding is that entrepreneurship is essential not only to the growth of the nation’s economy but also to the nation’s ability to gain a competitive edge in the global market. This chapter explained the rationale for this research and why it was important to the context of Bomachoge. The problem statement identifies the key prompts for the research: a rise in unemployment, the need for economic development, human capital stimulation and
entrepreneurship as a career option. It provided clear research objectives; to investigate whether group dynamics, organisational learning and management strategies adopted by youth groups in Bomachoge constituency influence small enterprise development among youth groups. These objectives were achieved under the assumptions of the study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will explain the role of entrepreneurship, the link between entrepreneurship and job creation and the capability of entrepreneurship as a mechanism in reducing the number of unemployed youths. The first part of this chapter focuses on the concept and definition of entrepreneurship and small businesses. This is followed by a comparison of youth entrepreneurship and self employment in developing and developed countries.

The chapter then provides an analysis of factors that influence small enterprise development among youth groups. The chapter ends with the conceptual framework and operationalization of key variables involved.

2.2 Definition of Youth

The term ‘youth’ has no universally accepted definition. Youth generally refers to the time of life between childhood and maturity (adulthood). Definitions of the specific age range that constitutes youth vary from country to country and among other organizations such as NGOs, religious organizations and other community serving organizations, e.g. the Government of Kenya, (2006) quoted in Irene, (2009) defines youth as an individual within the age bracket of 15-30 years; this definition takes into account the physical, psychological, social, cultural, biological and political definitions of the term. The United Nations (UN) General Assembly defines youth as those persons between the ages of 15 and 24 years. According to World Bank, youth comprises persons between the age of 15 and 24, while the Commonwealth Youth programme works with young people aged 15-29. The Danish Youth Council on the other hand defines youth as any member of society between the ages of 15 and 34. The terms "youth", "adolescent", "teenager" and "young person" are interchanged, often meaning the same thing, and occasionally differentiated. Youth also identifies a particular mindset of attitude.

Different scholars have also provided different ways of defining youth. Curtain, (2002) quoted in the UN World Youth Report, (2003) defines it as a phase when a person moves from a time of
dependence (childhood) to independence (adulthood). For the purpose of this study a youth will refer to a person aged between 15-35 years.

In legal terms a youth from the age of 15 years are defined as economic agents according to ILO convention No. 138. In order to make a smooth transition, young people require decent work so as to actively contribute to economic and political development and stability. Thus, supporting youth entrepreneurship promotes innovation, creates jobs, increases competition in the market place, and in addition young entrepreneurs are responsive to new opportunities and trends and with entrepreneurship go increased self-reliance and well-being. However more than 10 years after the adoption of the World Programme of Action for Youth to the Year 2000 and beyond, many youth continue to have limited access to opportunities for self- development, which reduces the contribution they can make to national development.

2.3 Youth Unemployment

Despite the fact that youth are receiving more education, youth unemployment in the world and particularly in Kenya has increased to record levels. Youth unemployment, at a total of 88 million is highest in Western Asia, North and Sub-Saharan Africa. There is increased pressure for young people to compete in a globalising labour market (WYR, 2005). In Kenya, state employment has been the main single outlet for school leavers and there has been a strong link between qualifications and occupations. The increased number of school graduates and, the currently high increase in demand for higher education and the need to provide skills necessitates different approaches to the unemployment problem. It is estimated that about 800,000 youths join the labour market annually in this country.

2.4 Definition of Youth Group

Theorists are not of one mind when it comes to defining the word ‘group’. Some stress the importance of communication between members; others highlight the key role played by mutual dependence. Still others suggest that a shared purpose or goal is what turns a mere aggregate of individuals into a bona fide group. Most, however, would agree that a group requires at least two people (Brown, 1999).
In its simplest form, a group is a number of individuals that are classed together on the basis of one or more common characteristics. The characteristics may be broad or narrow. For example, Hogg, (1992) states that a group is “essentially a numerically small face-to-face collection of individuals interacting to perform a shared task or fulfil shared goals”. This study focused on specific types of groups: those that are defined by a common purpose, goal or task and that interact and work together for the achievement of that purpose, goal or task and, a youth group was defined as two or more youth with a common purpose and task or goal to achieve.

2.5 Entrepreneurship and Self-Employment

It’s important at this point to try and understand ‘entrepreneurship’ and ‘self-employment’ and for purposes of this study ‘youth entrepreneurship’ and ‘youth self-employment’. There is also need to understand the importance of promoting entrepreneurship and self-employment among youth in particularly the developing economies. Debate exists on the relationship between ‘self-employment’ and ‘entrepreneurship’ but for purposes of this study, the two terms were used interchangeably to indicate ‘starting and running a business’.

Entrepreneurship contributes immensely to the economic growth and hence plays a vital role in the development process of a country. The level of income as well as the living standards of the people is raised with the vision and work of entrepreneurs. Entrepreneurs and a helping Government can change a developing economy into a developed economy (Schumpeter, 1934). Despite its apparent importance, there is no agreed definition of entrepreneurship (Kirby, 2003). Gibb, (1996) quoted in Kirby, (2003) states that the term entrepreneurship is often equated with new venture creation and small business management and the concepts of owner management and self employment. Many scholars argue that the term is much broader than these concepts. Wickham, (1998) as quoted in Kirby, (2003) e.g. suggests that entrepreneurship is about creating and managing vision and communicating that vision to other people. It’s about demonstrating leadership, motivating people and being effective in getting people to accept change. It must therefore be recognised that entrepreneurship is about creativity and innovation and is not solely confined to new ventures or that entrepreneur’s only work for themselves in their own businesses.
In this study, entrepreneurship was defined as the act of identifying business opportunities, acquiring the necessary resources and taking risks to start and manage a successful business activity. This study emphasised self-employment. Here, ‘self-employment’ is defined as a state in which a person puts efforts in a business or activity that belongs to him/her, works independently and earns a living from it. He/she works for himself or herself rather than another person, except under arm’s-length contracts (OECD, 2010). Thus ‘youth entrepreneurship’ is defined as the willingness by youth to start and manage a business enterprise (Kuratko & Hodgetts, 2001) through initiative, innovation, creativity, and risk-taking either in self-employment or employment in small start-up firms (Irene, 2009). Self-employment and micro and small enterprise creation are routes that young people can actively explore to forge their futures. Enterprises are the places where the jobs are. Promoting a positive enterprise culture is also a way to facilitate youth employment (ILO, 2003).

### 2.6 Youth Entrepreneurship and Self Employment in the World

To further understand the nature of entrepreneurship, it was important to consider statistics which provide actual and aggregate numbers to emphasise the importance of small businesses in our economy. Though data on exactly how many youth are participating in entrepreneurship around the world is yet to be collected, the few available studies show that young people are actively involved in running their own businesses.

In the USA for example, it’s averaged that 600,000 new businesses are created every year through start-ups, expansions or development in form of self- employment. These firms created more than 34 million new jobs between 1980 and 2001. In 1996 alone, small businesses created 1.6 million new job accounting for 94 percent of the net job creation (Kuratko & Hodgetts, 2001). This is largely due to the fact that nearly half (40 percent) of young people who finish senior school express high interest in forming their own businesses (OECD, 2010). Every year, 1 out of 150 youths in the USA participate in starting a new venture. More significantly, almost 90 percent of the small firms employ not less than 20 other youths.
In Europe and the United Kingdom in particular, which according to the OECD, (2001), is one of Europe’s leading entrepreneurial economies, the rate of self employment is growing at one of the fastest rates in the world. More than a third of the nation’s young people express a desire to start their own businesses and each year about 50,000 of them actually do it (Irene, 2009). A survey conducted by Barclays Bank in 1997 quoted in White and Kenyon, (2000) established that sixty seven percent of all new inventions are created by small firms owned by young people in this country. The survey also revealed that 65 percent of the youth entrepreneurs worked from home, 40 percent alone, and 14 percent had a single employee and about 17 percent employed six or more people. Most of the Youth Enterprises (71 percent) had an annual turnover of under £100,000 (US$158,000).

In Canada, the OECD report indicates that self-employment among youth increased rapidly from 5.4 percent in 1989 to 7 percent in 1996. The same report also indicates that in Australia, some 5.0 – 5.5 percent of the self-employed, on average, are youth aged between 15-24 years. Similarly, developing economies such as Japan, China, Malaysia, and Singapore among others, have achieved their highest economic performances during the past decade through promoting and fostering entrepreneurial activities particularly among the youth. These data suggest that, although there is a ‘flourishing youth enterprise culture’, overall, the participation of young people in self-employment in developed countries is very low (OECD, 2001). On average, they constitute less than 10 percent of the total self-employed in developing countries. In the UK, for instance, the Barclays Bank survey established that the youth, (16-25) have the lowest self-employment rate (3.3 percent) while adult entrepreneurs (over 65) have the highest (36 percent) (White and Kenyon, 2000).

### 2.6.1 Youth Entrepreneurship and Self Employment in Africa

A study done by OECD, (2001) shows that in developing countries, the rate of self-employment among youth, is low compared to adults, but significantly higher than among the young people in developed countries. This is particularly true in countries with slow or stagnant economic growth rate (Irene, 2009). Thus, the tendency towards self-employment among youth is higher in Sub-Saharan Africa than in other parts of the world (Sharif, 1998).
A number of studies conducted in Africa on small enterprises seem to support this claim. For example, a survey conducted in Ghana revealed that young people owned almost 40 percent of the enterprises. Younger youth aged 15-25 owned only 5.4 percent of the enterprises while older youth aged between 26-35 years owned 33.8 percent of the enterprises (Osei, 1993).

In Malawi, research shows that about a third of the youth entrepreneurs want to expand or diversify their businesses into other ventures, with only 3.0 percent saying that they would look for a formal sector job (Kambewa, 2001). Equally, in Zambia, slightly more than half (50.9 percent) of the unemployed youth want to start their own enterprises in the urban informal sector, while 19.6 percent indicated that they intend to seek informal wage employment and a quarter of the youth (25 percent) are self-employed (Chigunta, 2001). Among the youth entrepreneurs, the majority that is 63.6 percent express a desire to grow their business ventures in the informal sector while, Uganda has the highest total entrepreneurial activity rate (29 percent) of all the countries included in the Global Entrepreneurship Monitor (GEM) 2003 (Curtain, 2004). Similar evidence from South Africa suggests that the probability of self-employment among young people rises with age (Jewitt, 2001).

It is however wrong to conclude that youth in all African countries are ready for self employment. Tendency towards self employment also vary among the African states. According to the Global Entrepreneurship Monitor Report, (2003) quoted in Umsobomvu Youth Fund (UYF), (2004) South Africa has one of the lowest rates of entrepreneurship and job creation amongst its youth, compared to other developing countries which stood at 5.5 percent in 2007 (Mathebula & Mahlangu, 2008).

There is also significant variation according to the age category of youth. The survey results show that only 9.6 percent of younger youth aged between 15-19 years were engaged in small enterprise activities in the informal sector as owners. The level of youth participation in the informal sector increased to 33.4 percent among young people aged between 20-24 years and 57.7 percent among those aged between 26-29 years. This trend continued among higher age categories, although, unlike in the case of developed countries, it started to fall off for those aged 40 years and above (Irene, 2009).
The evidence from developing countries also suggests that the participation rate of youth in self employment significantly varies according to gender, with young men more likely than young women to be self-employed. The data for Zambia show that only 5.4 percent of the younger female youth in the age category 15 – 19 years were engaged in running enterprises as proprietors compared to 15.1 percent among male youth. In the age group 20 – 24 years, only a quarter (25 percent) of female youth were involved in running enterprises compared to just under half (40.3 percent) of the male youth. Even among young adults aged between 25 – 29 years, slightly more males (60 percent) than females (53 percent) were engaged in enterprise activities. (Irene, 2009), while out of the 5.5 percent of youth in South Africa in 2007 who owned businesses, 2 percent were female (Mathebula & Mahlangu, 2008).

These findings suggest the existence of socio-cultural constraints which tend to affect the participation rate of female youth in self-employment. However, where such socio-cultural constraints are largely absent, as is generally the case in developed countries, the rate of female youth proprietary participation appears to be high, and in some cases even higher than that of male youth. In the UK, for instance, the Barclays Bank survey showed that 45 percent of the entrepreneurs were female, while the rest were male. In Australia, the level of female participation in some sub-sectors was even higher than that of male youth (White and Kenyon, 2000).

This demonstrated desire by many youth around the world to start their own businesses seems to contradict the traditional view that the majority of young people have a negative attitude towards self-employment. Current literature tends to portray youth as ‘job oriented’ mainly viewing self-employment as an alternative measure as they wait for better opportunities in the formal sector (Chigunta, 2001).

For developing countries, it is easy for one to dismiss the desire of the majority of the youth to start their own businesses as arising from lack of better alternatives. This could be true for some, but existing literature reveal that motivation to start, manage and/or grow an enterprise among young people can be attributed to a complex combination of factors (Irene, 2009). These include positive political, economic, social environment, and low wages in the formal sector which act as a disincentive to job seekers with entrepreneurial aspirations (Kambewa, 2001), family
background, education and training, need to take challenges (Kirby, 2003) among others. Thus the great interest expressed in starting or expanding an enterprise among youth in both developed and developing countries should be seen in the context of the increasing importance of self-employment as a source of new jobs and economic development (Irene, 2009). Both developing and developed countries must encourage entrepreneurship as a viable and worthy career aspiration among the youth. This research aimed at contributing to the development of small enterprises for self reliance and economic development among youths in Kenya.

2.7 Business Challenges Facing Small Enterprises in Kenya

The 2009 National Census Survey of Kenya revealed that 64 percent of its population was engaged in small and micro-enterprise (KNBS, 2010). According to the 2003 Economic Survey by the Government of Kenya, employment within the SME sector increased from 4.2 million in 2000 to 5.1 million in 2002; with the informal sector accounting for 70.4 percent of total employment opportunities. In 2001, the informal sector accounted for 72.8 percent of total employment opportunities. This percentage rose to 74.3 percent in 2002 and 76.5 percent in 2004 (GoK, 2005). The trend in employment creation by the SME sector, as expected, has been upward. The Economic Survey of 2005 estimated that 7.8 million people were employed in 2004, an increase of 6.5 per cent from the 7.3 million in 2003. The informal sector continued to provide the bulk of additional jobs (GoK, 2005). However, the situation may have changed and will be confirmed by other SME surveys.

As with many developing countries, there is limited research and scholarly studies about the SME sector in Kenya. The 1999 National Baseline Survey conducted by Central Bureau of Statistics, International Centre for Economic Growth (ICEG) and K-Rep Holdings provides the most recent comprehensive picture of SMEs in Kenya (Bowen et al, 2009). Even with this, data is available on SMEs in general (cutting across all age groups) and on women entrepreneurs. Previous baseline surveys have not captured statistics for youth entrepreneurs and enterprises in Kenya, hence, the absence of data by youth.
Based on the available growth statistics, the SME sector which is growing rapidly has the potential to provide employment to majority of Kenyan youth both as employers and employees. There is need to identify the factors that hinder or promote the development and growth of youth Small Enterprises and to develop appropriate intervention programmes to encourage them. However due to lack of statistics, it is not possible to outline the characteristics of youth entrepreneurs in Kenya.

Despite their significance, Small Enterprises are faced with the threat of failure with past statistics indicating that three out of five fail within the first few months. These challenges seem to change (evolve) according to different macro and micro conditions.

A research carried out in Nairobi, established that majority (45 percent) of SMEs are owned or run by people in the 25-34 age bracket, and 5 percent are owned or run by people in the 18-24 year bracket (Bowen et al, 2009). This clearly indicates that Kenyan youth are entrepreneurs. Bowen et al also established that competition among themselves and from large firms, lack of access to credit; insecurity, debt collection and power interruptions are the main challenges facing SMEs. Political uncertainty, cost of materials, low demand and restrictive by-laws completed the list of ten main challenges. According to the study, credit constraint seems to be easing up when compared to previous researches. ILO, (2008) seems to support this claim by stating that the number of support organisations providing credit to SMEs in Kenya has increased as well as their geographical spread across the country and relocation to both rural and urban areas. The findings of the study also indicated that relevant training or education is positively related to business success. Among the main factors cited as reasons for business success in the study are; discipline in financial management (54.5 percent) availability of customers (53.4 percent) as well as physical location of the business (42 percent). Skilled workforce was mentioned by 38.6 percent of the respondents. The other factors reported include business networking, competitive pricing or low cost, selling variety of products and services, superior customer service and continuously improving quality of service delivery, availability of capital as well as credit from the banks. These results reveal that all factors mentioned above are important in contributing to good performance of businesses (Bowen et al, 2009). The research concludes that small business success is a consequence of embracing a mix of strategies. The
research also suggests that availability of credit is no longer as bad as it used to be judging from the previous findings on credit and small scale businesses.

According to ILO, (2008) 80 percent of women entrepreneurs in Kenya fall within the 20-39 age bracket and are faced with a number of challenges in the development of small and micro enterprises. They include among others, lack of sufficient capital for expansion and cash for the business, lack of managerial skills to run the business, lack of awareness on availability and accessibility to Business Development Services (BDS), legal and regulatory constraints, inaccessibility to appropriate technology, limited entrepreneurial culture and decline in economic growth. To promote women entrepreneurship, ILO recommended access to BDS including training in financial, marketing, human resource management and entrepreneurship skills; access to infrastructure including roads, electricity, water and sewerage, telecommunications and security of tenure of business premises; access to risk insurance and access to information through documentation and business information centres and information networks. Other studies, (e.g. Irene, 2009; Kimwonga, 2009; Wanjohi & Mugure, 2008; Stevenson & St-Onge, 2005; Kinyanjui, 2000) arrived at similar conclusions.

Although the above general challenges to successful small business start-up and growth apply to youth as well, (such as lack of access to capital, lack of education, skills and training etc), young entrepreneurs face specific challenges. TechnoServe states that these challenges include:

- Lack of credibility: youths face credibility constraints with potential customers and suppliers, banks etc who all tend to dismiss the capacity of young people to engage in business.
- Poor network: Most young people lack the business network of potential partners and mentors that older entrepreneurs have.
- Social pressure: Potential young entrepreneurs are particularly vulnerable to dissuasion from authority figures and peers who encourage talented young people to seek careers in “established” sectors and enterprises (such as the civil service or large firms). The education system also promotes routine learning and obedience rather than creativity and innovation.
- Poor supporting structures: As indicated above young people, especially outside Nairobi, have few avenues through which to access business training. An investigation into levels of entrepreneurship development within Kenya which focused on the types of training
entrepreneurs received outside of academic schooling (e.g., management, technical training, marketing and business counselling) showed that training in entrepreneurship is generally lacking in the (SME) sector. On the whole, 85 percent of the entrepreneurs surveyed had not received any entrepreneurial skills training. For the few that had received training, most received technical (i.e., non-business) training.

Thus, as much as Kenyan SMEs and particularly youth SEs may cite financial and credit availability and accessibility as the most pressing factor to business operations and contributing to a huge number of business closures (National Baseline Survey, 1999; ILO, 2008; Irene, 2009; Kimwonga, 2009; Wanjoji & Mugure, 2008; Stevenson & St-Onge, 2005; Kinyanjui, 2000) this factor can be considered secondary rather than a primary problem. The National baseline survey 1999 shows that the solutions lie within the business structures. Disciplined finance management, differentiating products and services to satisfy customer needs, having the business located within the reach of your customers and good networking can make a difference between succeeding and failing (Bowen et al, 2009). This research sought to investigate the factors other than financial availability and accessibility that influence the development of small enterprises among youths.
2.8 Factors that Influence Development of Small Enterprises among Youth Investment Groups

2.8.1 Group Dynamics

Krishna, (2000) as quoted in Torri, (2009) observes that the traditional perspective of business formation has been based on the initiative of one or two entrepreneurs. However, the researcher’s definition in this study emphasizes that entrepreneurship is a process, distinct from the entrepreneur as a person. Thus in defining entrepreneurship as a process, the term is not necessarily limited to individual behaviour and can therefore be applied to a group.

Groups are social systems made up of people in interaction. A group is defined as two or more interacting and interdependent individuals who come together to achieve particular objectives. Groups exhibit different behaviour—more than the sum total of each group member’s individual behaviour. Groups differ from mere aggregates of individuals because the latter have no interdependence, interaction, or common goal. Teamwork occurs when groups are able to work efficiently and effectively together to achieve organizational goals. Any one member in a group can influence the behaviour of the individuals in the group (Mullins, 2002). Forsyth, (2010) argues that groups are often more effective than individuals in accomplishing tasks, devising solutions to problems and achieving innovative goals because a group possesses more talent, skills and ideas and that there is strength in unity. Mullins, (2002) however states that this claim is yet to be proven.

Youth groups in Kenya are community based organizations composed of a minimum of 10 members both male and female. Every Y.G. identifies the leaders of the group mostly the Chairperson, the Secretary and the Treasurer. The activities of several Y.Gs in a district are coordinated by a District Youth Development Officer (DYDO) who is a MOYAS officer. The Y.G. decisions are taken during group meetings by consensus among the members and leaders.

Youth group owned enterprises can be seen as “community enterprises” defined as an autonomous association of persons (youth in this case) united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (Torri, 2009). The group’s perception of entrepreneurship can therefore act as an incentive or a major barrier to starting up a business. Wameyo, (2011) states that group
investment in our society seems not to work. Group thinking is the single biggest killer of investment groups’ drive. It turns off members who brought new ideas for exploration and gives room to members who brought in emotions to rule on every emotion. This has a lot to do with what brought the members together, a claim that this research sought to establish. The idea that members act “together,” “corporately” or “collaboratively” should be understood flexibly (Dyer, 1994). Some members may be more active than others, but most or all will have some role in developing and implementing the entrepreneurial initiative. Most if not all members will participate in some relatively direct way in monitoring and directing the enterprise’s activities. Some will, in addition, be active, ongoing participants in the productive tasks of the enterprise. Groups can help facilitate creativity and innovation by use of task forces, or ad hoc committees, and teams, particularly entrepreneurial and self-managing teams.

The forces that result from the interactions of group members are often referred to as group dynamics and group dynamics influence the behaviour of both individual group members and the group as a whole. Inattention to group dynamics can have a negative effect on the meeting of members’ socioemotional needs and on goal attainment (Toseland & Rivas, 2005) and can lead to unproductive meetings and dissatisfied members (Toseland et al, 2004). Groups can unleash both harmful and helpful forces (Toseland & Rivas, 2005). Dyer, (1994) also observes that group dynamics usually result in greater or lesser performance than would occur if the individuals worked alone rather than as members of the group. This process is called synergy (Forsyth, 2010). Four dimensions of the group help determine the synergy levels. These are Interaction patterns, group cohesiveness, group social integration and group culture. Interaction patterns are the dynamic interplay of forces in which contact among members of a group results in a modification of the behaviour and attitudes of the participants. These include communication patterns and group size (Toseland & Rivas, 2005). Effective group performance depends to a large extent, on the size of the group. In order to be effective, group size should be kept to a minimum without jeopardizing workload and goal achievement (Forsyth, 2010). Larger groups increase the possibility of conflict due to the variety of viewpoints, few opportunities for the development of social relationships, a decrease in communication and participation levels, and lack of opportunity for individual recognition. Large groups also increase the likelihood of emergence of sub groups (Mullins, 2002) which may shift loyalty from the overall group goals and lead to dissatisfaction and lack of commitment to decisions made by the group.
Cohesion is the result of all forces acting on members of a group to remain in the group (Toseland & Rivas, 2005). High cohesiveness may help the group. Mullins, (2002) for example argues that a sense of esprit de corps helps increase group performance. Cohesion can also have some negative effects on the functioning of a group. According to Janis, (1972) quoted in Toseland & Rivas, (2005) “group think “is a mode of thinking that people engage in when they are deeply involved in a cohesive group, when the members’ strivings for unanimity override their motivation to realistically appraise alternative courses of action. Factors influencing the amount of cohesiveness in a group include the task to be performed, group development and member’s expectations.

At the core of a group is its specific task, goal or purpose that the group was formed to achieve (Toseland & Rivas, 2005). If the purpose for the group ceases to exist, so too will the group, unless or until another purpose can be established and which is commonly shared among all the members. The group is likely to achieve high performance if the members find the task to be achieved enjoyable.

Social integration refers to how members fit together and are accepted in a group. It builds unanimity about the purpose and goal of the group, helping members to move forward in an orderly and efficient manner to accomplish work and achieve goals. Social integration is determined by the group norms and roles (Toseland & Rivas, 2005).

Norms are the rules of the group. They guide members on the behaviours that are acceptable and not acceptable to the group. Norms may stabilize and regulate behaviour in groups and therefore help to encourage organized and coordinated action to reach group goals but may also be negative or cause uncomfortable exclusion from the group. Thus, overly rigid and restrictive norms can suppress individual members’ initiative, creativity and idea contribution. Roles are important for groups because they allow for division of labour and appropriate use of power. They ensure that someone will be designated to take care of vital group activities. Depending on the task, group members will occupy formal and informal roles. Formal roles include chairperson, treasurer, secretary, vice chairperson etc. However there are also informal
roles such as, expert in a certain area. If the job description of members is not clear, this may lead to poor performance.

Olmsted, (1959) quoted in Toseland & Rivas, (2005) defines group culture as the values, beliefs, customs, and traditions held in common by group members. Culture is displayed in the way members interact with one another. For example, the way conflict is handled in a group says much about its culture. The culture that a group develops has an influence on its ability to achieve its goals while satisfying members’ social needs. For example, a culture that emphasizes values of self-determination, openness, fairness, and diversity of opinion can do much to facilitate the achievement of group and individual goals. Sometimes members bring ethnic, cultural, or social stereotypes to the group and thus inhibit the group’s development and effective functioning.

2.8.2 Organizational Learning
One critical resource which business organizations need is information. Emerging evidence suggests that information is a basic requirement for enterprise creation, growth and survival (Moyi, 2003). Information is required in order to make good quality decisions which assist with the management of the organization and thus can increase overall productivity and profit. Small business enterprises survive through learning and adjustment to change. They are very flexible in terms of meeting customer needs and demands (Michna, 2009). Getting access to new knowledge requires networking effort. Alliance formation by small and medium-sized firms is often an integral component of the networking process critical to the obtaining of support and resources for survival for these firms as well as in a much broader context the innovation enterprise for firms of all sizes (Dickson & Weaver, 2011). Burke, (2011) say that networks are important during the establishment, development and growth of small businesses. Social networks can facilitate the processes of learning and innovation. Research and theory in entrepreneurship has drawn attention to the way in which those entrepreneurs with extended social networks are advantaged in the quest for entrepreneurial success (Graham et al, 2007).

Organizational learning is a dynamic process of creation, acquisition and integration of knowledge aimed at the development of resources and capabilities that contribute to better organizational performance (Nafukho et al, 2008) and encompasses the process of
communication, sharing, and broad-based integration of new knowledge into organizational routines and systems (Graham et al, 2007).

Huber, (2004) says that organizational learning occurs when the organization’s members revise their beliefs in ways that, when beliefs are acted upon, improve the organization’s performance. Learning occurs through the organizational acquisition of information, e.g. the assembling of raw facts, observations and data, then interpreting this information by composing perspectives, positions and the refinement of understanding of cause and effect and finally utilizing and applying this information through the undertaking of tasks, activities, and new behaviours, i.e. analysis is translated into action (Morris et al, 2006).

Prior research has suggested that business organisations not only hold specialized knowledge but also have the opportunity to learn from other enterprises (Huber, 1991). Knowledge sharing is of increasing importance as one of the building blocks of successful businesses in newly developing countries. Many businesses such as small enterprises (SEs) in these economies are beginning to move towards sharing information both internally within the organisation and externally to customers, clients and suppliers. Sharing only takes place where there is trust and where there is a shared feeling of ownership of goals. Within a business, this is often done through a framework of knowledge sharing networks (Burke, 2011). Inter-organizational networks of any kind offer many opportunities for learning to take place within a given business enterprise. They can produce more innovations and enjoy better performance if they occupy central network positions that provide access to new knowledge developed by other enterprises. Knowledge transfer among business enterprises provides opportunities for mutual learning and interorganisational cooperation that stimulate the creation of new knowledge and, at the same time, contribute to the business’s ability to innovate (Tsai, 2001).

A number of studies have documented the concepts of organisational learning and business performance (e.g. Lee & Tsang, 2001; Tsai, 2001; Morris et al, 2006; Graham et al, 2007; Burke, 2011; Nafukho et al, 2008, etc). The result of these studies indicate that a business’s innovative capability is significantly increased by its centrality in the interorganizational network (Tsai, 2001), which provides opportunities for shared learning, knowledge transfer, and information exchange. These results demonstrate that gaining access to knowledge through networks not only broadens organizational learning (Morris et al,2006) and increases its ability to assimilate new
external knowledge, but also the ability to apply such knowledge to commercial ends and, thus, create the opportunity for profits (Tsai, 2001).

Huber, (2004) describe entrepreneurship as a highly socialized process based on networks. Networks act as conduits through which information flows. In a business sense, networks are important because they facilitate tangible production, distribution and consumption of goods and services (Moyi, 2003). Business networks are thus defined as mutually beneficial relational contracts between two or more independent firms that involve the sharing of information and resources. Benefits of such networks include; access to knowledge, risk sharing, access to markets and technologies, increasing speed to market, pooling of complementary skills and safeguarding property rights (Huber, 1991), extending the range of contacts, introductions to business associates and motivation, support and encouragement (Michna, 2009). Social networks provide timely information and referrals to others in the network (Nafukho et al, 2008) lead to customer acquisition and a deeper understanding of customer needs, foster enterprise development in a competitive environment and are a source of competitive advantage for enterprises (Graham et al, 2007). For example, in a study of manufacturing SMEs in Nairobi, it was established that entrepreneurs who refer their clients to other firms also stand a higher chance of receiving referrals from elsewhere (Moyi, 2003). Lee & Tsang, (2001) also support this by saying that some studies in China examined the effect of an entrepreneur's networking behaviour on venture performance and generally found a positive relationship between networking and venture performance. Interbusiness links and networks are an important part of a learning process in which organizations discover new opportunities and obtain new knowledge through the processes of knowledge transfer and resource sharing resulting from interacting with one another.

Although ideas of organizational learning have gained currency within the field of management, the application to small business entrepreneurship has been limited in Kenya. This study sought to establish the relationship between organisational learning and small enterprise performance.

2.8.3 Management Strategies Adopted by Youth Groups
Starting and operating a small business includes a possibility of success as well as failure. It takes more than a unique idea to make a small business work. Many small businesses struggle and fail because of poor management and planning (Ondeng, 2007). Recent studies of survival
rates for small Canadian firms found that a lack of management skills is among the key factors contributing to failure, and that many small firms fail as a result of a deficiency in their internal functioning rather than as a result of externally generated circumstances. Poor management skills are also identified in a recent Canadian Imperial Bank of Commerce (CIBC) World Markets Report as one of four key weaknesses impacting the success of small businesses in Canada. According to another study, it is the owner-manager's lack of management skills that negatively impacts their ability to adequately address strategic small business problems in the areas of finance, marketing, human resource management and the implementation of formal control systems. Similarly, in the first comprehensive examination of the internal barriers to growth facing Canadian SMEs, weak management is identified as the main obstacle to building a successful business (Giroux, 2007).

Managing an enterprise may be the most critical tactic for its future success. Individuals with higher managerial ability become successful entrepreneurs and promote firm growth while marginal managers close down their firms and become workers (Variyam & Kraybill, 1994). After initiation of a new venture, the entrepreneur needs to develop an understanding of management change. According to Beaver and Jennings, (1995) quoted in Giroux, (2007), one of the primary ingredients in small business success must be the managerial competence of the owner-manager.

There is a tendency to categorize the management skills required to manage a small business into functional areas. Such a categorization is supported by the intrinsic belief that small businesses increase their chances of success when managers are competent in core functional areas such as strategic planning, marketing, finance, operations and human resource management (Giroux, 2007). Thus the survival and growth of a new venture require that the entrepreneur posses strategic management skills and abilities and shift from an entrepreneur to a managerial style. In so doing however, certain entrepreneurial characteristics must be retained in order to encourage creativity and innovation. Remaining entrepreneurial while making the transition to some of the more managerial traits is vital for the successful growth of a new venture (Kuratko and Hodgetts, 2001).
It is important at this point to try and define the term management. There is no universally accepted definition of the term management. For purposes of this study, the definition provided by Mullins was adopted. ‘The coordination of resources through the process of planning, organizing, staffing, directing and controlling to achieve a stated goal or objective.’ A strategy is therefore a means of achieving an objective.

As discussed earlier, many youth owned small enterprises fail within the first year of operation. In a study carried out among women entrepreneurs in Nairobi for ILO in 2008, many women cited lack of managerial skills to run their businesses as a major challenge facing their businesses. Generally speaking, businesses that are managed properly tend to make profits while those that are poorly managed usually make losses or don’t survive. Reasons behind business failure are numerous. Bad management, lack of planning, poor product quality, bad public relations, inadequate financing and weak marketing are among the leading causes of business failure (Ondeng, 2007), but the ability of the entrepreneur to manage the venture is paramount. Many new ventures are created without the requisite planning. Frequently, those who start new ventures do not possess the managerial skills and understanding to make them work (Kirby, 2003).

Because of their small size, a simple management mistake is likely to lead to the death of a small enterprise hence no opportunity to learn from its past mistakes. Proper handling of finances, resources, employees, competitors, suppliers and marketing initiatives are key to success. Proper management also includes organising and planning the activities of the business, studying the market and customer base and having the vision to see new possibilities and make appropriate business changes. The owner(s) must therefore have knowledge of purchasing, selling, financial management and if necessary hiring and management of employees.

Barrow et al, (2001), quoted in Kirby, (2003) observes that for a business to be well managed, the owner(s) must write a business plan. It’s not only for obtaining finance but also guides the business owner(s) and helps them make important decisions. Through it, it’s possible to identify any possible mistakes that if made could be fatal. A business plan enables the owner(s) to see where they are going and how they will get there. The business plan tests the viability of an idea and sets out what the business expects to achieve together with the resources and actions
required (Kirby, 2003). A study of small businesses in rural Georgia established that businesses that set goals and made a follow up to ensure they were attained had 4% to 5% higher growth rates than those that did not place emphasis on planning. The importance of planning to small business growth is also supported by similar evidence from Germany where it was established that start-ups that emphasised planning tripled their sales in the first 7 years whereas sales declined after four years for those that engaged in little or no planning (Variyam & Kraybill, 1994). A business plan thus sets goals and objectives and allows monitoring of actual progress. The importance of planning cannot be overemphasised. It has been said that if you fail to plan, then you are planning to fail (Ondeng, 2007).

A businessperson trying to sell a product or service should begin by identifying a specific group of people –referred to as the target market toward whom s/he will focus all marketing effort. According to the managing director of Nova Nee communications Ltd, in an interview with Business Unusual, poor customer relations is sending many businesses into early grave. Kioko, a small business owner in Mombasa seems to support this claim by stating in the interview that connecting with the customer in a friendly and courteous way is the key to do business in Mombasa. He further observes that the customers will put up with a bad entrepreneur until the day a competitor with better interpersonal skills comes. Thus the marketing strategy adopted must satisfy the expectations of the target market while at the same time bring in enough revenue for the business. Among competing products, customers will choose to buy the one that offers them the greatest advantage. A good product or service is not enough; the entrepreneur must focus solely on the customer (Ondeng, 2007).

Owners of a small enterprise must have an active role in the business especially when it comes to finances. The primary reason anybody goes into business is to generate cash by selling goods or services. To accomplish this, investments and expenses, debts and credits must be controlled. Thus an accurate record of all business transactions must be kept to avoid loss of money and inefficient operations. Accurate book keeping provides useful and timely information that will assist in making sound business decisions (Ondeng, 2007).

Employees are the most important assets of the business (Mullins, 2002). An important part of managing a small business effectively therefore is to hire the right people, train them, do regular
reviews of their work and decide how each person’s performance can be improved. Employees must be encouraged and rewarded to keep them motivated to do exceptional work. There is nothing that contributes extensively to profits as competent and self-motivated employees (Ondeng, 2007).

2.9 Entrepreneurship as an Opportunity for Youth Today

Ryan, (2003) as quoted in Irene, (2009) observes that within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation among young people. As traditional Job-for-life career paths become more and more rare, youth entrepreneurship is regarded as an additional way of integrating youth into the labor market and overcoming poverty (ILO, 2005). Supporting this shift in policy is the fact that in the last decade, most new formal employment has been created in small enterprises or as self-employment. Given global demographic trends, it is important that the social and economic contributions of young entrepreneurs are recognized. Entrepreneurship can unleash the economic potential of young people.

Promoting youth entrepreneurship is important for a number of reasons. They include; creating employment opportunities for self-employed youth as well as the other young people they employ, bringing alienated and marginalized youth back into the economic mainstream and giving them a sense of meaning and belonging. Entrepreneurship also helps in addressing some of the socio-psychological problems and delinquency that arises from joblessness by equipping youth with new skills and experiences that can then be applied to other challenges in life hence promoting innovation and resilience in them. It can also promote revitalization of the local community by providing valuable goods and services by capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends (Chigunta, 2002).

Entrepreneurship and self-employment can be a source of new jobs and economic dynamism, and can improve youth livelihoods and economic independence in developing countries. For young people in the informal economy, micro entrepreneurism is a bottom-up method for
generating an income, self-reliance and a new innovative path to earning a living and caring for oneself (Irene, 2009).
2.10 Conceptual Framework

A conceptual framework for factors that influence youth owned enterprises in Bomachoge constituency.

**Figure 2.1**: Conceptual Framework.

**Intervening Variables**

1. Culture  
2. Global Economy

**Independent Variables**

1. Group Dynamics  
   - Group size  
   - Group purpose  
   - Member roles  
   - Group norms

2. Organisational Learning
   - Number of groups belonging to a business association/network  
   - Number of groups that participated in exchange programmes

   - Number of groups that prepared a business plan  
   - Number of groups that kept business records  
   - Number of groups that assessed product demand  
   - Level of customer care

**Dependent Variable**

Small Enterprise Development
- Number of Youth Group owned enterprises surviving more than one year  
- Number of employees engaged by a youth group owned enterprise.  
- Volume of sales revenues/profits

**Moderating Variables**

- Level of relevant education, skills and training.  
- Availability and accessibility to capital  
- Age of the group
According to the conceptual framework, level of relevant skills and training, availability of and accessibility to capital and age of the group tend to hinder successful development of small enterprises by youth groups when they are low. This means that, youth group entrepreneurial activities could be enhanced when these factors are high. A favorable culture and global economy could also enhance youth group investment activities.

Literature reviewed earlier in this chapter indicate that development of small enterprises by youth groups may be positively or negatively influenced by the level of relevant skills and training the youth group has in the specific business area. Lack of or inadequate relevant skills and training in business may lead to fewer businesses started, owned and run by youth groups as well as growth of such enterprises. The higher the level of relevant skills and training in business, the higher the number of successful businesses started, owned and run by youth groups. Similarly, increased availability and access to finance/start-up capital will result in more new businesses registered by youth groups and increased chances of growth and survival of the enterprises developed.

Youth group entrepreneurial activities also increase with accessibility to start-up capital, meaning that, the more available and accessible the start-up capital, the more it is likely for a youth group to venture into business. Thus, the level of relevant skills and training, availability of and accessibility to capital and age are moderating variables and culture and global economy are intervening variables in this study.

2.11 Summary

Generally, data suggest that, investment groups will benefit if they pay attention to group processes and avoid group thinking, constantly learn and adapt to change and adopt competitive management strategies that drive business growth. This chapter aimed at presenting a review of the literature on the influence of group dynamics, organizational learning and management strategies adopted on the development of small enterprises among youth groups. It also gave a conceptual framework of the dependent, independent and moderating variables of this study.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1: Introduction

This chapter describes the procedures that were used in conducting this research. The following topics are discussed; research design, the population, sampling procedures, measurement and instrumentation, methods of data collection and methods of data analysis.

3.2: Research Design

The descriptive survey design was used to carry out this study. Survey was best suited for this study because the population studied was large and it was difficult to observe the characteristics of each individual youth group. It also helped in collecting original and specific data on youth entrepreneurship since data on this area is scarce. This design also allowed the researcher to generate both numerical and descriptive data that was used in measuring the relationship between variables to be studied. This design was appropriate for the study because it assisted the researcher to produce statistical information on factors that influence the development of small enterprises among youth groups (Mugenda & Mugenda, 1999). The researcher used questionnaires and structured interview guide to collect data.

In this research, qualitative and quantitative research paradigms were used. Qualitative research allowed the researcher to exercise judgment, appraise and interpret the interrelationships that revealed themselves as constitutive of various human activities. Such activities allowed the researcher to determine and attach meaning and significance within a wider paradigm of knowledge. Although it is assumed that an event is best understood and described contextually, qualitative research allowed the researcher to better understand the social context.

Quantitative research was used in this study in order to obtain statistical data which enabled comparison and analysis of information using statistical methods. The researcher also used both quantitative and qualitative research methods in order to reduce bias.
3.3: Target Population
This study targeted all youth groups funded by Youth Enterprise Development Fund in Bomachoge constituency, Kisii County, Kenya. These youth groups consisted of youth between the ages of 15-35 years, out of school or in school. Each youth group had a minimum of ten members. Youth groups funded by Youth Enterprise Development Fund were chosen by the researcher as the universe because they are the focus of youth entrepreneurship development in the constituency. Young entrepreneurs are required to form or join youth groups in their respective districts. The youth groups are then required to develop small enterprises which are given loans by Youth Enterprise Development Fund upon filling an application form submitted to Youth Enterprise Development Fund through the District Youth Offices. It is expected that individual youths will then develop self-owned enterprises as a result of the experience and skills learnt from running the group enterprises.

Table 3.1: No. of Youth Groups per District.

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Youth groups funded by Youth Enterprise Development Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyenya</td>
<td>21</td>
</tr>
<tr>
<td>Gucha</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: District youth offices, (2011)

3.4: Sampling Procedure
All the forty youth groups funded by Youth Fund were included in this study. Stratified sampling technique was used where the constituency was divided into sub-locations. One youth group was selected randomly from each sub-location to give a sample size of thirty respondents who were the Chairpersons of the group as shown below. The chairperson is the Chief Executive Official of the group and was assumed to have the required information since he/she is charged with the responsibility of managing the group affairs. In situations where the chairperson was not accessible, then either the vice chairperson, secretary or treasurer of the group was selected as a
respondent so as to enhance response. This technique was chosen to ensure adequate coverage of the constituency. Judgmental sampling technique was used to select key informants believed to have the skills, knowledge and experience in dealing with youth groups.

3.5: Sample Size

Out of the targeted forty youth groups, a sample of thirty (30) youth groups were selected to participate in this study. The 30 youth groups represent each sub-location in the two districts in Bomachoge constituency. Mugenda & Mugenda, (2003) states that, for descriptive studies, a sample of 10 percent of the accessible population is enough to be a representative of the universe.

Table 3.2: No. of Respondents Selected from Sub-locations

<table>
<thead>
<tr>
<th>District</th>
<th>Sample selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyenya</td>
<td>12</td>
</tr>
<tr>
<td>Gucha</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
</tr>
</tbody>
</table>

Financial institutions, the government and its agencies and youth serving organizations were purposively selected as key informants on policy issues to get qualitative data and enrich the data collected through survey. A total number of 8 service providers were sampled but only two were purposively selected to be interviewed because they were found to be directly working with the youth.

3.6: Methods of Data Collection

A survey questionnaire was developed and administered by the researcher and research assistants in order to measure the variables. The questionnaire mainly focused on the influence of group dynamics, organizational learning and management strategies adopted by the youth groups in running their enterprises. Part one of the questionnaire asked general information about the respondents and their businesses, while part two focused on the different key informants who were selected because of their first-hand knowledge about the topic. Their views were regarded
as very important because of their experience in working with youth. It is assumed that the target
group may not always be able to articulate their needs adequately because of lack of information
and experience. Often, service providers working with the target group are assumed to be in a
better position to articulate their challenges and needs. The variables included in the
questionnaire were mainly developed based on the literature review.

3.7: Piloting the Study
The questionnaires were initially issued to a sample of 8 respondents who were randomly
selected from the central sub-locations of both districts with drop off/pick up instructions.
Questions interpreted differently during piloting were rephrased so as to have the same meaning
to all respondents. The questionnaires were then finalized and personally administered to the
respective respondents. The pilot study was conducted to enhance the validity and reliability of
the questionnaire.

3.8: Data Collection Procedure
During the study, primary and secondary data was collected and used in making various
recommendations and conclusions. Primary data for the study was collected using a structured
questionnaire that was personally administered to the youth groups’ chairpersons or other group
officials and key informants by the researcher and the research assistants. The research assistants
were initially trained by the researcher to ensure that they effectively administer the
questionnaire. Interviews were conducted at the time and place convenient to the interviewees.
Secondary data was obtained from secondary sources such as books, academic journals,
magazines, newspapers and the internet.

3.9: Instrument Validity and Reliability
In order to improve validity and reliability of the instrument, the researcher first pre-tested the
questionnaire in a pilot study as indicated above. The responses from the pilot study guided the
researcher in making improvements in the questionnaires and questionnaire administration.
### Table 3.3: Operational Definition of Variables

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>INDICATORS</th>
<th>MEASUREMENT SCALE</th>
<th>TYPE OF ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Variables.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1. Group dynamics                             | 1. Number of members in a group.  
2. Purpose of group formation  
3. Roles of member  
4. Group norms | Ordinal scale  
Nominal scale  
Nominal scale  
Nominal scale | Descriptive analysis |
| 2. Organisational learning                    | 1. Number of youth groups belonging to an association.  
2. Number of youth groups that participated in intergroup visits. | Ordinal scale  
Ordinal scale | Descriptive analysis |
| 3. Management strategies adopted              | 1. Number of youth groups that prepared a business plan.  
2. Number of youth groups that kept business records.  
3. Number of youth groups that assessed product demand  
4. Level of customer care  
5. Level of employee motivation | Ordinal scale  
Nominal scale  
Ordinal scale  
Nominal | Descriptive analysis |
| **Dependent Variable.**                       |            |                   |                  |
| Small Enterprise Development.                 | 1. No of youth group owned enterprises surviving for more than one year.  
2. No of employees engaged by a youth group owned enterprise  
3. Amount of sales | Ordinal scale  
Ratio scale  
Ratio scale | Descriptive analysis |
3.10: Methods of Data Analysis

Quantitative and qualitative methods were used for data analysis. Data was tabulated and classified into sub-samples for common characteristics with responses being coded to facilitate basic statistical analysis. Descriptive statistics were used to answer the research questions and objectives in relation to the research area.

Descriptive statistics were used to analyze data collected with the aim of generalizing to the whole population. Quantitative approach to data analysis was used on aspects that can be quantified such as age, size of the group, number of businesses and amount of profits and sales volumes. Qualitative data was analyzed using descriptive, narrative and thematic methods. This helped identify information that was relevant to the research questions and objectives. Data was tabulated and classified into sub-samples for common characteristics with responses being coded to facilitate basic statistical analysis. Statistical Program for Social Sciences was used to process and analyze the data which was presented using frequency tables, percentage graphs and pie-charts.

Qualitative approach of data analysis was used in describing and discussing data pertaining to perception and attitude of youth and youth officers towards entrepreneurship and group investment. In analyzing the data qualitatively the researcher aimed at identifying the trends, patterns and relations of different attributes of entrepreneurs such as entrepreneurship motivation, influence and attitudes and challenges that young entrepreneurs face.
### Table 3. 4: Variables and Methods of Data Analysis

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Variables</th>
<th>Methods of Data Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To what extent do group dynamics influence the development of small enterprises among youth groups?</td>
<td>Group dynamics</td>
<td>-Mean</td>
</tr>
<tr>
<td></td>
<td>Small enterprise development</td>
<td>-Percentages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Frequencies</td>
</tr>
<tr>
<td>2. How does organisational learning influence small enterprise development among youth groups?</td>
<td>Organisational learning</td>
<td>-Mean</td>
</tr>
<tr>
<td></td>
<td>Small enterprise development</td>
<td>-Percentages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Frequencies</td>
</tr>
<tr>
<td>3. What is the influence of management strategies adopted by youth groups on small enterprise development in Bomachoge constituency?</td>
<td>Management strategies adopted.</td>
<td>-Mean</td>
</tr>
<tr>
<td></td>
<td>Small enterprise development</td>
<td>-Percentages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Frequencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Correlations</td>
</tr>
</tbody>
</table>

### 3.11 Ethical Issues

In this research, respondents were informed about the nature and the purpose of the study. All the respondents’ information and identity was kept confidential and the information gathered was used only for the purposes of this study. The respondents also participated in the study voluntarily. A copy of the findings will be availed to any willing institution or youth group upon request.
3.12: Summary

This chapter stated that this study adopted a descriptive survey research design to assess the factors influencing small enterprise development among youth groups. Stratified sampling technique was used in order to give every youth group in all sub locations in the two districts in the constituency an equal chance of being represented. Personally administered questionnaires were used as the instruments of data collection and were pre-tested for validity and reliability through a pilot study. Qualitative and quantitative data analysis methods were applied to the data collected in order to draw conclusions and make recommendations.

This research aimed at contributing to the knowledge on how to enhance the development of youth owned enterprises. This however was achieved while maintaining utmost confidentiality about the respondents who participated in and contributed to the study voluntarily.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1: Introduction
This chapter presents the results of interviews with 26 youth group leaders sampled from youth groups funded by Youth Enterprise Development Fund, the Youth Officer Gucha District and the Youth Enterprise Development Fund Intern Bomachoge Constituency on the factors that influence small enterprise development among youth groups in Bomachoge Constituency, Kisii County. The categories and themes that emerged are from the data analysis procedures outlined in the previous chapter and interpretations made based on the research questions outlined in Chapter one.

4.2: Interview Response Rate
Out of the thirty (30) youth groups that were targeted, twenty six (26) were reached and interviewed. This is 86.6 percent response rate. District interview response rate was as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Number of youth groups targeted for interviewing</th>
<th>Number of youth groups interviewed</th>
<th>Percentage response rate</th>
<th>Response rate per questionnaire.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyenya</td>
<td>12</td>
<td>12</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Gucha</td>
<td>18</td>
<td>14</td>
<td>77.77</td>
<td>100</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>26</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table 4.1 above shows that Kenyenya district recorded the highest rate of response to interviews compared to Gucha district. This may have been due to the size of the district which is bigger than Kenyenya meaning that accessibility may have been a problem. The response rate per questionnaire was 100% meaning that all the questions in the questionnaires were answered.
4.3: Age of the Group and the Group Business

All (100%) of the youth groups whose respondents were interviewed owned a business at a given time since their establishment. The table 4.2 below shows that majority of youth groups (50%) in this constituency had existed for more than three (3) years, 38.5% of the youth groups had existed for between one and three years, while 11.5% of the groups had exited for less than a year. This may be due to group cohesiveness that arises due to prolonged interaction among the members and experience obtained as a result of the interaction. On the other hand, 46.2% of the youth group businesses had existed for between one and three years, 30.7% less than one year and 23.1% more than three years. This showed that almost half of the business that makes it to three years die within the third year. This was an indication that certain factors contributed to failure of these businesses and measures must be taken to reduce this rate of failure.

Table 4.2: Age of the Youth Group and the Group Business

<table>
<thead>
<tr>
<th>Age of the youth group</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Age of the group business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>3</td>
<td>11.5</td>
<td>8</td>
<td>30.7</td>
<td></td>
</tr>
<tr>
<td>1-3 years</td>
<td>10</td>
<td>38.5</td>
<td>12</td>
<td>46.2</td>
<td></td>
</tr>
<tr>
<td>Above 3 years</td>
<td>13</td>
<td>50</td>
<td>6</td>
<td>23.1</td>
<td></td>
</tr>
</tbody>
</table>

4.4: Group Gender Composition

Gender composition was measured to establish whether gender plays a role in starting and managing a group business. The table 4.3 below shows that almost half (46.2%) of youth groups were composed of mainly males. Generally, women were less likely to form youth groups and therefore start a small business as compared to their male counterparts. This may perhaps be attributed to cultural issues.
Table 4.3: Group Gender Composition

<table>
<thead>
<tr>
<th>Gender composition</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly male</td>
<td>12</td>
<td>46.2</td>
</tr>
<tr>
<td>Mostly female</td>
<td>6</td>
<td>23.1</td>
</tr>
<tr>
<td>Balanced</td>
<td>8</td>
<td>30.7</td>
</tr>
</tbody>
</table>

4.5: Group Family Composition

Family composition was measured to determine whether family youth groups are preferred to non family or mixed family and whether family has influence on start-up and management of youth group businesses. In the table 4.4 below, majority (50%) of the respondents were those whose youth groups comprised a few family members. In general, youth groups with none or few family members were preferred.

Table 4.4: Family Composition

<table>
<thead>
<tr>
<th>Family composition</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only family members</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Only non family members</td>
<td>10</td>
<td>38.5</td>
</tr>
<tr>
<td>A few family members</td>
<td>13</td>
<td>50</td>
</tr>
<tr>
<td>Mostly family members</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4.6: Group Business Sector of Activity

The table 4.5 below shows the sector of activity in which most of the youth groups operated their businesses. Sector of activity was measured to assess the stability and viability of various sectors of the economy in relation to Bomachoge constituency.
Table 4.5: Sector of Activity

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>10</td>
<td>38.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4</td>
<td>15.5</td>
</tr>
<tr>
<td>Construction</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Wholesale</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retail distribution</td>
<td>7</td>
<td>26.9</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Producer services</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Personal services</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Extraction</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Data from the table 4.5 above reveals that majority (38.5%) of enterprises owned by youth groups were in the agricultural sector which includes food crop, livestock, poultry, and fish farming mainly on small scale basis. This may be because of the favourable climatic and soil conditions of the region. This is followed by retail distribution with (26.9%) which includes buying and selling agricultural products, kiosks and small shops. 15.5% were in manufacturing sector mainly brick making and 11.5% were in personal services which included mainly small hotels and early childhood education. Construction and extraction had 3.8 % each while none of the businesses were operating in wholesale, transport and communication and producer services which are more stable and profitable. This perhaps may be because of lack of necessary information, skills, capital or influence to enter into these sectors.

4.7: Highest Level of Education of the Members

The level of education of the respondents was measured in order to establish whether education plays a role in ensuring the success of youth group owned enterprises. Data on the respondent’s highest level of education is illustrated in the Table 4.6.
<table>
<thead>
<tr>
<th>Level of education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most completed primary school</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Most completed secondary</td>
<td>20</td>
<td>76.9</td>
</tr>
<tr>
<td>Most completed Technical/vocational education</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Most completed college/university</td>
<td>2</td>
<td>7.8</td>
</tr>
</tbody>
</table>

The Table 4.6 above shows that majority of youth groups had most members (76.9%) with secondary education followed by those with primary education at 11.5%. Very few youth groups had members with technical/vocational education (3.8%) where entrepreneurship education is more focused and aims at nurturing an entrepreneurial attitude among students encompassing awareness, desire and involvement as compared to secondary education. This is perhaps because of the poor attitude towards technical/vocational education exacerbated by a rigid education system that is more academic.

4.8: Members with Business Skills/Knowledge/Training and the Effect on the Group Business

All the youth groups surveyed disclosed that the level of education of the members and possession of business skills/knowledge/training contributed towards the success of their business. Respondents explained that higher levels of education and knowledge in business meant exposure and therefore better business ideas, increased competitiveness as a result of better management, better understanding of the business environment, improved decision making and fewer mistakes. The table 4.7 below shows that 53.8% of respondents were those whose group members had skills/knowledge/training in business while 46.2% had none of its members with business skills/knowledge/training. This may be because majority of the youth groups had members with secondary education where entrepreneurship education is more academic.
Table 4.7: Members with Business Skills/Knowledge/Training

<table>
<thead>
<tr>
<th>Members with skills/knowledge/training</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>53.8</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>46.2</td>
</tr>
</tbody>
</table>

4.9: Number of Workers when the Business Started and at the Time of the Study

Data from the table 4.8 below shows that 73.1% of the youth groups had employed no workers at the start-up of the business which had reduced to 50% at the time the study was being conducted. 26.9% of the surveyed groups had between one and ten employees during start-up but 46.2% had between one and ten employees at the time the study was being conducted while no group had employees between 11-20 at start-up but this had increased to 3.8 during the study. None of the respondents had employees between 21-49 either at start-up or during the study. It can be argued that this was because of the high rate of business failure in their later years.

Table 4.8: Number of Employees during Start-up and at the Time of the Study

<table>
<thead>
<tr>
<th>Number of workers during start-up</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Number of workers during study</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>19</td>
<td>73.1</td>
<td>13</td>
<td>13</td>
<td>50</td>
</tr>
<tr>
<td>1-10</td>
<td>7</td>
<td>26.9</td>
<td>11</td>
<td>11</td>
<td>46.2</td>
</tr>
<tr>
<td>11-20</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>21-49</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4.10: Amount Funded by Youth Enterprise Development Fund

All the youth groups surveyed had been funded by Youth Enterprise Development Fund. The table 4.9 below shows data on the amount funded. The data reveals that majority (88.5%) of the youth groups had been funded with amounts not exceeding Ksh.50,000, none of the groups had received amounts between Ksh.51,000 and 100,000 while only 11.5% had been loaned amounts
above Ksh.100,000. This perhaps is because of the poor repayment rate of the loan as explained in chapter one which prevents them from accessing additional funds from the Fund.

**Table 4.9: Amount Funded by Youth Enterprise Development Fund**

<table>
<thead>
<tr>
<th>Amount funded by Youth Enterprise Development Fund</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 50,000</td>
<td>23</td>
<td>88.5</td>
</tr>
<tr>
<td>51-100,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Above 100,000</td>
<td>3</td>
<td>11.5</td>
</tr>
</tbody>
</table>

**4.11: Alternative Sources of Funds**

The table 4.10 below shows that only 11.5% of the groups funded by Youth Enterprise Development Fund also sought other sources of funds. Majority (88.5%) relied entirely on Youth Fund as a source of capital. On the other hand, all those that sought additional funding did not consider sources like banks, microfinance institutions or group members. All the alternative sources of funds were grants from various organisations including the Ministry of Agriculture, National Aids Control Council and politicians.

**Table 4.10: Alternative Sources of Funds**

<table>
<thead>
<tr>
<th>Alternative sources of funds</th>
<th>Sources of the funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>0</td>
</tr>
<tr>
<td>Micro financial institutions</td>
<td>0</td>
</tr>
<tr>
<td>Members contributions</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>
This may be because the groups were fearful of financial institutions, avoided taking risks or lacked information on small business financing.

4.12: Trend of Sales/Profits

Data from the table 4.11 below shows that the sales/profits of more than half of the groups that were surveyed had increased, 23.1% had decreased while 15.4% had stayed the same. Majority of the respondents cited good use of funds, commitment of members, good marketing, lack of/little competition, quality products/services, appropriate pricing, extra funding from members contributions, Youth Fund and retained profits and training as the primary reasons for the increase in sales/profits while the primary reasons for the decrease/stagnation included lack of demand, low sales, poor financial management, lack of commitment from members, natural disasters, lack of enough capital, inaccessibility to raw materials and interference from local authority.

Table 4.11: Trend of Sales/Profits

<table>
<thead>
<tr>
<th>Trend</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased</td>
<td>16</td>
<td>61.5</td>
</tr>
<tr>
<td>Stayed the same</td>
<td>4</td>
<td>15.4</td>
</tr>
<tr>
<td>Decreased</td>
<td>6</td>
<td>23.1</td>
</tr>
</tbody>
</table>

4.13: Legal Status of the Business

Youth groups can run their enterprises either as an informal business or as a legal entity registered either as partnership, private or public limited company. Operating as a formal business has advantages over informal businesses.
Table 4.12: Legal Status of the Business

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private limited enterprise</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Public limited enterprise</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Partnership</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Informal (Jua kali)</td>
<td>26</td>
<td>100</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The table 4.12 above shows that all (100%) of the youth group owned enterprises surveyed were not legally registered and therefore they operated informally. None operated as private, public or even partnership form of business which enjoys legal protection and therefore increasing their chances of accessing credit, carrying out business with other businesses and organisations and reducing interference from local authorities.

4.14: Location of an Enterprise

The location of a business plays a major role in the success of a business enterprise because it determines access to market, raw materials and level of competition that will be encountered.

Table 4.13: Location of an Enterprise

<table>
<thead>
<tr>
<th>Location</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town</td>
<td>4</td>
<td>15.4</td>
</tr>
<tr>
<td>Village</td>
<td>22</td>
<td>84.6</td>
</tr>
</tbody>
</table>

Table 4.13 above shows that 84.6% of businesses owned by youth groups were located in the village while 15.4% were located in urban centres. This may affect access to services such as electricity, banking, insurance, information and even demand for their products. The reason why
most of them were located in the village may be because they could not afford to lease premises in towns or ignorance of the opportunities available in urban areas.

4.15: Status of the Enterprise

The general performance of the businesses was investigated to determine their operational status. The findings are presented in the table 4.14 below.

Table 4.14: Status of the Enterprise

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dead</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Struggling to survive</td>
<td>14</td>
<td>53.8</td>
</tr>
<tr>
<td>Growing</td>
<td>9</td>
<td>34.7</td>
</tr>
</tbody>
</table>

Out of all the 26 youth groups that were surveyed 53.8% of their businesses were struggling to survive and 11.5% were dead. However 34.7% of these enterprises were growing. The primary reason given by the respondents whose businesses were dead was lack of commitment from members who focused on running own businesses. The respondents whose businesses were struggling stated lack of commitment, lack of demand, competition, lack of electricity, poor location, inaccessibility to raw materials, poor quality product/service, change from one business to another without proper planning, conflicts between leaders and members and natural disasters as the primary reasons for the poor performance of their business. Those whose businesses were growing cited high demand, proper use of funds, training, additional funding, availability of cheap labour, commitment, introduction of new products and selling high quality products as primary reasons for good performance of their businesses.

4.16: Members with Individual Businesses

Ownership of individual businesses by members of the group was measured to assess the influence of practice or experience on development of small enterprises among youths. The findings are illustrated in the table 4.15 below.
Table 4.15: Members with Individual Businesses

<table>
<thead>
<tr>
<th>Members with individual businesses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Most of them</td>
<td>9</td>
<td>34.7</td>
</tr>
<tr>
<td>Few of them</td>
<td>16</td>
<td>61.5</td>
</tr>
</tbody>
</table>

The table 4.15 above shows that majority (61.5%) of the respondents had few members with individual enterprises and only 3.8% had all members running their own businesses. On the other hand, 34.7% of these youth groups had most of the members operating individual businesses and none had members without individual businesses. This may be an indication that even as individuals, youths are fearful of taking risks to start and manage a small business.

4.17: Group Dynamics

Groups are argued to be more effective than individuals in accomplishing tasks, devising solutions to problems and achieving innovative goals because groups possess more talent, skills and ideas and there is strength in unity. A group’s perception of entrepreneurship can act as an incentive or a major barrier to starting and managing a group business. This has a lot to do with what brought the group together, its size, norms and members’ roles, all of which influence the behaviour of both individual members and the group as a whole.

4.17.1: Size of the Group and Appropriate Group Size

The table 4.16 below shows that majority (61.5%) of the groups studied had between 11-20 members followed by those with between 21-30 members at 23.1%. Only 3.9% of the groups had more than 30 members while 11.5% had less than 11 members. Asked the appropriate group size for any given youth group, 77% opted for a group size of between 11-20 members. 19.2% of the respondents opted for a group size of less than 11 members and none opted for a group size of 31 and above members.
Table 4.16: Size of the Group and Appropriate Group Size.

<table>
<thead>
<tr>
<th>Size of the group</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Appropriate group size</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-10 members</td>
<td>3</td>
<td>11.5</td>
<td>5</td>
<td>20</td>
<td>19.2</td>
</tr>
<tr>
<td>11-20 members</td>
<td>16</td>
<td>61.5</td>
<td>20</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>21-30 members</td>
<td>6</td>
<td>23.1</td>
<td>1</td>
<td>3.8</td>
<td>0</td>
</tr>
<tr>
<td>31 and above members</td>
<td>1</td>
<td>3.9</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Cheap and easy supervision, management and administration of the group, better ideas and faster decision making, full members’ participation, commitment and teamwork, reduced conflicts and focus on group goals are some of the reasons cited by respondents that preferred smaller group sizes (less than 21 members). Those that preferred big groups (21 members and above) cited accessibility to more capital in terms of members’ contributions and easy allocation and execution of group tasks as the mains reasons.

4.17.2: Effect of Size of the Group on the Success of the Business

The table 4.17 below shows that majority (84.6%) of the respondents stated that group size contributed to the success/failure of their business while 15.4% said that it did not.

Table 4.17: Effect of Size of the Group on Business Success.

<table>
<thead>
<tr>
<th>Effect of group size on the success of the business.</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>84.6</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>15.4</td>
</tr>
</tbody>
</table>

The respondents stated that size contributed to the success/failure of the business in terms of decision making, commitment, unity and cooperation, group management and administration,
access to ideas and skills, access to capital, conflicts, members’ participation, group discussions and focus on group purpose and direction.

4.17.3: Main Purpose of Forming the Group and Effect of the Purpose on the Business

Table 4.18 shows the reasons that led to formation of the groups.

**Table 4.18: Main Purpose of Forming the Group**

<table>
<thead>
<tr>
<th>Purpose to form the group</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To socialise and share ideas</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>To make money</td>
<td>6</td>
<td>23.1</td>
</tr>
<tr>
<td>To get youth fund</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>To create employment</td>
<td>2</td>
<td>7.8</td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>14</td>
<td>53.8</td>
</tr>
</tbody>
</table>

Youths form groups for many different reasons. The table 4.18 above shows that majority (53.8%) of the youths formed groups for other reasons which included poverty eradication in the community, improve living standards of the members, pooling individual resources together for investment, advocating for self reliance and behaviour change and reducing idleness among the youths. 23.1% formed groups to make money, 11.5% to socialise and share ideas and 3.8% to access youth fund. Only 7.8% of the respondents formed groups to create employment which is the major challenge they face and which can be addressed through group investment. This may be because of lack of proper guidance from the relevant persons or organisations in society. All (100%) of the groups studied stated that the main purpose of forming the group affected the group business. Group focus on business goals and unity, increased morale and better ideas were cited as some of the ways in which the business was affected. Half of the respondents whose main purpose was to make money or access youth fund stated that it took long for the group to
realise this goal leading to most of the members losing morale and leaving the group leading to failure of the business.

**4.17.4: Motivation to Start the Group Business**

Youth groups give different reasons as to why they engage in business. Data from the Table 4.19 below shows that 34.6% of youth groups engaged in business because they wanted to be self employed. 26.9% entered into business because they wanted to make money, 11.6% entered into business because they wanted to create employment while 3.8% wanted to get youth fund. 23.1% gave other reasons including pooling individual resources/skills together to achieve more, eradicate poverty and improve the living standards of the members. In general many youth groups were motivated to engage in business to be self employed and perhaps this may be an indication that they want to be self reliant.

**Table 4.19: Motivation to Start the Group Business.**

<table>
<thead>
<tr>
<th>Main incentive to start the group business</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be self employed</td>
<td>9</td>
<td>34.6</td>
</tr>
<tr>
<td>To create employment</td>
<td>3</td>
<td>11.6</td>
</tr>
<tr>
<td>To get youth fund</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>To make money</td>
<td>7</td>
<td>26.9</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>23.1</td>
</tr>
</tbody>
</table>

**4.17.5: Influence to Start a Business**

The data in the table 4.20 shows how different youth groups were influenced by different groups to engage in business. Majority (42%) of the respondents were influenced by the Youth Officers to start-up the group enterprises followed by 19.2% who recognised a business opportunity while 15.4% were influenced by friends. This strongly indicated that the environment and the people with which the groups interacted acted as motivators for youth groups to start an enterprise. On the other hand parents and family, school teachers and lectures and the media did not play a
major role while entrepreneurs, career advisors and other government officers could have helped in changing the attitude of the youths toward being self employed.

**Table 4.20: Influence to Start Business**

<table>
<thead>
<tr>
<th>Influencer</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents/family</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Teachers /Lecturers</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Career advisors</td>
<td>2</td>
<td>7.8</td>
</tr>
<tr>
<td>Friends</td>
<td>4</td>
<td>15.4</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>2</td>
<td>7.8</td>
</tr>
<tr>
<td>Media</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Youth officer</td>
<td>11</td>
<td>42</td>
</tr>
<tr>
<td>Recognised a business opportunity</td>
<td>5</td>
<td>19.2</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>7.8</td>
</tr>
</tbody>
</table>

**4.17.6: Benefits of Group Constitution/By-laws/Rules**

Table 4.21 below shows the opinion of youth groups on group constitution/by-laws/rules.

**Table 4.21: Opinion of Youth Groups on Benefit of Group Constitution/By-laws/Rules.**

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>25</td>
<td>96.2</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>3.8</td>
</tr>
</tbody>
</table>
All the youth groups surveyed indicated that they had group constitution/by-laws/rules. The data from the table 4.21 above reveals that majority (96.2%) of youth groups believed that the constitution/by-laws/rules were beneficial to the group while only 3.8% thought they are not. The respondents cited guiding the management of group activities and members’ actions, conflict resolution, maintaining team spirit and providing direction as the benefits of group constitution/rules/by-laws.

4.17.7: Member Roles within the Group

The data from the table 4.21 below shows that most (80.8%) of the youth groups studied had most of the members assigned different roles within the group besides the group leaders while 19.2% had the members performing no other role apart from being a member. This indicated that it is not only the group leaders who are relied upon to run and manage the group activities, and that there is full member participation.

Table 4.22: Member Roles within the Group

<table>
<thead>
<tr>
<th>Members with roles</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>80.8</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>19.2</td>
</tr>
</tbody>
</table>

4.17.8: Level of Satisfaction as a Result of being a Member of a Group

The level of satisfaction of members of a group may determine how long a member will remain with the group and their level of participation and commitment towards the group. The researcher wanted to establish the extent to which member satisfaction with the group had an influence on the group and the success of its enterprise. The table below 4.23 shows the various levels of satisfaction of the youth groups that were sampled out for the survey.
Table 4.23: Level of Satisfaction as a Result of being a Member of a Group

<table>
<thead>
<tr>
<th>Level of satisfaction</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>4</td>
<td>15.4</td>
</tr>
<tr>
<td>Satisfied</td>
<td>20</td>
<td>77</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>1</td>
<td>3.8</td>
</tr>
</tbody>
</table>

From table 4.23 above 77% of the youth groups were those whose members were satisfied, 15.4% were those whose members were very satisfied and 3.8% dissatisfied and very dissatisfied. Reasons for member satisfaction included group commitment towards achievement of group goals, improvement of members’ living standards, reduced conflicts, sharing of ideas, strengthened family ties, and increased individual knowledge, and improved interpersonal relations and social interaction. The reasons for member dissatisfaction were increased group disagreements and lack of cooperation among the members.

4.18: Organisational Learning

Information is a basic requirement for enterprise development, management, growth and survival. It’s required to make business decisions for increased productivity and profitability. In this study, the researcher wanted to find out the extent to which youth groups sought and used information for business growth and survival.

4.18.1: Membership to a Business Association/Network and Benefits Derived

Table 4.24 above shows that nearly all (96.2%) of those interviewed did not belong to any business association or network, local national or international. Asked the reason for this, nearly all stated lack of knowledge on the existence of such associations, their benefits to a business enterprise or the steps to form or join a network. Other reasons included lack of resources to use technology mainly the internet and the believe that the group was still too young to join any association/networks.
On the other hand, the respondents whose youth groups belonged to an association/network were only at the local level. They ranked marketing products as the most valuable benefit derived from membership to the association followed by supplier information, then business contacts/linkages and market/customer information and credit/loan training as the least valuable.

### 4.18.2: Participation in an Intergroup Visit/Exchange Programme and Benefits Derived

The data from the table 4.25 below shows that 46.2% of the respondents had participated in an intergroup visit/exchange programme. All the exchange programmes/intergroup visits were local and majority (75%) had been organised by the youth groups themselves and 25% by the Youth officer. None had been organised by Youth fund. Majority (53.8%) of the respondents had not participated in any intergroup visit/or exchange programme, local, national or international. All the respondents cited lack of knowledge/exposure as the reason for non participation. This clearly indicated that nearly half of the groups interviewed miss out on the opportunity to learn from others and other benefits of exchange programmes.

### Table 4.25: Participation in an Intergroup Visit/Exchange Programme

<table>
<thead>
<tr>
<th>Participation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>12</td>
<td>46.2</td>
</tr>
<tr>
<td>No</td>
<td>14</td>
<td>53.8</td>
</tr>
</tbody>
</table>
Table 4.26 below shows how youth groups ranked some of the benefits derived from participation in an intergroup visit/exchange programme. The data in the table show that market/customer information and supplier information were the most valuable benefits gained in an exchange programme/intergroup visit with a percentage of 37.5% simultaneously while business contacts/linkages and marketing products were ranked second with a percentage 12.5% each. Credit/loan training was ranked lowest with 0%. 33.3% of the respondents stated other benefits that were gained in an exchange programme/intergroup visit including opportunity identification, production techniques and product management, leadership and social issues.

The above data clearly shows that youth groups are mainly concerned with accessibility to markets for their products and sources of supply. It also indicates that their search and access to information is weak and that national and international opportunities are missed in terms of customer information, business linkages/contacts, and credit/loan facilities and other valuable information for business start-up and growth.
Table 4.26: Benefits Derived from Participation in Intergroup Visits/Exchange Programmes

<table>
<thead>
<tr>
<th>Benefits derived</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One</td>
</tr>
<tr>
<td>Market/customer information</td>
<td>3</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>37.5</strong></td>
</tr>
<tr>
<td>Business contacts/linkages</td>
<td>1</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>12.5</strong></td>
</tr>
<tr>
<td>Credit/loan training</td>
<td>0</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>0</strong></td>
</tr>
<tr>
<td>Marketing products</td>
<td>1</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>12.5</strong></td>
</tr>
<tr>
<td>Supplier information</td>
<td>3</td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>37.5</strong></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td></td>
</tr>
</tbody>
</table>

4.19: Management Strategies Adopted by the Youth Groups

Poor management and lack of or poor planning are cited as the most common reasons for small business failure. Management strategies adopted by small business vary depending on many factors but will mainly cover strategic planning, production/operations, marketing, human resources and financial management. The researcher in this study wanted to establish whether
preparation of a business plan and other management strategies adopted by youth groups in starting and managing their enterprises influences the growth of these businesses.

4.19.1: Preparation of a Business Plan and Benefits

Table 4.27 below shows that majority (73.1%) of the youth groups surveyed did not prepare a business plan when they established their businesses. The respondents cited lack of knowledge on business plan writing and the importance and use of a business plan as the main reasons for not preparing a business plan. On the other hand, 26.9% prepared a business plan when they started the business and all (100%) stated that the business plan had been beneficial to their business. The benefits included providing direction and guiding business activities, comparing actual and planned performance and taking necessary action, managing the enterprise in terms of proper use of business finances, dealing with the competition and customers.

Table 4.27: Preparation of a Business Plan

<table>
<thead>
<tr>
<th>Preparation of a business plan</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>26.9</td>
</tr>
<tr>
<td>No</td>
<td>19</td>
<td>73.1</td>
</tr>
</tbody>
</table>

Data from the study also revealed that only 31.5% of the groups that did not prepare a business plan during start-up, their businesses were growing while majority (68.5%) of the businesses were dead or struggling to survive. On the other hand, 57.1% of the groups that prepared a business plan during start-up, their business were growing and 42.9% of the businesses were dead or struggling to survive. This clearly indicated a lack of planning for majority of the youth group owned businesses which may have been one of the factors contributing to poor performance of these enterprises.
4.19.2: Keeping Business Records

Majority (84.6%) of the respondents stated that they kept up to date records for their business and only 15.4% did not keep business records. The table 4.28 below illustrates these findings.

Table 4.28: Keeping up to Date Business Records

<table>
<thead>
<tr>
<th>Keeping up to date business records</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>84.6</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>15.4</td>
</tr>
</tbody>
</table>

The main reason for keeping business records was for future reference. Other reasons provided included monitoring sales and profits, movement of money in and out the business and general performance of the business and for business planning. Reasons for not keeping records included lack of knowledge in book keeping and importance/use of business records and lack of time to prepare business records.

The data also shows that 75% of the businesses without business records were dead or struggling to survive and only 36.4% of those with business records were growing. This shows that there are other factors that contributed to poor business performance

4.19.3: Assessing Product Demand

Determining who (the customers) will purchase the business products and how much of it they will purchase at a given time can hold the key to transforming a business start-up into a successful small enterprise. The table 4.29 below shows the number of youth groups that assessed demand for their product before starting to produce the product.
Table 4.29: Number of Youth Groups that Assessed Product Demand

<table>
<thead>
<tr>
<th>Assessment of demand</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>26.9</td>
</tr>
<tr>
<td>No</td>
<td>19</td>
<td>73.1</td>
</tr>
</tbody>
</table>

The data in the table 4.29 above shows that 73.1% of youth groups did not assess the demand for their products before starting to produce them while 26.9% assessed the level of demand for their product before producing them. All the groups that did not assess product demand stated that they presumed people will buy the goods. Those that assessed demand said that they did so as to ensure they will sell the product and make profits, determine tastes and preferences of the customers, establish the level of competition, determine the most suitable location for the business and determine the most suitable price for the product.

The data also revealed that only 14.2% of the businesses that did not assess demand were growing. Majority (85.8%) were dead or struggling to survive. Failure to establish who the buyers of a business product will be before producing it may have contributed to the poor performance of the enterprises.

4.19.4: Customer Care

Different business organisations adopt different customer care strategies to try and attract and retain a loyal group of customers. The Table 4.30 below shows the number of youth groups that greeted customers who visited their businesses and asked them how they would be of service to them and thanked them after serving them.

From the data in the table 4.30 below, 76.9% and 80.8% of the youth groups always greeted and thanked customers who visited their businesses respectively while only 7.7% and 3.8% never greeted and thanked them before and after serving them respectively. The reasons for always greeting and thanking customers after serving them were mainly to attract and retain the customers. Other reasons included build a good relationship with them, to make them...
comfortable and feel happy, important and respected, confirm to them that they made the right choice, encourage them to buy more, refer other customers to the business and talk positively about the business to others. Popularity, moods and presumed lack of appreciation by the customer were cited as the reasons for not greeting and thanking customers after serving them.

Data also revealed that 30.7% of the groups surveyed had trained their workers on good customer care before employing them while 19.3% had not. Half (50%) of the groups surveyed had no workers when they started their businesses and at the time of the study.

Half of the respondents who said their groups did not teach workers good customer care said they assumed that the workers knew the importance of good customer care while the remaining half said the nature of their work did not involve direct contact with the customers so they felt it was not necessary. The respondents whose groups taught workers on good customer care said they did so to make them attract more customers, make them sale more, be able to explain to the customers about the product and to create a good image for their business.

Table 4.30: Number of Youth Groups that Greeted and Thanked Customers Before and After Serving them.

<table>
<thead>
<tr>
<th>Greeted customers before serving them</th>
<th>Thanked customers after serving them</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Always</td>
<td>20</td>
</tr>
<tr>
<td>Sometimes</td>
<td>4</td>
</tr>
<tr>
<td>Never</td>
<td>2</td>
</tr>
</tbody>
</table>

4.19.5: Level of Customer Satisfaction with Business Goods/Services

The table 4.31 below shows that 69.3% of the respondents said their customers were satisfied, 19.2% very satisfied and 11.5% dissatisfied. Respondents who rated the level of customer satisfaction on their products as very satisfied and satisfied were of the opinion that it was because their product was of high quality and low price. The customers were also loyal, referred other customers to them and had no complaints about the business or product. Respondents who
rated their level of customer satisfaction as dissatisfied were of the opinion that it was because they could not fully meet the quantity demanded, they stocked the products that they assumed the customers needed and the customers promised to buy but did not actually buy from them.

Table 4.31: Level of Customer Satisfaction

<table>
<thead>
<tr>
<th>Level of satisfaction</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>5</td>
<td>19.2</td>
</tr>
<tr>
<td>Satisfied</td>
<td>18</td>
<td>69.3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>3</td>
<td>11.5</td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Data also revealed that the sales/profits of all the groups that rated their customer satisfaction levels as very satisfied had increased as well as for those that rated their customer satisfaction levels as dissatisfied. This means that customer satisfaction may have contributed to increase in sales/profits as well as other factors.

4.19.6: Recognition of Good Performance and Listening to Workers’ Ideas/Suggestions about their Work.

As mentioned above, 50% of the surveyed groups did not have workers at the time of the study. The table 4.32 below shows that majority (30.7% and 26.9%) of respondents who had workers at the time of the study always recognised their workers for good performance and listened to their concerns, ideas and suggestions about their work respectively. On the other hand, 15.5% and 23.1% of the respondents stated that they sometimes recognised workers and listened to them respectively. Only 3.8% of the groups never recognised employee performance and none (0%) never listened to them. Reasons for recognising employees’ good performance included to motivate workers to perform better at all times, to retain them and ensure they are honest and trustworthy. The reason for not recognising performance was to avoid raising their expectations for example increase in pay.
Table 4.32: Number of Youth Groups that Recognised their Employees’ Performance and Listened to their Concerns, Ideas and Suggestions

<table>
<thead>
<tr>
<th>Recognized workers performance</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Listened to workers concerns, ideas and suggestions.</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>8</td>
<td>30.7</td>
<td>7</td>
<td>7</td>
<td>26.9</td>
</tr>
<tr>
<td>Sometimes</td>
<td>4</td>
<td>15.5</td>
<td>6</td>
<td>6</td>
<td>23.1</td>
</tr>
<tr>
<td>Never</td>
<td>1</td>
<td>3.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Reasons for listening to workers concerns, ideas and concerns included to motivate them so that they can increase performance, to help identify areas for improvement, create and maintain honesty and make them feel a part of the business.

4.19.7: Level of Employee Satisfaction towards their Work

Highly motivated and competent employees are likely to be a major source of competitive advantage for a small enterprise. They contribute to a large extent to the profitability and general growth of a business.

The table 4.33 below illustrates the ratings of the respondents on the level of satisfaction of their employees.

Table 4.33: Level of Employee Satisfaction

<table>
<thead>
<tr>
<th>Level of satisfaction</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>1</td>
<td>3.8</td>
</tr>
<tr>
<td>Satisfied</td>
<td>10</td>
<td>38.5</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>2</td>
<td>7.7</td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Data from the table 4.33 above shows that majority (38.5%) of the respondents felt that their employees were satisfied, 3.8% very satisfied and 7.7% dissatisfied. The respondents who rated their employee level of satisfaction as very satisfied or satisfied stated that it was because the employees were loyal, always punctual, honest, committed and hardworking, they talked positively to others about the business and generally, there were no complaints from them and which they thought was attributed to increasing their pay and treating them fairly. Those that rated their employee level of satisfaction as dissatisfied stated that it was because of their frequent absenteeism without notice and which they thought was attributed to delayed payments. Data also revealed that the sales/profits of more than half (54.5%) of the respondents who rated their employee level of satisfaction as satisfied had increased and decreased or stayed the same for 45.5% of the respondents. The sales/profits of half of the respondents who rated their employee level of satisfaction as dissatisfied had decreased. This shows that employee motivation is key to increased profitability but other measures must also be taken to ensure venture success.

4.20: Summary

This chapter presented the results of this study. It stated that 30 youth groups were targeted as the respondents of the research and 26 were interviewed; a response rate of 86.6%. The youth officer Gucha district and the youth enterprise development fund intern were also interviewed. Data was analyzed in themes and categories and the interpretations made based on the research questions outlined in Chapter one

In the 21st century, interest in entrepreneurship has been activated for several reasons; entrepreneurship has become an important instrument for solving the problems of unemployment, has been used to eradicate poverty and as a career option for graduates. The results of this study revealed that youth group owned enterprises are greatly affected by lack of commitment on group goals by members which is caused by large group sizes, lack of a shared group purpose, lack of information on and poor or lack of business planning and marketing strategy as well as low levels of education and entrepreneurship skills.
CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
With investment groups becoming a popular practice and a highly commendable way of mobilising resources and growing investments which individual members of a group would have difficulty achieving on their own, the success of enterprises owned by youth groups is of paramount importance.

This chapter will discuss the quantitative and qualitative data of the study. The first section, the introduction will explain the general findings from the interviews with key informants namely Youth Officer and Youth Fund Intern. Next, the interviews with the youth group leaders will be reported. The research findings are segregated according to groups, themes and categories. These include information on the youth groups and their businesses and the role of group dynamics, organisational learning and management strategies adopted on the success of youth group owned enterprises.

5.2: Summary of Findings
From the responses given by the respondents the researcher came up with findings which were used to make conclusions and give recommendations. These findings were the result of the data analysis in chapter four and formed the basis for discussion in the next section.

In general, this study found that the performance of youth group owned enterprises in Bomachoge constituency was poor. Lack of knowledge and information in planning and managing markets and finances and, group size and purpose were found to be the major causes for the poor performance. This was strongly supported by the Youth Officer and Youth Fund Intern who stated that lack of a sustainable common bond, lack of exposure and lack of entrepreneurship skills were the main reasons for the poor performance. The youth officer with no doubt responded that many groups existed only on paper with the sole aim of accessing any funds available and most did not seek information to develop and grow themselves and the group
enterprise. The intern supported this by stating that Youth Fund was viewed by the groups as Government money and not the group’s money.

This study also found that most of the officers working with youth groups appeared not to have relevant entrepreneurship knowledge, experience and training. The study also found that all the respondents acknowledged the need for recruitment and training of entrepreneurially competent officers in order to encourage and nurture entrepreneurship among youth groups in Bomachoge Constituency.

Interviews with key informants gave a few measures that should be taken in order to improve the performance of youth group owned enterprises. Based on their experience, they underlined them as follows; a clearly stated common bond during group formation, a clearly outlined group constitution, educate parents and the community on the importance of youth entrepreneurship, practical entrepreneurship and business management training for both youths and officers and funding to groups to be based on successful completion of training, an easy to administer group size of between 8-15 members, a separate management board to run the business on behalf of the group and regular interaction sessions with successful youth enterprises for learning. In addition, youth groups should learn to own the enterprises they set up and they should view Youth Fund as one of the many options available for financing their enterprises.

**5.2.1: Status of the Youth Groups**

This study found that 50% of the youth groups had existed for more than 3 years, were mainly male dominated (46.2%) with half preferring fewer family relations (50%) in terms of family composition. In terms of education, majority (76.9%) of the groups’ members had completed secondary education, 53.8% had additional training/knowledge in business management, while only 3.8% and 7.8% had technical/vocational education and college/university education respectively. The study also revealed that the respondents were interested in ways that could increase their knowledge and skills in entrepreneurship and business management.

**5.2.2: Status and Location of the Youth Group Enterprises**

This study found that only 23.1% of the groups’ businesses had existed for more than 3 years, majority (53.8%) were struggling to survive, 11.5% dead and only 34.7% were growing. The sales/profits for 61.5% of the business had increased while 23.1% had decreased. Majority
(73.1%) of the businesses had no employees when the business was launched and only 26.9% had between 1-10 employees. Those with no employees had reduced to 50% at the time of the study while those with employees had increased. All the group businesses operated on an informal basis with majority in the agricultural and retail distribution. The study also found that nearly all (84.6%) of the businesses were located in the village and 88.5% had not sought other sources of funds apart from youth fund.

**5.2.3: Group Purpose, Size and Influence to Start a Business.**

In many cases, groups are formed on the basis of a common bond among the members. A youth group needs to clearly articulate what it’s seeking to achieve. This will help the group to focus its energy, actions, decisions and behaviour towards the goals that matter most to the group. This study found that 53.8% of the groups were formed to eradicate poverty, to improve living standards and to be self reliant. All the respondents also agreed that the purpose for group formation affected the success of the group business. The study also found that majority (61.5%) of the groups consisted of between 11-20 members and 77% thought that the same group size is the most appropriate for a youth group to perform effectively. Nearly all (84.6%) of the respondents also acknowledged that group size affects business performance and that the smaller the group size, (less than 20 members), the more effective the group hence improved group business performance. The study also found that 42% of the groups were influenced by the youth officer to start a business, while none was influenced by parents/family and teachers/lecturers.

**5.2.4: Group/Business Learning**

Networking helps entrepreneurs in developing the opportunities into marketable products. This study found that networking among the youth groups was weak with only 4% and 46.2% of the respondents belonging to a business network and participating in an exchange programme respectively. All the respondents cited lack of knowledge as the main reason for the poor networking. Market and supplier information were ranked as the main benefits that were derived from the networking while credit/loan training was ranked as the least benefit.
5.2.5: Business Planning and Management

Poor or lack of business planning and poor management are often cited as the main reasons for small business failure. This study found that majority (73.1%) of the youth groups did not prepare a business plan for their enterprises, 84.6% had up to date business records while only 15.4% did not and out of these, only 25% were growing.

This study also found that 73.1% of the youth groups did not define their target markets before producing their product/service though, on average, majority (80.4%) acknowledged the importance of always treating customers well. In addition, on average, majority (28.8%) of the youth groups surveyed acknowledged the importance of always showing concern for employees.

5.3: Discussion of Findings

This study identified some of the issues associated with developing small enterprises by youth groups in Bomachoge constituency. The findings illuminated the research questions in line with the research objectives proposed in Chapter one. This chapter will discuss some of the major themes emerging in the study namely group dynamics, business learning and business management strategies. From this point, the findings will be discussed and elaborated further with the assistance of the supporting literature.

5.3.1: Group Dynamics

In general the forces that result from the interactions of group members are referred to as group dynamics. Group dynamics influence the behaviour of both individual group members and the group as a whole. Inattention to group dynamics can have a negative effect on fulfilling members’ socioemotional needs and on goal achievement (Toseland & Rivas, 2005) and can lead to unproductive meetings and dissatisfied members. Dyer, (1994) supports this by observing that group dynamics usually result in greater or lesser performance than would occur if the individuals worked alone rather than as members of the group.

In this study, the respondents were examined based on their group size, purpose, rules and roles of members as well as the influence to start a business. The findings reported that majority (61.5% and 77%) of the youth groups had a membership of less than 20 and preferred the same
group size respectively as shown in table 4.16. This confirms the observation of Forsyth, (2010) discussed in chapter one who states that for a group to be effective, group size should be kept to a minimum. This signified that a small group size was preferred for faster decision making, easy administration and full commitment and participation of members which contribute to business development and success.

At the core of a group is its specific purpose that it was formed to achieve. (Toseland & Rivas, 2005). If the purpose for the group ceases to exist, the group disintegrates. The group is likely to achieve high performance if the members clearly articulate what they want to achieve. Korir, (2012) supports this observation and adds that a mission statement would be appropriate in articulating clearly what the group is seeking to achieve. According to this study, all groups had a purpose for starting the group but 53.8% were mainly concerned with improving their living standards, eradicating poverty and being self reliant. 23.1% were concerned with making money while only 7.8 were out to create employment. On the other hand, all groups had a constitution and majority (96.2%) found it beneficial while other members of 80.8% of the groups had roles that they performed within the group and majority (77%) were satisfied to be members of these groups. The findings of this study indicated that group purpose kept the group focused on activities that helped it achieve its goal, a group constitution kept the group unified as a team and regulated their behaviour and actions towards attainment of the group goal, while engaging all group members with roles increased their level of commitment towards the group and participation within the group.

Motivation is considered one of the most important elements in entrepreneurship. According to Postigo, (2003), cited in Irene, (2009) parents, relatives and friends can have a crucial influence on young people’s opinions about entrepreneurship, playing a strong role in imparting positive or negative views of business. Family background, in particular, plays an important role in the formation of a mindset open to self-employment and entrepreneurship. According to the Euro barometer survey results, (2004) cited in Irene, (2009) for example, youths with self employed parents are more entrepreneurial minded (52%) than those whose parents are both employees and self employed (42%). In this study none of the respondents were influenced by their parents to start-up their enterprises, 7.8% were influenced by other entrepreneurs, 15.4% were influenced by friends and majority (42%) by the Youth Officer. This strongly indicated that culture and
environment in which a youth group exists may have acted as a motivator or inhibitor to youth groups to start and run a successful enterprise.

5.3.2: Organizational Learning

Small enterprises survive through learning and adjusting to change in terms of meeting customer needs and demands. Burke, (2011) says that networks are important during the establishment, development and growth of small enterprises. Michna, (2009) also found that alliance formation by small enterprises was an integral part of the networking process. These observations are strongly supported by Moyi, (2003) who found that in Nairobi, entrepreneurs who referred their clients to other enterprises also stood a higher chance of receiving referrals from elsewhere.

In terms of learning, the findings of this study revealed that youth groups’ networking and alliance formation was generally weak. In the study, majority (96.%) of the youth groups did not belong to any network or association and more than half (53.8%) had not participated in any exchange programme. However, the findings also indicated that 75% of the exchange programmes that the 46.2% of the groups had participated in were organised by the groups themselves. This signified a strong need for information by the youth groups and perhaps a lack of knowledge about the sources of such information.

5.3.3: Business Management Strategies

A business plan is one of the most important elements in entrepreneurship and development of a business plan is considered the most important feature of small business management (Mohd, 2010). Management also includes organizing and planning business activities, studying the market and customer base and having the vision to see new possibilities and make appropriate changes. This study found that majority (73.1%) of the youth groups did not prepare a business plan for their businesses. In addition, proper handling of marketing initiatives, finances, employees, competitors and suppliers are key to success. An entrepreneur should begin by identifying a specific group of people –referred to as the target market toward whom s/he will focus all marketing effort while accurate book keeping provides useful and timely information for sound decision making (Ondeng, 2007). The findings of this study revealed that majority (73.1%) of the youth groups did not identify the target market for their products. On the other hand, majority (84.6%) of the groups kept business records, 80.4% handled customers well and 28.8% had good relations with their employees. An even more interesting finding was that out
the groups without a business plan, only 31.5% were growing while 68.5% were either dead or struggling to survive and 57.1% of those with business plans were growing and 42.9% dead or struggling to survive. This shows that business planning has a positive influence on the success of youth group owned small enterprises. A further interesting finding was that only 36.4% of the groups with business records were growing while majority (63.6%) were either dead or struggling to survive. This shows that factors other than record keeping affect the success of youth group enterprises. Lack of knowledge in business record keeping was given as the main reason for lack of up to date business records. The sales/profits of all the groups that rated their level of customer satisfaction as very satisfied (19.2%) had increased, but the study also interestingly found that the sales/profits of the groups that rated their customers’ level of satisfaction as dissatisfied (11.5%) had also increased. 69.3% of the respondents rated their customers’ level of satisfaction as satisfied and none as very dissatisfied. The sales/profits of 81.8% of the groups that rated their employee satisfaction as either very satisfied (3.8%) or satisfied (38.5%) had increased while those of only 18.2% of them had decreased. 7.7% of the respondents rated the level of their employee satisfaction as dissatisfied while none as very dissatisfied. This shows that factors other than customer care affect the success of youth group enterprises and that there is a relationship between employee satisfaction and sales/profits.

5.3.4: Education, Business Knowledge, Skills and Training

According to Mohd, (2010) there are significant differences between students who have taken entrepreneurship training and those who have not. Entrepreneurship graduates are more likely to start businesses and have greater intentions to become entrepreneurs. This study found that majority (76.9%) had secondary education while only 11.6% had college/university and technical/vocational education where entrepreneurship training was offered. 53.8% of the respondents were those whose group members had in addition to formal education skills/knowledge/training in business while 46.2% had none of its members with additional business skills/knowledge/training. This may be because majority of the youth groups had members with secondary education where entrepreneurship education is not taught.

These findings support those of Irene, (2009) which found that 54.5% of youth entrepreneurs believed that the current education system does not play a role in creation of entrepreneurial culture. Lack of these entrepreneurship skills therefore may affect the success of enterprises owned by the youth groups. Youth groups need to know how to develop a business plan,
management of business finances and book keeping, time management, change management, improving sales, managing and reducing costs, debt recovery techniques, stock control techniques, marketing and recruitment. The findings above imply that the entrepreneurship training offered to youth groups by Youth Fund and other Government agencies and private organisations should focus more on practical rather than on theoretical issues. The courses should be designed to develop in youths the awareness, desire, involvement and characteristics of the entrepreneur and provide space for them to develop their ideas.

5.3.5: Business Financing

This study comprised of interviews with youth groups funded by Youth Enterprise Fund. The study revealed that 88.5% of the youth groups had not sought alternative funding while only 11.5% accessed funds, mainly grants from politicians and from other government agencies. None of the youth groups sought financing from banks, friends and family and member contributions. There is a general view that bank loans carry high interest rates which eventually lead to business failure due to increased business costs. These findings imply that youths are still fearful of involvement in taking risks and are less prepared in the world of entrepreneurship. There is need for youth fund to collaborate with other government agencies and nongovernmental organisations so that youths can benefit from funds provided by these organisations to encourage entrepreneurship.

5.3.6: Age of the Youth Group

This study also found that half of the youth groups had existed for more than 3 years but only 23.1% of the youth group businesses had existed for more than 3 years. This implies that age of a youth group may not prevent the small enterprise from falling. An older group may not necessarily lead to a successful business enterprise.

5.4: Conclusions of the Study

The conclusions that were made in this study were based on the findings discussed above and the responses of the respondents.

In order for enterprises owned by young groups to succeed, special attention must be taken in terms of group purpose, size and motivation when polices on youth entrepreneurship are being
made. Many youth group owned enterprises fail to survive their third year compared to those owned by individual youth entrepreneurs. This is a clear indication that youth group owned enterprises are influenced by other factors apart from those that influence general entrepreneurs.

Group size and influence to get into business will affect a group’s intention to start a group business and the commitment that members will have towards ensuring the success of the business. A youth group with a large group size will have members who are less committed to the group goals and therefore will not fully participate in the activities aimed at achieving these goals. Decisions will take time to be arrived at and conflicts are likely to be on the rise. In addition, youth groups that go into business to make money or get youth fund will be on the lookout for other opportunities to get money and when they appear they may abandon the group and the business. These are major causes of failure for many enterprises owned by youth groups. Lack of a clearly articulated group purpose may also lead to failure of a youth group owned enterprise.

Another factor that may cause failure of youth group owned enterprises is lack of information and knowledge to enable them effectively plan, manage and make sound decisions to enhance the growth and survival of their enterprises.

The current education system seems to be doing little towards creating and nurturing an entrepreneurial culture among students. It is therefore evident that young entrepreneurs should be equipped with practical entrepreneurial skills to enhance survival of their enterprises.

The poor performance may however not be totally caused by the above factors. It may also relate to other factors such as globalisation, culture, and support from administration.

5.5: Recommendations of the Study

Based on the findings of the study the researcher came up with recommendations which if implemented would enhance survival and success of youth group owned enterprises.

To promote youth group investment, special attention needs to be given to group size and group purpose when forming youth groups. There is need for youth groups to appoint a management board, develop task forces and self managing teams to help run various aspects of the enterprises
and separate the group from the management of the business in order to improve efficiency and effectiveness.

To promote entrepreneurial tendency, there is need both to sensitise parents and the community and build capacity for youth officers and youth interns on entrepreneurship. I also recommend that knowledge, experience and training in entrepreneurship should be a key requirement when recruiting youth officers and youth interns.

There is also need to establish entrepreneurship training centres and develop entrepreneurship curriculum that nurtures an entrepreneurial attitude, develop entrepreneurship desire and characteristics, and focus more on practical rather than theoretical issues. Learners should be able to develop a comprehensive business plan that addresses financial, marketing and operational aspects of the business. Entrepreneurship education should also be introduced at all levels of education and not only in colleges and universities and the subject made compulsory and not an elective. Young entrepreneurs clubs should also be established in primary and secondary schools.

Timely, accurate and relevant information must be accessed by the youth groups so that they can make sound decisions to ensure appropriate strategies are implemented for improved business performance. I recommend the establishment of fully equipped business information centres in the villages and promote the use of social media and creation of powerful business networks and alliances among youth groups and other key stakeholders including suppliers and customers.

### 5.6: Suggestions for Further Research

This study reveals many interesting areas where further research can be carried out. In particular, the following issues can be considered:

1. An assessment of the level of female youth participation in entrepreneurship in Bomachoge constituency.

2. An investigation into the factors that influence the performance of youth owned family businesses.
3. An investigation into the impact of entrepreneurship education on entrepreneurship tendency and business performance among youths.

REFERENCES


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Dear Respondent,

I am a student of the University of Nairobi pursuing a Masters Degree in Project Planning and Management.

You are being asked to participate in a study I am conducting on factors influencing small enterprise development among youth groups in Bomachoge constituency, which is part of the requirement for completing my Masters Degree at the University.

Your participation in the research study is voluntary and all information obtained from you during this interview is for academic purposes only. The results will remain strictly confidential.

Please answer the following questions as comprehensively and honestly as possible. Use the space provided to write your answer and if you need more space, feel free to add more lines or enclose an additional sheet.

Thank you for your assistance and your precious time.

Yours faithfully,

Jacklyne Makanda

Registration. No. L50/76653/2009

Tel. 0722-597464   Email jjmakanda@gmail.com
Appendix 2

Questionnaire

Please you are requested to complete the questionnaire as honestly and objectively as possible giving as much details as possible where necessary. *(Where necessary tick appropriately)*

Youth Group and Business Information

1. Name of the youth group (Optional) .................................................................

2. When was the group established?

   Less than 1 year ☐  1-3 years ☐  above 3 years ☐

3. Gender composition: ☐ Mostly Male ☐ Mostly Female ☐ Balanced Gender ☐

4. Group family composition; Only family members ☐ Only non family members ☐

   A few family members ☐ Most family members ☐

5. Has the group ever owned a business/project?

   Yes ☐ ☐ No ☐

6. If yes, in what sector of activity:

   Agriculture ☐ Manufacturing ☐ Construction ☐

   ☐ Wholesale trade ☐ Retail distribution ☐ Transport ☐ Communication ☐

   ☐ Producer services (financial intermediation, real estate) ☐

   ☐ Personal services (hotels and restaurants, health and social work, other services) ☐

   Extraction (including energy) ☐ Other (specify)..............................................

7. Highest level of education of members:

   ☐ Most completed primary school ☐ Most completed secondary school ☐
Most technical & vocational education □  Most college/university □

8. Apart from formal education, do any of the members have skills/knowledge/training on how to start and manage a business? Yes □ No □

9. Do you think the level of education and skills/knowledge/training in business of the members contribute towards the success/failure of your business? Yes □ No □

Please explain.................................................................

10. How many years has your business been in operation?

Less than 1 year □ 1-3 years □ Above 3 years □

11. How many workers did the business have when it started?

1-10 □ 11-20 □ 21-49 □ None □

12. At this point in time, how many workers does your business have?

1-10 □ 11-20 □ 21-49 □ None □

13. Has the group been funded by Youth fund?

Yes □ No □

14. Total amount funded to date; upto 50,000 □ 51,000-100,000 □ 101,000 and above □

15. Apart from Youth Fund, has the group received any other funding?

Yes □ No □

16. If yes, state source. Commercial Bank □ Microfinance □ Members contributions □ Others (specify)...............................................................

17. Between now and when you started, have sales/profits increased or decreased? Increased □

Stayed the same □ Decreased □

Give primary reason for your answer above...........................................................

.........................................................................................................................
18. What is the legal status of your business? Private limited enterprise □
   Public limited enterprise □ Partnership □ Informal (Juakali) □
   Other (explain) ........................................................................................................................................

19. Is your enterprise based in town or village?
   □ Town   □ Village □

20. What is the current status of the enterprise? Dead □ Struggling to survive □
   Growing □
   Please give primary reason for your answer above.......................................................................................................................
To create employment □  None □  Others reasons (please specify).................................
........................................................................................................................................................................
5. Do you think the purpose of the group contribute to the success/failure of the group business?
   Yes □  No □
Please explain........................................................................................................................................................................
6. What was your main incentive/motivation to start-up a group business? To make money □
   To be self employed □  To create employment □  To get youth fund □
   Other reasons (please specify)........................................................................................................................................
7. Who influenced the group to start the business?
   □ Parents and family □  Teachers and lecturers □  □ Career advisors □
   □ Friends □  □ Entrepreneurs □  □ Media □
   Youth Officer □  We recognised a business opportunity □
   Others (Specify)..................................................................................................................................................................
8. Does the group have a constitution/rules/by laws?
   Yes □  No □
9. Is the constitution/rules/by law beneficial to the group? Yes □  No □
Please explain........................................................................................................................................................................
10. Do all the members have roles they perform within the group?
    Yes all/most members have assigned roles (marketing, welfare etc) □
    No there are only group officials (chairman, vice chairman, secretary, treasurer) □
11. Are you satisfied or not satisfied to be members of this group?
    Very satisfied □  Satisfied □  Dissatisfied □  Very dissatisfied □
Organizational Learning

1. Does the group belong to any business association/network?
   
   Yes ☐ No ☐

   If no, give reasons........................................................................................................................

2. If yes, is the association/network local, national or international?
   
   Local ☐ National ☐ International ☐

3. What benefits/services do you find valuable from the association?

   (Please rank them from 1 most valuable to 5 least valuable)
   Market/customer information ☐ Business contacts/linkages ☐ Credit/loan training ☐
   Marketing products ☐ Supplier information ☐

   Others (please specify)...................................................................................................................

4. Have you participated in any intergroup visit/exchange programme?  Yes ☐ No ☐

   If no, please give reasons..............................................................................................................

5. If yes, was the visit/exchange programme; Local ☐ National ☐ International ☐

6. What benefits/services did you find valuable from the visit? (Please rank them from 1 most valuable to 5 least valuable)

   Market/customer information ☐ Business contacts/linkages ☐ Credit/loan training ☐
   Marketing products ☐ Supplier information ☐

   Others (please specify)...................................................................................................................

7. Who organized the intergroup visit? Ourselves ☐ Youth Officer ☐ Youth Fund ☐

   Other (specify)..............................................................................................................................

Management Strategies

1. Did the group prepare a business plan when you established the business?  Yes ☐ No ☐
If no please explain why............................................................................................................

2. If yes, was the business plan important/beneficial to the business? Yes ☐ No ☐

Give reasons for your answer above............................................................................................

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

3. Do you have up to date business financial records? Yes ☐ No ☐

Give reasons for your answer above............................................................................................

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

4. Do you establish who will buy your goods and services before you produce them?
Yes ☐ No ☐

Give reasons for your answer above............................................................................................

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

5. Do you greet and ask your customers how you would be of service to them every time they come to your business? Always ☐ Sometimes ☐ Never ☐

Give reasons for your answer above............................................................................................

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

6. Do you thank your customers when they leave your business after serving them?
Always ☐ Sometimes ☐ Never ☐

Give reasons for your answer above............................................................................................

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

7. Do you teach your workers on good customer care when you employ them?
Yes ☐ No ☐

Give reasons for your answer above............................................................................................

................................................................................................................................................
8. How would you rate your customers’ satisfaction on your goods/services?

Very satisfied □  Satisfied □  Dissatisfied □  Very dissatisfied □

Give reasons for your answer above...........................................................................................................

9. Do you recognize your workers for good performance?

Always □  Sometimes □  Never □

Give reasons for your answer above...........................................................................................................

10. Do you listen to your workers concerns, ideas and suggestions about their work and the business? Always □  Sometimes □  Never □

Give reasons for your answer above...........................................................................................................

11. How would you rate the level of satisfaction of your employees towards their work?

Very satisfied □  Satisfied □  Dissatisfied □  Very dissatisfied □

Give reasons for your answer above...........................................................................................................

Thank you for your assistance and your precious time!
Appendix 3

Interview Guide for Key Informants

Tell us your name, your designation and the organization you work for.

1. Do you deal with youth entrepreneurs?
2. Do you yourself have any knowledge/experience/training/skills in entrepreneurship?
3. Do you deal with youth groups?
4. In your opinion, would youth businesses succeed when run by individual youths or youth groups? Why?
5. In your opinion, what is the overall performance of the youth group owned enterprises in this area? Why?
6. In your opinion do you think youth enterprise development fund has helped in increasing entrepreneurial activities in this area? Why?
7. In your opinion, what measures could improve the performance of youth owned businesses in this area?

**Group Dynamics**

1. Do you think the size of a youth group affects the performance of its business? How?
2. In your opinion what youth group size would be appropriate for a successful business? Why?
3. In your opinion, what group factors would enhance the performance of youth group owned enterprises?

**Organizational Learning**

1. Does your organization offer business support services? If yes which ones.
2. Out of the ones you have mentioned which ones are helpful to youth entrepreneurs;
   a) During the start-up phase of their businesses?
   
b) As their business grow?
Management Strategies

1. According to you, what are the major management problems that youth groups face in running their businesses?

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Thank you very much for sparing your time and for the valuable information you have given. God bless you.