

**EFFECT OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF NEW
ENTERPRISES IN KENYA**

(A Survey of Selected Youth Enterprises in Mathioya District)

JACKSON N. IRUNGU

B211-002-2013

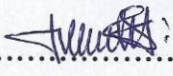
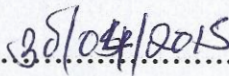
**A Thesis Submitted to the School of Business Management and Economics in Partial
Fulfillment for the Award of the Degree of Master of Business Administration (Finance
Option) of Dedan Kimathi University of Technology**

April 2015

DECLARATION

This thesis is my own original work and has never been presented for award of any degree in any university.

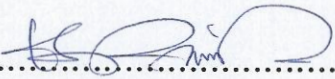
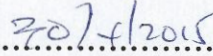
DEDAN KIMATHI UNIVERSITY LIBRARY

Signature.......... Date.....

Student: Jackson N. Irungu
B211-002/2013

AN KIM

This thesis has been submitted for defense with my approval as the University Supervisor.

Signature.......... Date..........

Dr. Riro Kamau
Lecturer,
Department of Accounting & Finance
DeKUT, Kenya

RSITY OF

DEDICATION

To Sarah and Aubrey for their love

**DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY**

ACKNOWLEDGEMENT

First, I would like to thank the Almighty God for giving me the strength to write this thesis, special gratitude to my supervisor Dr. Riro Kamau for his guidance and patience in writing this thesis. I wish also to thank the Lecturers and staff of DeKUT for their academic support.

DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY

TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	ix
LIST OF FIGURES	x
ABBREVIATIONS	xi
ABSTRACT	xii
CHAPTER ONE: INTRODCUTION	1
1.1 Background to the Study.....	1
1.1.1 The Youth Enterprise Fund.....	3
1.2 Statement of the Problem.....	8
1.3 Study Objectives.....	8
1.3.1 General Objective.....	8
1.3.2 Specific Objectives.....	8
1.4 Research Questions.....	9
1.5 Significance of the study.....	9
1.6 Scope of the Study.....	10
1.7 Limitations of the Study.....	10
1.8 Operational Definition of Terms.....	10
1.9 Chapter Summary.....	11
CHAPTER TWO: LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 The Concept of MSEs.....	12
2.3 Policy and Institutional Framework of the YEDF.....	14
2.3.1 Minimum Conditions for Accessing YEDF loans.....	14
2.3.2 Fund Disbursement.....	15

2.4 Theoretical Review	16
2.4.1 Social Development Theory	16
2.4.2 The Theory of Economic Development.....	18
2.4.3 Entrepreneurial Education Models	21
2.4.4 Entrepreneur Network Theory	26
2.5 Empirical Review.....	30
2.5.1 Financial Assistance and Growth of New Micro and Small Enterprises.....	30
2.5.2 Entrepreneurial Training and Growth of New Micro and Small Enterprises	32
2.5.3 Entrepreneurial Networking and Growth of New Micro and Small Enterprises.....	35
2.6 Gaps to be filled.....	38
2.7 The Conceptual Framework.....	38
2.8 The Operationalisation Model.....	39
CHAPTER THREE: RESEARCH METHODOLOGY	41
3.1 Introduction.....	41
3.2 Research design	41
3.3 Target Population.....	41
3.4 Sample and Sampling Procedure	42
3.5 Reliability and Validity.....	43
3.6 Data analysis and presentation.....	43
3.7 Ethical Issue	44
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION ...	45
4.1 Introduction.....	45
4.2 Response rate	45
4.3 Socio-demographic information of respondents.....	45
4.3.1 Age group of members.....	45
4.3.2 Age of youth group	46
4.3.3 Age of youth group's business.....	47

4.3.4 Capital invested in youth group's business.....	48
4.4 Financial support.....	49
4.4.1 Constraints to accessing financial support.....	49
4.4.2 Adequacy of financial support received from YEDF	49
4.4.3 Amount received from YEDF.....	50
4.4.4 Effect of amount received on growth of business.....	51
4.4.5 Financing based on business model.....	52
4.4.6 Reasons for choosing YEDF as source of funds.....	52
4.4.7 Decisions concerning funds disbursement.....	53
4.4.8 Influence of method of disbursement on growth of youth enterprises	53
4.4.9 Average number of groups that seek funding	53
4.4.10 Measures to seal gaps in disbursement.....	54
4.5 Entrepreneurial training	54
4.5.1 Entrepreneurship opportunity recognition.....	54
4.5.2 Frequency of trainings to entrepreneurs	55
4.5.3 Skills Covered in training	55
4.5.4 Involvement in training needs recognition	56
4.5.5 Effect of training on business growth.....	57
4.5.6 Measures to improve quality of training.....	57
4.6 Entrepreneurial networking	58
4.6.1 Level of entrepreneurial networking.....	58
4.6.2 Effect of entrepreneurial networking on growth of small scale businesses.....	58
4.6.3 Frequency of linking in business networks.....	59
4.6.4 Usefulness of business network.....	60
4.6.5 Challenges facing entrepreneurial networking	60
4.7 Regression of variables	61

CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATIONS	63
5.1 Introduction.....	63
5.2 Summary and Discussion.....	63
5.2.1 Effect of financial support on growth of new enterprises.....	63
5.2.2 Effect of entrepreneurial training on growth of new enterprises	64
5.2.3 Effect of entrepreneurial networking on growth of new enterprises	65
5.3 Conclusion	66
5.4 Recommendations.....	67
5.5 Suggestions for further study	67
REFERENCES.....	68
APPENDICES.....	74

DEEDAN KIMATHI UNIVERSITY OF
 TECHNOLOGY

LIST OF TABLES

Table 1.1 Financial Allocations by Treasury to the YEDF since its inception.....	7
Table 1.2 Amount Disbursed per District in Murang'a County	7
Table 2.1 The Entrepreneurial Performance and Entrepreneurial Education Models	25
Table 3.1 Target Population.....	42
Table 3.2 Sample Size.....	43
Table 4.1 Age of youth group	47
Table 4.2 Age of youth group's business.....	48
Table 4.3 Constraints to accessing financial resources.....	49
Table 4.4 Adequacy of financial support received from YEDF	50
Table 4.5 Effect of amount received on growth of business.....	51
Table 4.6 Reasons for choosing YEDF as source of funds.....	53
Table 4.7 Entrepreneurship opportunity recognition	55
Table 4.8 Frequency of trainings to entrepreneurs	55
Table 4.9 Involvement in training needs recognition	57
Table 4.10 Effect of training on business growth.....	57
Table 4.11 Level of entrepreneurial networking.....	58
Table 4.12 Effect of entrepreneurial networking on growth of small scale businesses.....	59
Table 4.13 Frequency of linking in business networks.....	59
Table 4.14 Model Summary	61
Table 4.15 ANOVA for the effects of YEDF on growth of new enterprises	61
Table 4.16 Coefficients.....	62

LIST OF FIGURES

Figure 2.1 The Conceptual Framework for effects of YEDF on growth of new enterprises	38
Figure 2.2 Operational Framework for effect of YEDF on growth of new enterprises.....	40
Figure 4.1 Distribution of group members age.....	46
Figure 4.2 Capital invested in youth group's business	48
Figure 4.3 Amount received from YEDF	51
Figure 4.4 Financing based on business model	52
Figure 4.5 Skills covered in training.....	56
Figure 4.6 Usefulness of business network.....	60

DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY

ABBREVIATIONS

DYO	District Youth Officer
EACC	Ethics and Anti-Corruption Commission
RoK	Republic of Kenya
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labor Organisation
KKV	Kazi Kwa Vijana
K-REP	Kenya Rural Enterprise Program
Ksh	Kenya Shilling
MSEs	Micro and Small Enterprises
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WEF	Women Enterprise Fund
YEDF	Youth Enterprise Development Fund
YESA	Youth Employment Scheme Abroad

ABSTRACT

There has been concerted effort to stem wide unemployment that was worsened by the global financial crisis of 2008. Various government efforts has been focused towards alleviating unemployment especially among individuals aged between 18-35 years. One such effort by the government was the establishment of the Youth Enterprise Development Fund aimed at facilitating youths start income generating activities by advancing loans with least collateral requirements. This research aimed at finding out the effects that the Youth Enterprise Development Fund has had on growth of new enterprises in Kenya with a special reference to Mathioya District. It aimed at finding out how financial support, entrepreneurial training and networking impacted on growth of new enterprises at a district level. The research used questionnaires and structured interview as data collection instruments. The population of the study was 276 respondents from which a sample size of 123 respondents comprising 120 youth group officials from forty youth groups, 2 YEDF officials and 1 DYO was selected. The data collected was analyzed both qualitatively and quantitatively. Qualitative data was analysed by deductive approach and results presented in each section. Quantitative data was analyzed using statistical packages for social sciences (SPSS) and presented using frequency tables, histograms and pie charts. Out of 120 questionnaires given to youth group officials 115 were returned representing 96% response rate. All the 3 structured interviews were carried out with 2 YEDF officials and 1 DYO. The study found that 46% of the youth groups received less than 50,000 shillings annually from YEDF whereas 43% received between 50,000 and 1000, 000 shillings from YEDF annually. Data collected through interviews indicated that trainings were conducted every quarter (4 times a year). Financial management (48%) and bookkeeping (40%) were the issues addressed in training. Majority (64%) of the participants indicated that the rate of networking was high among youth groups. Findings showed that financial support ($p=0.000$) and training ($p=0.032$) were statistically significant at 95% confidence level. This means that YEDF has the potential to accelerate growth of new enterprises by increasing financial support and entrepreneurial training to the youths in Kenya. The researcher concluded that Youth Enterprise Development Fund has had a positive effect on growth of new enterprises in Kenya; however, the YEDF goals are limited by the amount of funds disbursed and failure of youths to attend trade fairs/exhibitions organised by YEDF. The researcher recommends that the government should increase the budget allocation to Youth Enterprise Development fund to enable increased start-up loans. In addition, YEDF should adopt funding of individual projects and disbursement be done at the district level.

Key words; youth enterprise development fund, micro and small enterprises, networking, training, youth, financial support, growth.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Since the onset of the world financial crisis in 2008, unemployment has become a big concern to every government all over the world. The number of unemployed around the world is estimated to have reached 201.8 million in 2013, an increase of 4.9 million from a revised 196.9 million in the previous year, there were 31.8 million more unemployed persons around the world in 2013 than in 2007 (ILO 2014). The global youth unemployment rate, estimated at 12.6 per cent in 2013, is close to its crisis peak. As many as 73 million young people were estimated to be unemployed in 2013 globally. The unemployed young people in low-income economies do not benefit from the social protection systems that are available to their counterparts in developed economies (ILO 2013).

According to ILO (2014), 23 million people are estimated to have dropped out of the labour market due to discouragement and rising long-term unemployment, active labour market policies (ALMP) need to be implemented more forcefully to address inactivity and skills mismatch. Indeed, with more and more potential workers becoming discouraged and remaining out of the labor force, the risk of skills degradation and obsolescence is increasing. Thus, governments in developing countries are forced to come up with creative ways to address youth unemployment.

The economic and social costs of unemployment, discouragement and widespread low-quality jobs for young people continue to rise and undermine economies' growth potential. The National Youth Council Act of 2009 and the Constitution of Kenya 2010 define youths as people aged between 18 and 34 years. Young people in this age bracket constitute more than a third of the

entire population. This represents great economic and social opportunities, but also enormous challenges. At the forefront of challenges lies the high unemployment rate among young people, which is estimated to be double the national level of unemployment of 12.7 percent. Those young people who have a job are often engaged in low-paying work. Hence, most of the unemployed people disproportionately stem from the youth segment of the population and belong to the bottom 40 percent of the income distribution (United Nations Development Program, (UNDP), 2013).

There are many new challenges for young people in terms of employment, these include; the changes brought about by globalization and the decline of protected markets. The social, economic and political changes and challenges that characterize society make it imperative for young people to acquire skills, knowledge and understanding to cope with rapid change and an uncertain labour market.

There have been various initiatives by different administrations to stem unemployment in Kenya (Republic of Kenya, (RoK), 1964; 1969; 1994; 2003a). According to the Country Social Analysis by the World Bank (2007), youth unemployment, especially among males, is a major contributor to frustration and tension, particularly in urban areas, and a matter of serious policy concern in the country. In this context, there has been an emergence of initiatives and activities to support and promote youth entrepreneurship and business creation. One of the objectives of these programmes is to respond to high youth unemployment rates by encouraging young people to create their own jobs. These programmes aim to increase the share of young people in self-employment or business ownership by influencing the degree of entrepreneurial initiative on the part of the young and by helping them to overcome some of the difficulties that they encounter when starting up a business or opting for self-employment. In Kenya, the crisis of employment

for many young people and their communities has given rise to a particular urgency in the demand for support policies and services.

The results of a number of active labour market policies introduced to address youth unemployment problem remain unclear as unemployment rates have remained at relatively high levels. In the last one decade the government has come up with various employment policies aimed at stemming youth unemployment in Kenya, specifically the Kazi Kwa Vijana popularly known as KKV launched in April 2009 aimed at creating employment to youth through labour intensive public works related projects implemented by various government ministries like rehabilitation of roads. The other initiative is the Youth Enterprise Development Fund launched in 2006 aimed at stemming youth unemployment by offering low interest loans to youth enterprises.

1.1.1 The Youth Enterprise Fund

The Youth Enterprise Fund was started in 2006 and it is designed to address the challenges of youth owned enterprises, including: inaccessibility to capital, lack of decent youth focused commercial infrastructure, barriers to marketing of youth products, and to market linkages (<http://www.youthfund.go.ke>). This was necessitated by the fact that traditional financial institutions have avoided lending to youth due to their relative inability to comply with the high transaction costs, difficulty in assessing and managing their risk profile, and lack of the required financial documentation as well as collateral (<http://www.youthfund.go.ke>). Further, prior to the establishment of the Fund, financial institutions erroneously misconceived the youth to be uncredit worthy and hence, too risky to lend to. The Fund has however shattered this myth and today, the youth have emerged as their major clients (RoK 2010). The target of the fund is young

people within the age bracket of 18 to 34 years who number 13 million. The fund was then transformed into a State Corporation on 11th May 2007.

The Fund's strategic focus is on enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building via entrepreneurship initiatives. Empowerment of the youth is based on the belief that the youth are the best resource for promoting development and they are agents of change in meeting their own challenges and solving own problems (RoK 2006). Since its inception, the government has released over Ksh. 4.4 billion to the fund that has trained over 250,000 entrepreneurs and financed over 260,000 enterprises (Youth Enterprise Development Fund, (YEDF), 2013).

Yuli (2010) is of the opinion that unemployment is one of the most daunting economic challenges facing Kenya. The government has consequently placed job creation at the top of Vision 2030 development policy blue print. Youth, as understood by the Kenyan policy milieu, comprises a large group of people that represents two thirds of the population of working age, and many of them face the hardships of unemployment. While the national unemployment rate is about 10 percent, which is high for a country with large informal and traditional sectors, youth unemployment rates are usually much higher for young people aged 18 to 20 years than those aged over 30 years (UNDP 2013).

The Youth account for 61% of the unemployed and of these (92%) of the unemployed have no job training other than formal schooling. Hence, unemployment is not just a lack of jobs, but also a lack of job skills due to inadequacy of the training infrastructure as well as the means to acquire skills, due to poverty (YEDF, 2007). It is in recognition of the above facts that the government conceived the idea of Small scale businesses financing as a way of addressing

unemployment which essentially is a youth problem. The concept is based on the premise that micro, small, and medium enterprise development initiatives are likely to have the biggest impact on job creation.

The twin strategic pillars of the YEDF initiative are enterprise development and externally focused employment creation through Youth Employment Scheme Abroad (YESA). The government has so far committed over Ksh. 4.4 Billion towards implementation of the fund's mandates. The government's resolve in ensuring sustainability and professional management was evident on 11th May 2007 when the Fund was transformed into a State Corporation so as to respond to the changing needs of the youth.

Yuli (2010), asserts that the Board of Directors of the Fund which is 60% private-sector is composed of young professionals drawn from diverse backgrounds relevant to the objectives of the Fund. The vision is to be a sustainable and growing fund, economically empowering the Kenyan Youth. The mission is to increase economic opportunities for, and participation by Kenyan youth in nation building through enterprise development and strategic partnerships. The Fund was gazetted on 8th December 2006 to provide the necessary legal framework to govern its use and operations. The Fund facilitates youth employment through enterprise development and structured labour export.

Odhiambo *et al.* (2013) found that the YEDF has not had a significant effect on youth enterprises in Siaya County due to low disbursements and few financial intermediaries. Maisiba and Gongera (2013) found that YEDF has helped reduce youth unemployment in Dagoreti Constituency and that lack of business and management skills is the greatest challenge entrepreneurs are facing and the interest rate and repayment terms offered by YEDF as the most appealing factor to beneficiaries. Gachuru and Mwirigi (2014) found that attitude of the youth

towards loans is poor in Mombasa County and their knowledge level on the youth fund is low. Delay in loan processing, culture of handouts and lack of initiative on the part of the youth were identified as major challenges.

These previous studies show that for the YEDF to have some significance in reducing youth unemployment in Kenya, a more relevant solution should be sought by the stakeholders, other than cheap loans disbursement to the youth. Moreover, the studies show that failure of YEDF to make significant changes in youth unemployment has been attributed to factors such as poor business skills, lack of follow up on beneficiaries, lack of entrepreneurial networking and low disbursements. This situation forms the basis of this current study which seeks to find out the effects of youth enterprise development fund on the growth of new enterprises in Kenya. This study further aims at filling the knowledge gap created by the fact that previous studies done in the area of entrepreneurial development only give a general focus to enterprises owned by the youths. None of these has been dedicated to start-up businesses, which is what this study aims at focusing on. Table 1.1 below shows government budgetary allocations to the YEDF since its inception.

Table 1.1 Financial Allocations by Treasury to the YEDF since its inception

Financial Year	Amount in Ksh
2006/2007	1,000,000,000
2007/2008	725,000,000
2008/2009	499,914,170
2009/2010	540,750,000
2010/2011	550,000,000
2011/2012	412,500,000
2012/2013	399,500,000
2013/2014	297,789,832
TOTAL	4,425,454,002

Source: YEDF 2013 Status Report

Table 1.2 below show the amount disbursed per district in Murang'a County and the number of groups that have benefited since inception of the fund.

Table 1.2 Amount Disbursed per District in Murang'a County

District	No. of Groups	Amount Disbursed in Ksh
Kangema	53	2,268,000.00
Mathioya	91	3,903,499.00
Kiharu	80	3,434,000.00
Kigumo	67	2,894,000.00
Maragua	77	3,300,000.00
Kandara	100	4,280,000.00
Gatanga	100	4,300,000.00
Total	567	24,379,499.00

Source: YEDF Status Report 2013

1.2 Statement of the Problem

According to a 2010, report by the ministry of youth, gender and sport, the growth rate of uptake of loans by the youth from the YEDF is 20% per annum. This scenario needs to be heightened to reflect the objectives of vision 2030. One associated problem of the report's recommendation is that various factors come into play to influence the uptake of loans by the youth (Eaton, 2003). The YEDF is still evolving and in order to ensure effective conceptualization, design and implementation of the programme addressing the needs of the young people, there is need to find out how financial support, entrepreneurial training and entrepreneurial networking relate to the growth of SMEs owned by youths in Kenya and in particular Mathioya district. Therefore, the purpose of this study was to examine the effect of youth enterprise development fund on the growth of new enterprises in Mathioya District. To fulfill the purpose of the study, a quantitative research study surveyed selected Micro and Small enterprises in Mathioya District in order to answer the research question; how does youth enterprise development fund affect growth of new micro and small enterprises owned by youth in Mathioya District?

1.3 Study Objectives

1.3.1 General Objective

To analyze the effects of youth enterprise development fund on growth of new micro and small enterprises in Mathioya District.

1.3.2 Specific Objectives

The study was guided by the following specific objectives;

- i. To assess the effects of financial support on growth of new micro and small enterprises in Mathioya District

- ii. To examine the effects of entrepreneurship training on growth of new micro and small enterprises in Mathioya District
- iii. To evaluate how entrepreneurial networking affect growth of new micro and small enterprises in Mathioya District

1.4 Research Questions

The study sought to answer the following research questions;

- i. What is the effect of financial support on growth of new micro and small enterprises in Mathioya District?
- ii. How does entrepreneurship training affect growth of new micro and small enterprises in Mathioya District?
- iii. Does entrepreneurial networking influence growth of new micro and small enterprises in Mathioya District?

1.5 Significance of the study

The beneficiary of this study will be the Republic of Kenya as the results can be used to strengthen the fund operations while addressing any challenges identified to integrate the MSEs into achieving vision 2030. The research outcomes are expected to inform the development of a market oriented and needs driven youth entrepreneurship programmes. To the researcher the study have given a better understanding of the issues under investigation and improve research skills. This study may be used as reference by other researchers with interest on the same line of study especially beyond the scope of the current study.

1.6 Scope of the Study

The study was conducted on 120 youth group officials from the sampled 40 youths groups in the district and 2 YEDF officials and 1 DYO. The study was conducted from April to December 2014.

1.7 Limitations of the Study

The study was faced by various challenges which the researcher needed to overcome. Some respondents gave incomplete information contrary to the expectations of the researcher while at the same time they failed to disclose full information of their businesses. However, this was taken care of by the researcher assuring the respondents that the results of the study would be used for academic purposes only. The field logistics also proved very costly to the researcher, since there was a need to cover a wide area. This being the first research ever to be carried-out by the researcher, lack of prior knowledge in research proved hindrance. This was however, taken care of by the researcher constantly engaging with the supervisor throughout the research period.

1.8 Operational Definition of Terms

Enterprise An undertaking or a business concern whether formal or informal engaged in production of goods or provision of services (RoK, 2012).

Micro Enterprises Means a firm, trade, service, industry or a business activity whose annual turnover does not exceed five hundred thousand shillings and employs less than ten people. (RoK, 2012).

Small Enterprise Means a firm, trade, service, industry or a business whose annual turnover ranges between five hundred and five million shillings and employs between ten and fifty people (RoK, 2012).

Youth Enterprise Development Fund A public fund that was established with the sole purpose of reducing unemployment among the youth by advancing low interest loans for business purpose (RoK, 2006).

1.9 Chapter Summary

This chapter introduced the study, by reviewing the aspects of youth enterprise development fund on growth of new enterprises. Further, the research problem was identified, objectives of the study and the research questions that guided the study have been stated. Significance of the study, scope and limitations of the study was also cited. A list of definition of operational terms has been given too.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews related literature on the MSEs in Kenya and the effects YEDF has had on growth of these enterprises. This chapter looks at the concept of MSEs, Policy and Institutional Framework of the YEDF, theoretical review, empirical review and finally the research conceptual model.

2.2 The Concept of MSEs

It is widely believed that the solution to wide spread unemployment in most developing countries lies in their ability to spur growth in micro and small enterprises. MSEs tend to be large in number, accounting for about 90 percent of all enterprises in many African countries and over 80 percent of new jobs in a given country (Reinecke, 2002). With their large number come increased competition, and continuous technological breakthroughs and rapidly changing customer requirements that demand a strong market orientation if MSEs are to be successful (Shiu & Walker 2007). Many MSEs are located in the lower segment of the market, this pose a problem to their growth due to saturation, low investment, poor management and lack of innovation.

Micro and small enterprises (MSEs) allow the rural poor – including some of the most marginalized and vulnerable strata such as rural women, youth, and the landless – to diversify their incomes, create new sources of economic growth and generate additional employment (including self-employment) in rural areas. The same strata may also be reached through MSE

support to small-scale local entrepreneurs, whose business expansion can create new jobs for the rural poor (IFAD 2008).

Bowen, Morara and Mureithi (2009) identified five main challenges MSEs face as, competition, insecurity, debt collection, lack of working capital and power interruptions. While the International Finance Corporation ((IFC) (2011) identified various challenges faced by MSEs as lack of innovative capacity, lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information, lack of networks and lack of access to credit. Many MSEs remain informal because the administrative procedures for business registration are too cumbersome, long-winded and/or costly. The barriers to setting new businesses are particularly high for the youth who on the other hand face complex entrepreneurship barriers. These structural problems include the lack of voice and representation, lack of access to credit and seed funding, isolation and lack of support, which makes it difficult for the youth owned enterprises to gain a foothold in the modern expansive business.

The first national baseline survey of MSEs in Kenya was conducted in 1993 by Development Alternatives Inc. (DAI) in collaboration with the Kenya Rural Enterprise Programme (K-REP) and the Central Bureau of Statistics (CBS) as a buy-in project funded by USAID. The findings from this study underscored the important role that MSEs play in Kenyan development process particularly in the context of generating employment and income opportunities for the majority of poor people throughout the country. It is in recognizing of this critical role small businesses play in the Kenyan economy, the Government through Kenya Vision 2030 envisages the strengthening of MSEs to become the key industries of tomorrow by improving their productivity, competitiveness and innovation (Ministry of Planning, National Development & Vision 2030 [MPNDV2030], 2007).

2.3 Policy and Institutional Framework of the YEDF

This section outlines the policy and institution framework under which the Fund operates. This information was extracted from the Fund's website and the fund's District Offices in Mathioya and presents the background against which some of the findings of the study may be interpreted.

The Youth Enterprise Development Fund was established in year 2006 with the sole purpose of reducing unemployment among the youth by providing loans with least collateral requirements at low interest. The Fund was aimed at facilitating enterprise and development initiatives among youth through a revolving loan disbursement to individuals and groups. The fund disbursement process is done through Financial Intermediaries and the Constituency Youth Enterprise Committees (C-YES). The government has so far released Ksh. 4.4 billion to the Fund with Ksh. 300 million being released in the 2014/15 financial year.

2.3.1 Minimum Conditions for Accessing YEDF loans

For eligibility of the fund, one must be a Kenyan citizen aged 18 years and above and if accessing the loan as an individual, one must have six months supporting business bank statement and a determined minimum collateral. The intention of the loan should be investing in income generating activities in case of start-ups and expansion for existing enterprises. Further, groups borrowing must be registered by the Ministry of Gender and Social Services and must be in existence for at least 3 months before initial borrowing. The fund extend loans and therefore has to be repaid.

2.3.2 Fund Disbursement

a) The Revolving Loans through Financial Intermediaries

Features

The Ministry of Sports, Gender and Culture make efforts to identify areas that are not covered by the approved intermediaries so that other credible intermediaries operating in the region can be engaged to on-lend the funds. The loan is accessible to any youth owned enterprise operating in Kenya, and attracts interest rate of 8% per annum on a reducing balance. Financial intermediary should allow for flexible collateral and the loan is dependent on the nature of business proposed and the lending terms of the financial intermediary. This means that the FI determines who can access the loan, how much they can access and the terms of borrowing

b) Constituency Youth Enterprise Scheme

This portion of the Fund is to ensure that all youth especially those living in remote areas not well served by financial intermediaries are not disadvantaged in accessing the Fund. It was also intended to reach youth who may not be able to meet the stringent lending requirements of Financial Intermediaries.

Features

The loan targets enterprises of youth groups in the constituencies and is accessible only to youth groups operating within the constituency. The initial Maximum loan amount per group is Ksh.50,000 and this is extended to a maximum of Kshs.400,000 in subsequent borrowings. The loan attracts no interest but has a management fee of 5% paid upfront from the approved loan. Proposal screening, recommendation and approval is done by District/Constituency Youth Enterprise Development Fund Committee (D-YEDF).

Groups with individuals over 35 years must have at least 70% youth membership and 100% of youth in leadership positions. This allows for a small number of older people to access the loans. All potential applicants fill a Standard Application Form available at YEDF offices and Website.

2.4 Theoretical Review

The aim of this section is to discuss major theories of enterprise growth that are relevant to this study as opposed to all theories that explain entrepreneurship. The study will hence, be based on four theories that will help explore the various variables in the study. Theory on Social Development will help explore the dependent variable-creation of new SMEs; the independent variable, financial support will be based on Schumpeterian economic development theory; to explore the variable on entrepreneurial training, the process learning theory will be employed; and to explore the variable on entrepreneurial networking the entrepreneur network theory will be employed.

2.4.1 Social Development Theory

Social development is the process of organizing human energies and activities at higher levels to achieve greater results. Development is a process that sees how the society improves on its utilization of human potential. The essential nature of the process is the progressive development of social organizations and institutions that harness and direct the social energies for higher levels of accomplishment. Society develops by organizing all the knowledge, human energies and material resources at its disposal to fulfill its aspirations (Garry, Macfarlane and Asokan, 1997).

Development is distinguished from growth by the emergence of new or higher levels of organization. Growth is the process of expansion or proliferation of activities at any established level of development in the continuum from primitive, tribal and agrarian societies to

technologically advanced industrial societies. Growth and development are distinct processes, but they are also closely interrelated, complementary and mutually supportive. Development of the society to a higher level may be precedential, accompanied or followed by significant growth in different fields. Development in narrower fields also leads to growth of the society as a whole.

Human beings can be proactive and engaged or, alternatively, passive and alienated, largely as a function of the social conditions in which they develop and function. Social development consists of two interrelated aspects – learning and application. Society discovers better ways to fulfill its aspirations and it develops organizational mechanisms to express that knowledge to achieve its social and economic goals. The process of discovery expands human consciousness. The process of application enhances social organization (Garry *et al.* 1997).

Society develops in response to the contact and interaction between human beings and their material, social and intellectual environment. The experience resulting from these contacts leads to learning on three different levels of our existence. At the physical level, it enhances our control over material processes. At the social level, it enhances our capacity for effective interaction between people at greater and greater speeds and distances. At the mental level, it enhances our knowledge (Garry *et al.*, 1997).

Gary *et al.* (1997) conclude that society advances through three overlapping stages of development involving changes in the relative roles of three fundamental components of individual and collective human consciousness. They term these three components; physical, vital and mental *inter alia*;

In view of the study at hand, at the first stage, there is a prevalence of the physical component which is the dominant characteristic of society that is a pre-occupation with physical survival,

protection and preservation of the status quo. Commerce and money play a relatively minor role. In the second stage, the vital factor plays an increasingly active role, the dominant characteristics of this phase are dynamism and change. The energy level rises and the society becomes increasingly inventive, outward looking and adventurous. The greatest invention and discovery of this phase is the power of money. Commerce replaces agriculture as the predominant source of wealth. The aspiration for luxury and leisure penetrates to lower levels of society, inspiring the common man to yearn for more.

The third stage of development is one in which the mental component becomes more and more predominant. This stage has three essential characteristics that demarcate it from those that came before – a great increase in the practical application of mind to generate new inventions, in the social application of mind to generate new and higher levels of organization, and in the political application of mind to elevate the status and rights of individual human beings. The onset of this phase gave rise to the birth of modern science and practical experimentation. This led ultimately to the explosion of technical innovations that ushered in the Industrial Revolution. Industry gradually replaced commerce as the greatest source of wealth. Technology has begun to challenge the position of money as the most powerful and productive resource.

2.4.2 The Theory of Economic Development

The relevance of this theory in the study is to underscore the relationship that exists between financial support and creation of new micro and small enterprises. This theory was put forward by Joseph Schumpeter in the 1930s, in his economic system, Schumpeterian, is built in such a way as to realize a necessary symbiosis between economic, historical, political, social and all other elements of the process of the functioning and development of the capitalist world. All of these specific aspects of capitalist society could be approached as separate entities because this

was considered to be the most appropriate way to effectively access the economic aspects of reality (Croitoru, 2012).

The Theory of Economic Development' was the first step by Schumpeter to create the theoretical tools and concepts which were needed to approach the economic sphere of reality while assigning phenomena such as wars, political upheaval, and cultural or spiritual issues a secondary significance. Schumpeter succeeded in focusing the analysis of the economic development of the capitalist world exclusively on economic elements of the process. The central argument of his system of thought assigned the most significant role to entrepreneurship with its inseparable and embedded innovative nature.

Schumpeter (1932) viewed entrepreneurship characteristically, as an innovation and he defined innovation as the creation of a new good or new quality of good, the creation of a new method of production; the opening of a new market, and the capture of a new source of supply. This is consistent with the views of his predecessors, Nicholas Baudeau and Richard Cantillon within an agricultural setting, they conceived an entrepreneur as an innovator, in the sense that he/she invents and applies new techniques or ideas in order to reduce costs.

The most important theoretical aspects of the Schumpeterian economic phenomena of the capitalist world is the distinction between exogenous and endogenous factors of the economic system. This perspective allows analysis of economic phenomena through economic factors and maintains a useful distance between these phenomena and elements from the other spheres of the reality.

According to Schumpeter, development is endogenous to economic system and such changes in economic life as are not forced upon it from without but arise by its own initiative, from within.

Development is spontaneous and discontinuous change in the channels of the flow, disturbance of equilibrium, which forever alters and displaces the equilibrium state previously existing in the economic system. Schumpeter attributes the principal role in this type of development to the entrepreneur. Entrepreneurial actions are the main mechanism in the process of economic development and the disturbance of the economic system is impossible without them. In this case, the entrepreneur is central to the economic development in an economic system. The question that arises from this proposition of economic system is whether factors exogenous to the system such as government policies can have any impacts to the development system.

In the field of consumers' behaviors and preferences Schumpeter as quoted by Croitoru, (2012) adopts a very categorical attitude. In his economic vision producers' behaviors and activities are important because they have the strength to influence and change consumers' preferences. Schumpeter's characterization of the process of influence is clear, the producer who as a rule initiates economic change' and consumers are educated by him if necessary; they are taught to want new things. This part of the analysis assures the validity of focusing the attention of economists on producers as the main 'engine' of changes in the market. In this way the 'new combination' also achieved a privileged role in explaining the mechanism of the economic development.

Schumpeter uses the term 'new combination' to cover the following five cases: The introduction of a new good – that is one with which consumers are not yet familiar – or a new quality of a good; The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially; The opening of a new market, that is a market into which the particular branch of manufacture of the

country in question has not previously entered, whether or not this market has existed before: The conquest of a new source of supply or raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created; The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly position. Schumpeter reserves this role for entrepreneurs in his economic system.

Schumpeterian entrepreneurs are not necessarily the owners of the capital used for carrying out the new combinations because in many cases they use stocks of capital supplied through the mechanisms of credit by capitalists or bankers. The connection between credit and innovation is a very close one, and one that makes possible the formation of new firms which are the exponents of the new combinations. From this point of view, it is obvious that in Schumpeter's system the role of 'savings' in carrying out 'new combinations' is relatively insignificant because "the entrepreneur does not save in order to obtain the means which he needs, nor does he accumulate any goods before beginning to produce (Schumpeter 2008).

2.4.3 Entrepreneurial Education Models

The essence of these models to the study is to relate the factor of entrepreneurial training and growth of new enterprises. Pretorius, Nieman and van Vuuren (2005), noted that while education programmes are aimed at different target markets and levels of education, they all have as their core the concept of stimulating entrepreneurial activity in some or other way. Solomon *et al.* (2002) confirm the positive role of teaching entrepreneurial and small business management skills for new venture creation and success.

According to Pretorius *et al.* (2005), models are used as frameworks or paradigms of thinking within the subject matter. Therefore, they serve as a guideline for the compilation of entrepreneurship education programmes. Understanding the elements and their influences on the development of entrepreneurial potential is crucial to the internalization of entrepreneurship theory and the development and implementation of policy initiatives to enhance entrepreneurship education. Mayfield and Weaver (1997) refer to the paradigm as the underlying philosophy that dictates the methodology used in the training of entrepreneurs because it guides the relevant thinking, content, pedagogy and ultimately the outcomes.

For the purpose of the current study, the entrepreneurial education model and entrepreneurial performance education model are discussed so that to show the role of educational training in growth of new enterprises.

2.4.3.1 Entrepreneurial Performance Education Model (E/P model)

This model was developed by van Vuuren and Nieman in 1999 and it is concerned with the elements that drive entrepreneurial performance and was developed to guide syllabi and curriculum development. The E/P model is linear and suggests that entrepreneurial performance is a function of motivation, entrepreneurial and business skills and can be depicted as:

$$E/P = f[aM(bE/S \times cB/S)]$$

where: E/P is the entrepreneurial performance; M is the motivation; E/S is the entrepreneurial skills; B/S is the business skills; and a to c are constants.

Based on the E/P model, educational programmes are planned to cover the three key constructs of the model. Within the context of any planned programme, different quantities and qualities of skills and knowledge are included. The three elements are motivation, entrepreneurial skills and

business skills. Motivation according to the model proponents is advised for incorporation in all programmes. It is suggested by the authors that it contributes towards qualities like inner control, persistence, leadership, decisiveness, determination and sheer guts. The associated skills include specifically the development of achievement imagery. Entrepreneurial skills included in this category are various creativity, risk taking and opportunity identification whereas business skills covers skills such as financial, marketing, operational, human resource, legal, communication, management and business plan compiling skills.

Being a mathematical model and as the constructs are multiplicative, there is an indication that the absence of any one of the elements such as motivation, entrepreneurial skills or business skills will lead to zero or extremely low levels of entrepreneurial performance as measured by the involvement and execution of start-up activities by the student. This was observed by some students that completed their Bachelor of Commerce degrees and chose to go into employment rather than work for themselves in a small business, apparently lacking the motivation element to do so. Those with the motivation started their own businesses.

van Vuuren (1997) argues that entrepreneurial performance go hand in hand with entrepreneurial achievements or results with regards to the realization of set entrepreneurial goals. This constructs are presented by Botha (2006), firstly, as an increase in productivity; secondly, the increase in the number of employees, which implies the expansion of the business; thirdly, the net value of the business; fourthly, a core aspect in entrepreneurship, namely the increase in profitability; and finally the completion of the first market related transactions.

2.4.3.2 Entrepreneurial Education Model (E/E model)

This model was developed by Pretorius in 2001 and it considers not only the content of entrepreneurial education programmes but also the context wherein such programmes are operated by the facilitators and the approaches that they use. The model identifies five constructs relevant for entrepreneurial education to increase start-ups and indicates the relevance of the programme context. Its focus during development was specifically to increase "start-ups" as outcome requirement through education. The *E/E* model constructs include entrepreneurial success, business knowledge and skills, business plan utilization, learning approaches, the facilitator and the programme context.

Pretorius, (2001) suggests that the facilitator is the key construct and based on his skills, knowledge, experience and methodology application should govern the constructs into a mix (similar to the well known marketing mix). The facilitator as a variable is not only a construct but also governs the variable mix and changes it according to varying demands during the programme.

$$E/E = f [aF(bA \times cB/P) \times (dE/S \times eB/S)]$$

where; E/E is Entrepreneurial education, F is facilitator skills knowledge and motivation, A is approaches used by facilitator, B/P is business plan utilization, E/S is entrepreneurial success and knowledge and B/S is business skills and knowledge; a to e are constants.

The two entrepreneurial models are compared in the Table 2.1 below

Table 2.1 The Entrepreneurial Performance and Entrepreneurial Education Models

Construct	Entrepreneurial performance model according to van Vuuren and Nieman1999	Entrepreneurial education model according to Pretorius 2001
Entrepreneurial Performance	Considers the performance of the individual as entrepreneur or venture and not as manager	The requirements of the context determine the program content. One required outcome is the start-up of a venture
Motivation	Motivation as seen as the level of need of achievements of th individual including desire to be successful and to do well	Absent as a separate construct but considered partially element of E/S under motivation to excel
Entrepreneurial Skills	Considers creativity and innovation, identification of opportunities, risks taking, interpretation of role models	Considers commitment personal leadership, opportunity obsession tolerance for risk and ambiguity, creativity, motivation to excel
Business skills	Covers both skills and knowledge associated with the general functions, life cycle stages of a venture business plan	Similar except that the business plan as a separate construct
Approaches used to transfer knowledge and skills	Absent as it assumes that a motivated person would find away to transfer skills once the knowledge has been acquired	Considers both the involvement of the learner in the learning process and the variety of learning approached used
Facilitator	Absent	Considers own practical experience how reinforced thinking is used entrepreneurial way of being, use of apprenticeships
Business plan utilization	Absent as a separate construct but exist as part of business skills	Coverage about how business plan is utilized by preparation, presentation, defense and execution
Contextual description	Absent but implied	Considers previous experience, minimum education level, outcomes of the program, needs of the target group, reason participation

Source; Pretorius *et al.* 2005

The table shows that the nature of the entrepreneurial performance model doesn't require reference to approaches and the facilitator as constructs as its focus is on performance of the entrepreneur rather than the success of the training course. The business plan construct is implied as part of the business skills required for the entrepreneurial performance model while in the entrepreneurial education model it is regarded as an important tool for training especially to assist in the conceptualization of the holistic picture of the venture and its future operations. Hisrich & Peters (1998) argued that training creates new opportunities and possibilities as well as a consciousness to attempt and complete certain tasks in a different way.

2.4.4 Entrepreneur Network Theory

In the study at hand, this theory is used in order to advance the variable on entrepreneurial networking. This theory was advanced by Leyden, Link, and Siegel (2013) and conclude that an entrepreneur is an individual who innovates within the context of an uncertain environment. Given that characterization, they have argued that key to entrepreneurial success is the ability of the entrepreneur to exploit social networks which Granovetter (1973) terms weak ties. The theory implies that it is not so much knowledge, per se, but rather effective social networks and the variety of knowledge that such networks imply that affect the probability of success in yielding the desired innovation. As a result, managerial and public policies that are directed at increasing levels of technical skill—a form of knowledge, in a particular area will not increase the probability of achieving the desired innovation. Rather, policies should be considered that are directed to increasing the heterogeneity of sources of knowledge that the entrepreneur relies on. These policies might take a variety of forms but will in general be characterized by what Burt (2000) refers to as brokerage and closure.

In 1986, Aldrich and Zimmer argued that the entrepreneur is embedded in a social network that plays a critical role in the entrepreneurial process. According to Brass (1992), a social network is a generic way and set of nodes or actors that are connected by a set of social relationships, ties, or a specified type of ties. In the business environment, "the network is a group of two or more firms that have banded together to carry out some new business activity that the members of the network could not pursue independently" (Sommers 1998).

In a network, flows between objects and actors and exchanges, which might contain an advice, information, friendship, career or emotional support, motivation, and cooperation, can lead to very important ties (Kadushin, 2004). Social network contacts are most needed by new and small businesses to overcome their difficulties in getting suppliers and customers at the early stage of business formation. Network relationship refers to a strategy that focuses on creating and maintaining a lasting relationship between entrepreneurs and their network (Premaratne, 2001)

In the educational community, this might be achieved through curricula that result in greater knowledge across disparate perspectives and an ability (and willingness) to work with individuals with disparate perspectives—thus, for example, pairing disparate areas of study, focusing collectively on science, technology, engineering, and mathematics (i.e., STEM education), and teaching group management skills. Similarly, outside of the educational community this might be achieved by facilitating the creation of entrepreneurial teams with heterogeneous backgrounds (what might be referred to as entrepreneurial joint ventures), fostering joint ventures among private-sector firms (Hagedoorn *et al.*, 2000, Audretsch and Feldman 2003), and fostering joint ventures between/among entrepreneurs and universities or research labs (Stiglitz and Wallsten 1999, Agrawal 2001, Hall 2004).

Lechner, Dowling & Welpel (2005) argue that maintaining networks is strongly needed to develop enterprises. Besides learning, the entrepreneurs should also be able to open or have internal networking within their enterprises or external networking with other parties. Networking with others is carried out because the entrepreneurs mostly depend on the information, raw materials, technology or knowledge, in order to make their enterprises continuously develop and be acceptable to societies.

Hoang and Antoncic (2003) explored the three constructs widely researched in entrepreneurial networking; first the content of the networks which should be viewed as the media through which actors gain access to a variety of resources held by other actors. A key benefit of networks for the entrepreneurial process is the access they provide to information and advice. The reliance on networks is not constrained to the start-up stage. Entrepreneurs continue to rely on networks for business information, advice, and problem solving, with some contacts providing multiple resources.

However, the networks could be more beneficial to start-ups as it would help them to better exploit the market and share the resources available. Secondly, the governance of these relationships; trust between partners is often cited as a critical element that in turn enhances the quality of the resource flows. Network governance can also be characterized by the reliance on “implicit and open-ended contracts” that are supported by social mechanisms — such as power and influence, and the threat of ostracism and loss of reputation — rather than legal enforcement. Finally, the structure of networks; on this they conclude that different networks positioning results into different resources flow and these can have a bearing on the enterprise outcomes.

Hatala, (2007) argue that it is not just networking per se that matters but the individual's position within the network. Network position describes the pattern of interaction between firms clustered in a particular community, district or region. The implication is that an individual's social position within a network may help to determine the utility of the network itself. What happens when a person's position within a network is not favourable? It is inferred that if a person's position in a network is not strong; even though the network will be there it cannot be used effectively and efficiently to achieve desired results.

The degree to which an individual actor is connected to others in a network is called centrality (Borgatti *et al.*, 1992). Centrality is used to obtain the positional features of an individual firm within networks. An individual firm's centrality captures the extent of its access to knowledge. The utilization of network resources thus will affect the start-up and growth in latter stages of enterprises.

Siegel *et al.* (2013) identified other variables that might be correlated with the effectiveness of the entrepreneur's network to include prior successful entrepreneurial experiences, changes in careers, and even a more liberal education. Whether there are gender differences is not clear; if one gender is more open to engaging effectively in networks with people with divergent views or is more open to resolving conflict, then that gender might *ceteris paribus* be associated with a more effective network.

Peprah, (2013) points out that in all environments, entrepreneurs must build reputation-enhancing relationships with outside resource providers who are willing to share valuable information, technology, and finance. In this regard, entrepreneurs use their own informal

business and personal networks to establish new firms and the extent of the network determines the success of many entrepreneurs.

2.5 Empirical Review

This section reviews empirical literature relevant to this study, it focuses on financial assistance, entrepreneurial training and entrepreneurial networking.

2.5.1 Financial Assistance and Growth of New Micro and Small Enterprises

According to The Kenya Gazette (2006), the youth fund was started with the sole purpose of assisting youth to access loans at low interest rates and with few collateral requirements. It was expected that with initial assistance youth would slowly graduate to be loan worthy as perceived by financial institutions as afterwards they would be able to meet the collateral requirements.

Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, *et al.*, 2006). Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development (Oketch, 2000; Tomecko & Dondo, 1992; Kiiru, 1991). Credit constraints pertaining to working capital and raw materials were cited by respondents (between 24% and 52% in Parker *et al.*, 1995). Aryeetey *et al.*, (1994) reported that 38% of the SMEs surveyed in Ghana mention credit as a constraint, in the case of Malawi, it accounted for 17.5% of the total sample Daniels & Ngwira, (1993). This stems from the fact that SMEs have limited access to capital markets, locally and internationally, in part because of the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms. As a result, SMEs often cannot obtain long-term finance in the form of debt and equity.

Gitile, Wegulo & Kaimenyi (2008) studying MSEs owned by women in North and Central Meru districts found that money for starting operations came primarily from personal savings. Financial institutions, formal savings and lending organizations and groups did not play a significant role in financing new women business ventures. They further found that search for independence was the major reason for starting business.

Quaye, (2011) studying the source of capital for small businesses in Ghana found that 4 percent sponsored themselves for the initiation of their businesses, 2 percent relied on friends and relatives, 5.33 percent were from partnerships, and majority 88 percent acquired loans from banks and other financial institutions, with only 0.67 percent acquiring capital from other sources. This shows that credit is a major source for MSEs, the current study aims at finding out the effects of financial support from YEDF on growth of new MSEs in Kenya.

Amenya, Onsongo & Guyo (2011) found that 83% of the respondents prefer YEDF as a source of funds for the youth due to its flexible collateral requirement and low interest rate. Maisiba and Gongera (2013) found that 78% of the respondents strongly agreed that the fund had increased business opportunities among the youth through access to finance and assisted them in developing the competencies in their areas of interest and in making personal decisions.

Odhiambo *et al.* (2013) found that out of 30% of those in business, only 10% and 15% got loans from FIs and C-YES respectively. Only 10 % felt that the loan was sufficient to start and run a viable business. Further, they established that FIs required security for loans advanced and they gave loans mainly to those who already had existing businesses according to 50% of the respondents, and 83% of the respondents accepted that the loan was mainly given to youth groups as start-up capital. Gachuru and Mwirigi (2014) found out that the youth go for funds

from the YEDF because the funds are available. The findings from all these previous research shows that the fund has succeeded in assisting the youth to access finance for enterprising purpose.

2.5.2 Entrepreneurial Training and Growth of New Micro and Small Enterprises

Education can serve a preparatory function in relation to new venture initiation or startup, whereby the transfer of knowledge and the acquisition and development of relevant skills would be expected to increase the self-efficacy and effectiveness of the potential entrepreneur (Bandura, 1986).

According to Gibb (1987) in order to establish an effective enterprise culture in the educational process, educators have to clearly distinguish among entrepreneurship, enterprising behaviour and small business management. He defines the entrepreneur and the enterprising person in terms of attributes and defines the small-business person in terms of tasks. This distinction, Gibb maintains, should be the basis for developing education and training programs for entrepreneurs. He concludes that the role for small business in enterprise education is to enhance enterprise generation by managing the entrepreneurial attributes of young people. SMEs, he suggests, can support this process by providing role models, exposure, networks and insight into the independent business process.

Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King and McGrath, 2002). Inadequate access to effective business advisory and support services and absence of entrepreneurship mentorship programs remains part of the key

challenges facing youth integration into the MSMEs and national economic grid. Bowen *et al.* (2009) found that 49.5 percent of those who had received training in their areas of business reported that their businesses were doing well.

Chingunta, (2005) study revealed that entrepreneurship training has been seen as a way of thinking, reasoning and acting that is opportunity-obsessed, holistic in approach and leadership balanced towards an entrepreneurial culture. Omolo (2010) points out that promotion of entrepreneurship and nurturing of an entrepreneurial culture should be seen as one of the ways out of youth unemployment crisis.

Stefanie, (2012) found that youth socialization process impacts young people's values and attitudes. This influences whether or not youths perform well at school and acquire skills, which will help them to enter the labor market. School and education strongly depends on the institutional environment. Performance in school and academic achievements are a consequence from the effectiveness of institutions and the quality of teaching. This is closely correlated to the availability of financial resources and the government's ability to invest in an appropriate enabling environment.

Attempts to examine impacts of training on business outcomes face several difficulties when training influences the rate of business survivorship or the likelihood of business start-up. For example, Giné and Mansuri (2011) found that training led to a 6.1 percent reduction in business failures for male owners (significant at the 10% level only). If training leads to survival of relatively unsuccessful firms who would otherwise have closed, then a straight comparison of profits or sales by treatment status will understate the impact of training. Giné and Mansuri attempt to address the differential survival issue by bounding. Note that even if training has no

impact on the rate of business survivorship or start-up, it may still affect the characteristics of who survives, again requiring authors to use non-experimental methods to attempt to deal with this selectivity. For example, De Mel, McKenzie and Woodruff (2012) found that training (and grants) led to changes in the characteristics of who opens a business, even though the rates of ownership were no different in the treatment and control groups. They therefore use a generalized propensity score to reweight their regression estimates to correct for the selectivity they find on observables like ability and wealth.

Mano, Al Hassan, Yutaka, and Sonobe, (2012) found a 9 per cent point increase in the likelihood of survival 12 months after training. Giné and Mansuri found a 6 percent increase in the likelihood of survival 18 to 22 months after training for the male owners in their sample – an effect significant at the 10% level – but no change for female owners, while Valdivia (2012) actually finds that training leads to a marginally significant reduction in the likelihood of survival for female firm owners.

Premand, Stefanie, Rita, Rebekka and Mahdi (2012), sampled 1500 youth and found that taking part in an entrepreneurship track instead of academic track in the final year of university leads to a 6 percent increase in self-employment rates for males and 3 percent for females one year later. Four months after training, Field, Jayachandran, and Pande (2010) examined whether women report any business income over the preceding week, which reflects a combination of an effect on business start-up and an effect on survival. They found that upper caste Hindu women who took the training were 19 percentage points more likely to report income, whereas the training had no effect on lower caste Hindu women or on Muslim women. They attributed the lack of impact on these other groups to social restrictions, arguing that training helped women whose

businesses had been held down by social restrictions, but that women who faced more extreme restrictions could not respond to training.

Maisiba and Gongera (2013) found that YEDF collaborative linkages and strategic partnership projects have benefitted mainly youth with relatively low levels of education, implying that youths with diploma and degree education prefer white collar jobs to self-employment, thus the need for entrepreneurship training. The findings also showed that nearly half of the YEDF beneficiaries in the constituency did not have any business experience before entering the YEDF Program, a pointer to the enormity and the high training needs of YEDF beneficiaries. Further, 82% of the respondents strongly agreed that lack of business and management skills is the greatest challenge entrepreneurs are facing and they needed entrepreneurship training.

Njoroge and Gathungu, (2013) studying the effect of entrepreneurial education and training on development of small and medium size enterprises in Githunguri, found that lack of training on financial, strategic management and marketing means that the SME cannot grow beyond the first stage of enterprise development to other stages. Hence, they eventually fail within their first five years of existence. They recommended that the government through the Ministry of Trade should formulate and implement training programs aimed at equipping SME owners with entrepreneurial skills. The studies that have been done reveal that relatively few of them have looked at how training affects the selectivity of who starts up a business or of which businesses survive.

2.5.3 Entrepreneurial Networking and Growth of New Micro and Small Enterprises

Networking helps in acquisition of the resources that one does not have such as market information, working space, skills and physical resources such as tools of work. Hite and

Hesterly, (2001) in their research found that networking increases profit from investment and access to growth, particularly for new founded companies and made dynamic relationship to these companies. Graham *et al.* (2007) found that social networks 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. For example, in a study of manufacturing SMEs in Nairobi, Moyi, (2003) established that entrepreneurs who refer their clients to other firms also stand a higher chance of receiving referrals from elsewhere. 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.

Gudda & Ngoze (2009) posited that through collaborations and strategic partnerships, business incubators can support the successful development of entrepreneurial projects of youth business ideas through an array of business support resources and services. The report further revealed that collaborative linkages and strategic partnerships provide the necessary infrastructure that can make a substantial contribution to employment creation and drives an entrepreneurial culture to self-employment by creating jobs directly and successful businesses innovation, through the use of new technologies, increases productivity and further expands existing market opportunities, which in turn strengthens incentives to innovate.

There is strong evidence that forming alliances, clustering and networking helps small firms to compete with large firms. By working together, firms can gain the benefits of collective efficiency, enabling them to link with large producers and break into national and global markets. MSEs can forge horizontal links between themselves and vertical linkages with larger manufacturing and service industries for increased market access, enhanced investment flow,

skills development and technological advancements. Such linkages would help overcome the constraints that currently plague the industry in African countries (Hussain, 2000).

Studies done in Kenya show that very few small businesses belong to any network group despite the many benefits associated with such networks. For example, Bowen *et al.* (2009) found that out of 198 small business respondents only 14% belonged to any professional society with the majority 18 percent being members of the Marketing Society of Kenya (MSK). This is supported by Makanda, (2012) who found that youth groups' networking and alliance formation was generally weak in Bomachoge constituency. In that 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. In addition, the study found out that 75% of the exchange programmes that the 46.2% of the groups had participated in were organized by the groups themselves. Majority of the respondents cited lack of information as the greatest barrier to networking.

Setyawati, Shariff & Saud, (2011) observed that networking is an important factor for developing successful entrepreneurship in Indonesia. Kiraka *et al.* (2013) found that networking, exhibitions, export promotion and product certification were rarely offered to borrowers of WEF and this could meaningfully sustain businesses on the growth path and spur innovations.

Kamau (2013) studying the role of YEDF on growth of MSEs in Kiharu constituency found that 81 % of the respondents, had not been linked to large enterprises by YEDF. However, the little number of MSEs which had already been linked reported to have improved on their profitability. 51 % of the respondents indicated that as a result of the linkages facilitated by YEDF, their businesses were making more profit. In terms of employment generation, the enterprises disagreed that, due to linkages, they were able to create more employment opportunities.

2.6 Gaps to be filled

There is growing literature about the YEDF and the previous studies that have been done on this fund have dwelt on the structure and accessibility of the fund, the adequacy of the initial disbursements and use of the fund. Yet, no studies have been carried out to relate YEDF in line with financial support, entrepreneurship training, entrepreneurial networking and its effect on creation of new micro and small enterprises. Moreover, no studies have been carried out to gather information on YEDF in Mathioya District. This study hence aims at filling the gap of the relationship between financial support, entrepreneurial training and networking and growth of new enterprises in reference to Mathioya District.

2.7 The Conceptual Framework

A conceptual model defines the core concepts of the research project and shows how independent and dependent variables will be linked (Mills, Durepos & Wiebe, 2010). An independent variable is a variable that a researcher manipulates in order to determine its effect or influence on a dependent variable. In this study the researcher sought to find out how financial support, entrepreneurial training and networking affect growth of new enterprises.

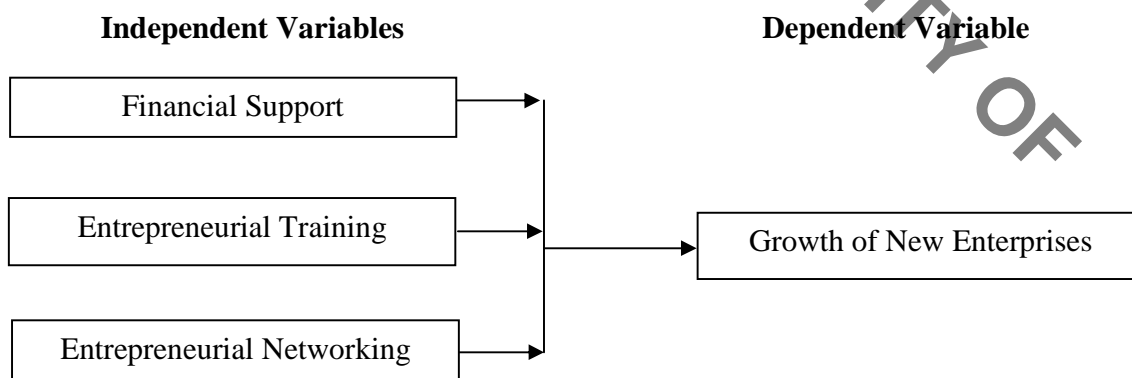


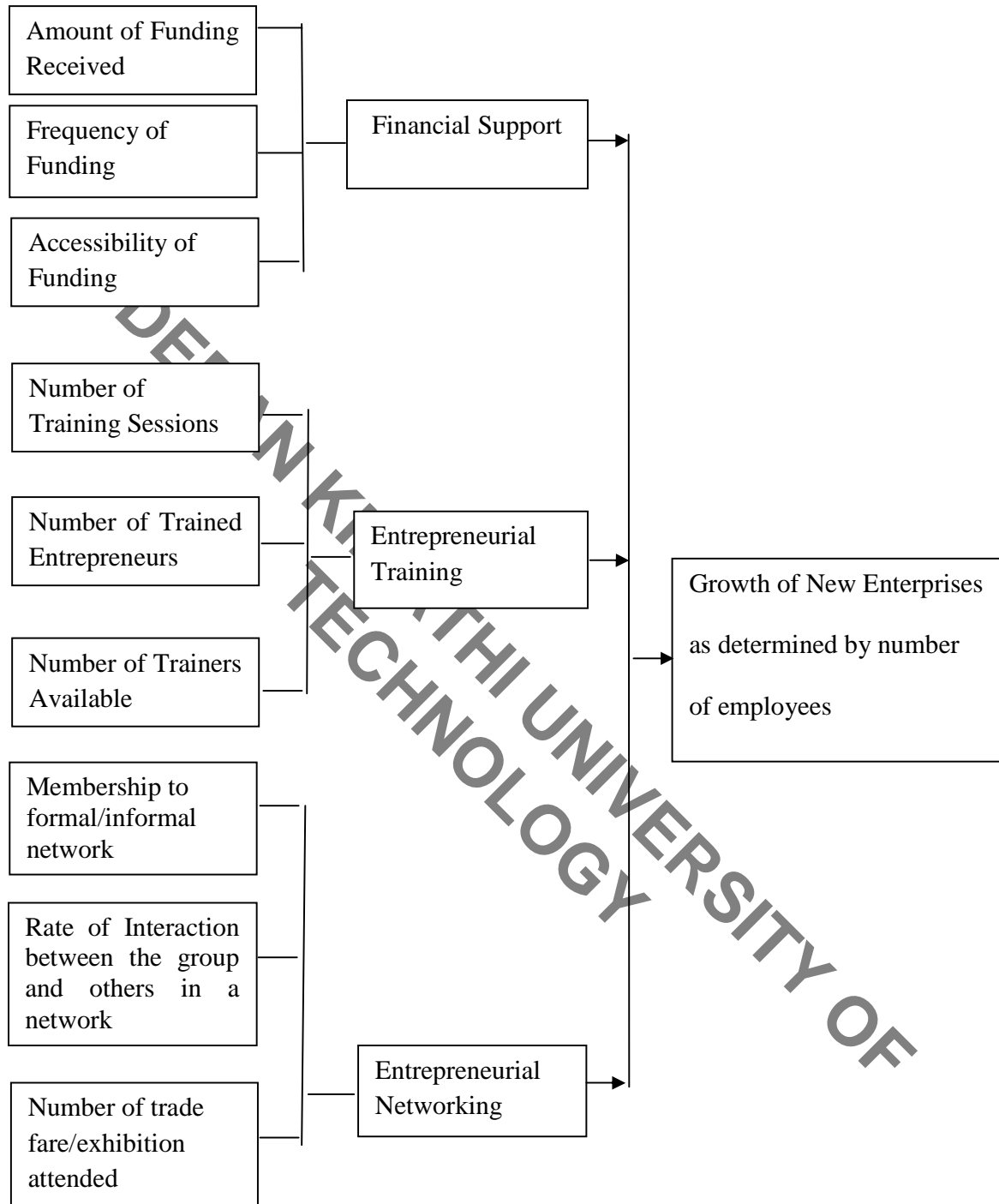
Figure 2.1 The Conceptual Framework for effects of YEDF on growth of new enterprises

2.8 The operationalisation Model

Operationalisation is a process of defining the measurement of a phenomenon that is not directly measurable though its existence is indicated by other phenomena and it requires three steps. First, the researcher needs to specify the core concepts of the conceptual model. Second, the researcher needs to determine a set of indicators or topics. Third, the researcher has to formulate an appropriate set of so-called data elicitors (Mills, Durepos & Wiebe, 2010). The conceptual framework for the growth of new enterprises shall be operationalized as shown in Figure 2.2 below;

DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY

The operationalisation model for effect of YEDF on growth of new enterprises



Parameters

Independent Variables

Dependent Variable

Figure 2.2 Operationalisation Model for effect of YEDF on growth of new enterprises

CHAPTER THREE

RESEARCH 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, data collection and analysis.

3.2 Research design

The study adopted a descriptive research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study used descriptive research design to investigate the effects of YEDF on growth of new enterprise in Mathioya district. The researcher used questionnaires to collect data from youth group officials and structured interview for the YEDF officials and the DYO. Questionnaires were used in order to get specific information for the study while interviews were used for an in depth understanding of the operations of the YEDF.

3.3 Target Population

The target group for this study was 273 youth group officials from 91 youth groups who were beneficiaries of the YEDF loans in the district and 2 YEDF officials and 1 DYO in Mathioya District. The YEDF officials and the DYO were chosen to be part of the study population because they work closely with the youth and they had knowledge of the operations of the youth fund that may be lacking on the part of the youth group officials. The total population was therefore, 276 and was as tabulated below in Table 3.1

Table 3.1 Target Population

Level	Target Population
District Youth Officer	1
YEDF Officials	2
Youth Groups Chairpersons	91
Youth Groups Secretaries	91
Youth Groups Treasurers	91
Total	276

3.4 Sample and Sampling Procedure

Stratified random sampling technique was used to draw the sample from the population. This method helps improve the representation of each strata (groups) within the population, as well as ensuring that these strata are not over-represented. The district was divided into divisions and from each division ten youth groups were randomly drawn. This ensured that the information was geographically accurate and reliable. From each youth group three officials; the chairperson, the treasurer and the secretary were chosen to constitute the sample as they are the custodian of group information. For the YEDF officials and DYOs a census was done due to their small number. This resulted into a sample size of 123 respondents that constituted 120 youth group officials, 2 YEDF officials and 1 DYOs.

According to Mugenda and Mugenda (2003), a sample size between 10%-30% of the total population is considered adequate for a descriptive research study. Table 3.2 below shows the sample size of the study.

Table 3.2 Sample Size

Level	Target Population	Sample Size
District Youth Officer	1	1
YEDF Officials	2	2
Youth Groups Chairpersons	91	40
Youth Groups Secretaries	91	40
Youth Groups Treasurers	91	40
Total	276	123

3.5 Reliability and Validity

According to Kothari (2004), reliability of a research instrument stems from the instrument's ability to provide consistent results while validity indicates the degree to which an instrument measures what it is supposed to measure. The research validity and reliability instrument were established through consultation with the supervisor and pilot testing revealed that the research instruments were clear to the respondents and had the ability to collect data needed for the study.

3.6 Data analysis and presentation

The researcher chose the linear regression model below because on his part it was easier to understand and work with, secondly and most important its flexible and offers an important set of tools for understanding the association between the parameters of the study. The data collected was edited, coded, quantified and analyzed quantitatively and qualitatively. Qualitative data was analysed by deductive approach and results presented in each section. Quantitative data was analysed quantitatively by Statistical Package for Social Sciences (SPSS) software, using the general regression model below;

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \epsilon$$

Y is the dependent variable (growth of new enterprises as determined by number of employees)

α_0 intercept (autonomous growth)

α_i the coefficient of the independent variables

X_i the independent variables [X_1 =Financial Support, X_2 =Entrepreneurial Training and X_3 =Entrepreneurial Networking]

ϵ the error term not explained by the model

The data analyzed was presented using frequency tables, histograms and pie charts. Further, correlations were used to show the relationship between dependent and independent variables. The F-test was also calculated to measure the general statistical validity of the entire model. The p-values were calculated in order for the researcher to decide on whether to reject or fail to reject the null hypotheses.

3.7 Ethical Issue

Consent from the respondents was sought before the administration of the questionnaire and the purpose of the research explained in details. Further, the respondents were assured that the data collected was for academic purpose only and such information shall not be availed to any third party as this would result into disclosure of groups' information that may jeopardize their operations.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and interpretation of data collected. The purpose of analysis was to establish the effects of youth enterprise development fund on growth of new micro and small enterprises in Mathiyo District. The chapter presents the response rate and background information of youth groups; the other findings are presented in the order of objectives.

4.2 Response rate

The researcher distributed questionnaires to 120 youth groups' officials of which 115 were returned for analysis, this represents a 96% response rate that was adequate for data analysis, as according to Shuttleworth, (2009) a response rate of 60% is good for analysis and reporting and a response rate of 70% and over is excellent and reliable. The researcher also carried out 3 interviews with 2 YEDF officials and 1 DYO in order to get an in depth understanding of the issues under study.

4.3 Socio-demographic information of respondents

The first section of the research questionnaire focused on collection of the groups social demographic data such as group members age, age of group and capital invested. The findings of socio demographic information are presented in this section.

4.3.1 Age group of members

The researcher sought to know within which age bracket does the members in a group fall. A significant number of participants 87% indicated that majority of the group members were over

25 years of age. The findings therefore, show that the youth groups were mainly made up of youths in their late twenties and early thirties this could be due to the reason that youths in this bracket are through with schooling and are involved in income generating activities. The rest of the participants 13% cited that their members were between 18 and 24 years.

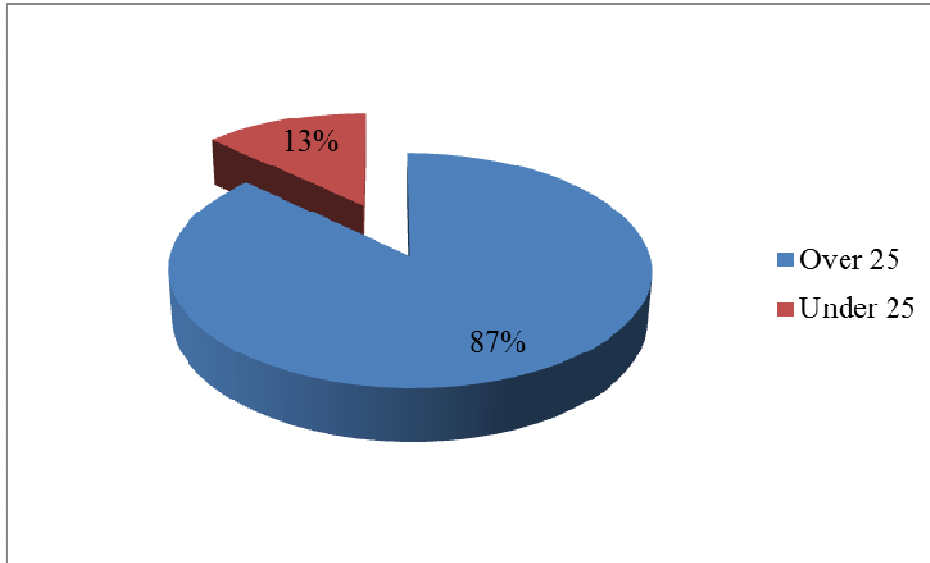


Figure 4.1 Distribution of group members age

4.3.2 Age of youth group

The researcher sought to know how old were the groups and found that majority of the groups 66% were between 1-5 years. A significant number 27% of groups were less than 6 months and 1 year while those over 5 years were 7%. Majority of youth groups were formed in response to the creation of the Youth Development Fund in 2006; therefore, most of them are less than 5 years old. The findings of the youth groups' age are as shown in Table 4.1 below.

Table 4.1 Age of youth group

Age	Frequency	Percentage (%)
Under 6 months	10	9
6 months – 1 year	21	18
1-3 years	47	41
3-5 years	29	25
Over 5 years	8	7
Total	115	100

4.3.3 Age of youth group's business

The researcher aimed at finding out how old are the youth groups' business and found that 36% were in operation for between 1 and 3 years whereas 20% had been in operation for between 3 and 5 years. The findings therefore, show that majority of the youth groups' businesses were relatively young with a significant number 94 % being below 5 years. These results on age of groups' business shows that there is a lapse of time from the time the group is formed to the time a group starts a business. This can be attributed to the fact that before groups are financed by YEDF they must have been in operations for at least three months. The results of the age of group's business is as in Table 4.2 below.

Table 4.2 Age of youth group's business

Age	Frequency	Percentage (%)
Under 6 months	23	20
6 months – 1 year	21	18
1-3 years	41	36
Z 3-5 years	23	20
Over 5 years	7	6
Total	115	100%

4.3.4 Capital invested in youth group's business

The researcher sought to know how much the youth groups had invested in their businesses and found that 73% of the respondents had invested less than Ksh. 100,000 while 20% had invested between Ksh 100,000 and Ksh 500,000 with the rest having invested more than Ksh 500,000. The findings of the capital invested by the youth groups are as in Figure 4.2 below. The findings therefore, show that the youth groups businesses fall under the definition of MSEs.

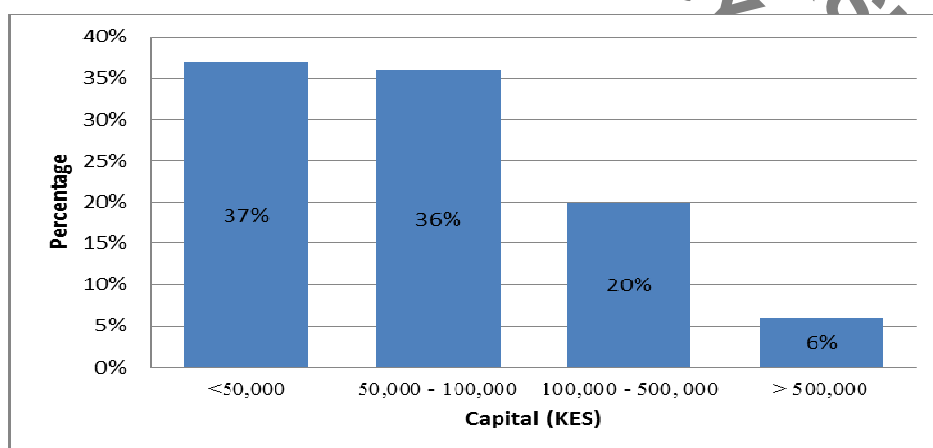


Figure 4.2 Capital invested in youth group's business

4.4 Financial support

The study sought to establish the kind of financial support the youth groups' received to grow their small scale businesses.

4.4.1 Constraints to accessing financial support

The researcher asked youths to rate the constraints of accessing financial support for the businesses and a significant number 75% of participants indicated that the constraints to accessing financial support faced by the youth groups' small scale business were high. With 25% indicating the constraints as low and this could be individuals who know the process to follow in loan application.

Table 4.3 Constraints to accessing financial resources

Constraints	Frequency	Percentage (%)
Very high	19	17
Slightly high	33	29
High	33	29
Low	26	22
Very low	4	3
Total	115	100

4.4.2 Adequacy of financial support received from YEDF

When asked to rate the financial support received from YEDF, 43% of the participants indicated that the support was slightly adequate. The findings therefore show that majority of youth groups were dissatisfied with the YEDF support.

Table 4.4 Adequacy of financial support received from YEDF

Adequacy	Frequency	Percentage (%)
Very highly adequate	10	9
Highly adequate	22	19
Slightly adequate	50	43
Adequate	19	17
Inadequate	12	10
Missing	2	2
Total	115	100

4.4.3 Amount received from YEDF

When asked how much the youth groups had received from the YEDF, the results shows that 46% of the youth groups received less than Ksh. 50,000 annually from YEDF whereas 43% received between Ksh. 50,000 and Ksh. 100,000 from YEDF annually. The findings therefore show that the youth groups had either borrowed for the first or second time from the YEDF. The findings of the amount received from the YEDF is as shown in Figure 4.3 indicated below.

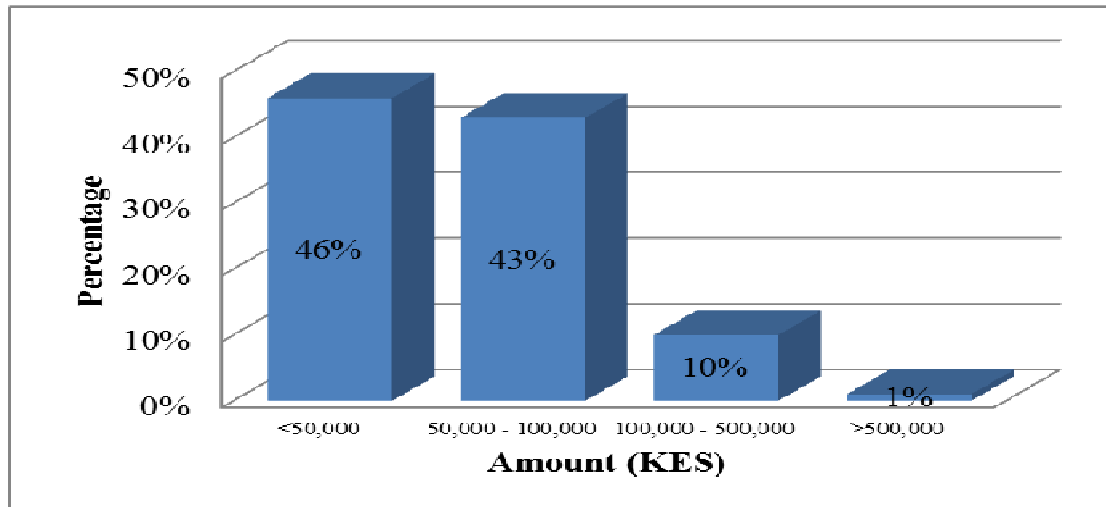


Figure 4.3 Amount received from YEDF

4.4.4 Effect of amount received on growth of business

The amount of funds invested in a business is deemed to have effects on the ability of the business to grow. The research sought to find out how the amount received by the youth groups from YEDF affects growth of new enterprises. Findings in Table 4.5 indicated that 47% of the participants opined that the amount of funding received highly affected the growth of the youth group's business whereas 36% indicated that the amount of funding received was moderately affecting growth with only 4% indicating amount received does not affect growth of business.

Table 4.5 Effect of amount received on growth of business

Growth	Frequency	Percentage (%)
Very highly affecting	21	18
Highly affecting	33	29
Moderately affecting	41	36
Affecting	15	13
Not affecting	5	4
Total	115	100

4.4.5 Financing based on business model

When asked whether financing should be based on individual business models , majority of the participants 61% agreed that financing should be based on the type of business model that the group proposes. With 29% disagreeing and 10% were neutral. The findings indicate that the youth groups felt that YEDF was not tailored for their business needs.

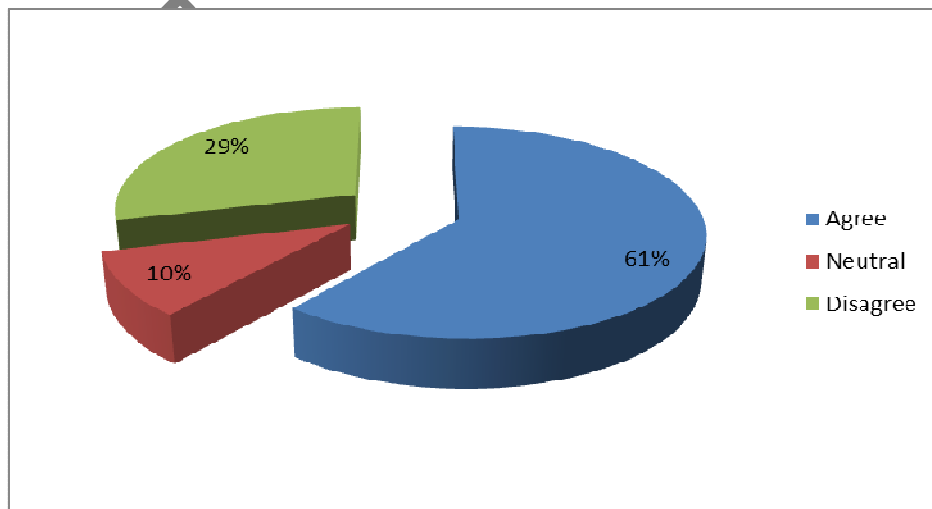


Figure 4.4 Financing based on business model

4.4.6 Reasons for choosing YEDF as source of funds

When asked the reasons for choosing YEDF as a source of funds for their businesses 78% of the participants cited lack of interest as the main reason for choosing YEDF as a source of funding. While 72% cited long repayment period, with 62 % citing easy accessibility and 58% citing no collateral requirements. The results for the reasons for youth choosing YEDF as a source of funds is as shown in Table 4.6

Table 4.6 Reasons for choosing YEDF as source of funds

Reason	Frequency	Percentage (%)
No interest on loan	90	78
Easily accessible	71	62
Long repayment period	83	72
No collateral	67	58

4.4.7 Decisions concerning funds disbursement

Through an interview with 2 YEDF officials and 1 DYU in Mathiyo District the researcher sought to find out how decisions concerning disbursement of funds were arrived at. The interviewees indicated that applications were vetted using the CAMPARI formula. This involved vetting youth groups based on character of youth members, ability to pay, source of funds for repayment, risk and insurance.

4.4.8 Influence of method of disbursement on growth of youth enterprises

The researcher sought to find out how the methods used for disbursement influenced youth groups' businesses. The interviewees indicated that availability could be predicted and success of funding was higher as screening was done at the district level before dispatch of application to YEDF headquarters. In addition, the respondents indicated that follow up was possible as officers were at the grass root.

4.4.9 Average number of groups that seek funding

The interviewees revealed that on average about 40 to 50 groups sought funding from YEDF annually. The interviewees' added that out of this number over 70% of the groups qualified and received the loans.

4.4.10 Measures to seal gaps in disbursement

The interviewees indicated that there should be increment in the amount of startup loans. In addition, there should be a reduction in the turnaround time for loan processing. The interviewees also recommended that the government should remove barriers placed on individuals accessing loans. Disbursement should also be done at the lowest level possible according to the interviewees.

4.5 Entrepreneurial training

The study sought to find out whether or not youth groups received youth training and how this affected the growth of the youth groups' business.

4.5.1 Entrepreneurship opportunity recognition

Entrepreneurship opportunity recognition is the ability of individuals to identify various business ideas and pursue the most viable one. The participants were asked to rate entrepreneurship opportunity recognition and growth of their enterprises, a significant number 84% of participants rated the entrepreneurship opportunity recognition highly in relation to growth of their business with 16% rating it as low. The results are as tabulated below in Table 4.7

Table 4.7 Entrepreneurship opportunity recognition

Opportunity Recognition	Frequency	Percent (%)
Very high	23	20
Slightly high	37	32
High	37	32
Low	13	11
Very low	6	5
Total	115	100

4.5.2 Frequency of trainings to entrepreneurs

The participants were asked to rate the frequency of training that they receive from the YEDF. Findings in Table 4.8 indicate that the frequency of trainings to entrepreneurs was moderate according to 32% of the participants. Forty-six (46%) of the participants indicated that the trainings were often. Data collected through interviews indicated that trainings were conducted every quarter (4 times a year).

Table 4.8 Frequency of trainings to entrepreneurs

Training	Frequency	Percent (%)
Very highly often	30	26
Highly often	23	20
Moderately	37	32
Often	25	22
Total	115	100

4.5.3 Skills Covered in training

The participants in the study were asked the areas they were trained by the YEDF officials and the results were as in Figure 4.5, which indicate that financial management (48%) and

bookkeeping (40%) were the major issues addressed in training. Also covered were marketing, role of members in groups, paying back loans and customer care. Interviews with the YEDF and DYO indicated that there were mechanisms in place to follow up trained individuals.

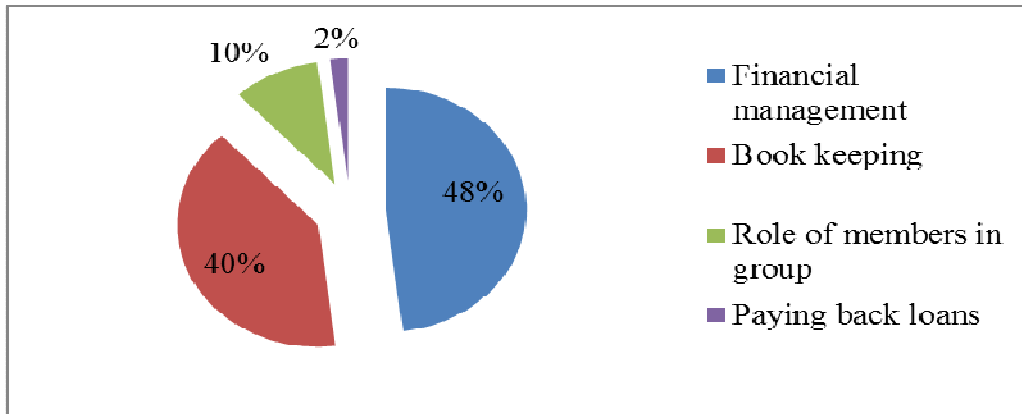


Figure 4.5 Skills covered in training

4.5.4 Involvement in training needs recognition

Findings in table 4.9 indicates that 44% of the respondents were highly involved in training needs recognition whereas 15% of the participants were very highly involved in training needs recognitions.

Table 4.9 Involvement in training needs recognition

Involvement	Frequency	Percentage (%)
Very highly involved	17	15
Highly involved	51	44
Moderately involved	27	24
Involved	20	17
Total	115	100

4.5.5 Effect of training on business growth

Training equips individuals with specific skills geared towards certain results and when asked how training affects growth of their businesses, majority of participants 66%, indicated that training provided to youth groups were highly affecting their business growth. This was supported by respondents in the interview who agreed that training promoted business growth.

Table 4.10 Effect of training on business growth

Effects of Training on Growth	Frequency	Percent (%)
Very highly affecting	36	31
Highly affecting	40	35
Moderately affecting	21	18
Affecting	14	12
Not affecting	4	4
Total	115	100

4.5.6 Measures to improve quality of training

The interviewees recommended that the mode of training as well as time taken to train youth groups be increased both in length and frequency. In addition, the interviewees recommended

that members should be trained on project management, group dynamics and how to better utilize market linkages.

4.6 Entrepreneurial networking

The study sought to find out how youth groups employed entrepreneurial networking to grow their businesses. The results from this section would help answer the question what is the effect of entrepreneurial networking on growth of micro and small enterprises.

4.6.1 Level of entrepreneurial networking

Participants when asked the level of entrepreneurial networking a significant number 76% indicated that the level of entrepreneurial networking was high among the youth groups. While 64% indicated that the rate of networking was high among youth groups. In addition, majority of respondents 67% indicated that group membership to either formal/informal business networks was high.

Table 4.11 Level of entrepreneurial networking

	Very high (%)	Slightly high (%)	High (%)	Low (%)	Very low (%)
Level of entrepreneurial networking	24	24	28	20	4
Rate of networking	30	8	26	30	5
Groups' membership to business networks	15	16	36	28	5

4.6.2 Effect of entrepreneurial networking on growth of small scale businesses

The participants in the study were asked to rate how entrepreneurial networking affected growth of their business and 58% of the participants indicated that entrepreneurial networking was

highly affecting growth of their small scale businesses. Respondents in the interview indicated that entrepreneurial networking was evidenced by emergence of many small businesses as well as increase in accessibility of goods and services.

Table 4.12 Effect of entrepreneurial networking on growth of small scale businesses

Networking and Growth	Frequency	Percentage (%)
Very highly affecting	29	25
Highly affecting	38	33
Moderately affecting	19	17
Affecting	20	18
Not affecting	8	8
Total	115	100

4.6.3 Frequency of linking in business networks

The study found that 71% of the participants were often assisted by youth fund in identifying and linking youth groups with business networks. However, 40% indicated that they did not attend trade fairs and exhibitions organized by youth fund officials.

Table 4.13 Frequency of linking in business networks

Frequency of linkages in business networks	Very highly often (%)	Highly often (%)	Moderately often (%)	Often (%)	Not at all (%)
Youth fund assists in identifying and linking youth groups with business networks	21	26	24	19	10
Attending trade fairs organized by youth fund officials.	8	13	11	27	40

4.6.4 Usefulness of business network

On networking, the researcher sought to know how useful would be a network of all youth groups who have benefited from the fund and 75% of respondents indicated that a business network of all youth fund beneficiary would be highly useful in business growth. This shows that the youth groups know the important effects that market linkages plays in growth of businesses by availing the necessary information.

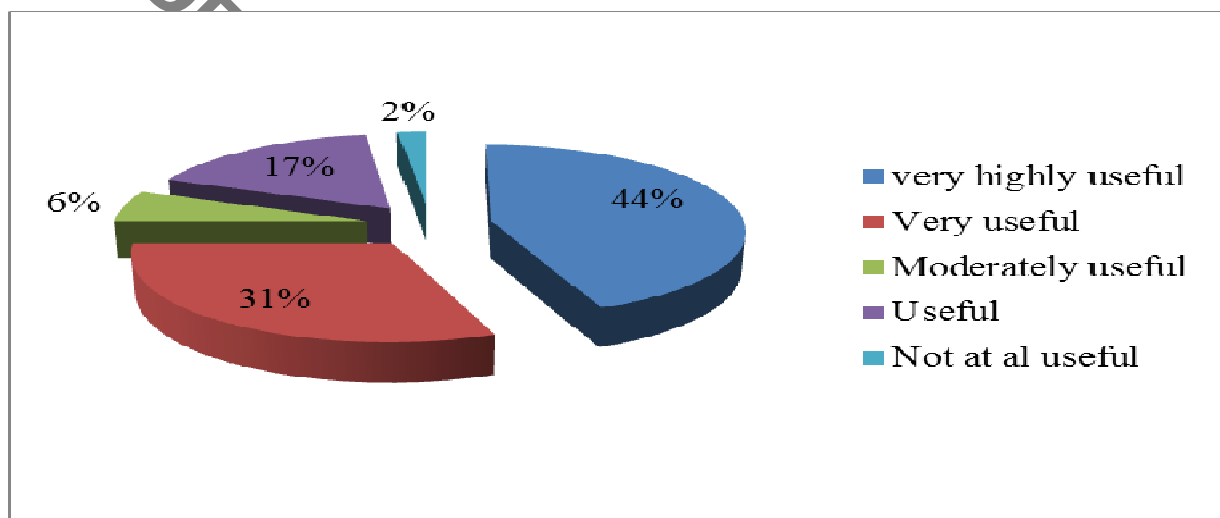


Figure 4.6 Usefulness of business network

4.6.5 Challenges facing entrepreneurial networking

Through interviewing key informants, the researcher sought to find out the challenges facing entrepreneurial networking in the youth groups. The respondents indicated that some of the challenges include lack of funds, few committee members, poor communication and lack of interest among some youth which was evidenced by poor turn up during training.

4.7 Regression of variables

To analyze the role of youth enterprise development fund on growth of new micro and small enterprises in Mathioya District, the researcher carried out a linear regression analysis of variables using SPSS at 95% confidence level.

Table 4.14 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929 ^a	.863	.779	.014

a. Predictors: (Constant), Financial Support, Training, Networking

Table 4.14 shows the model summary of linear regression. The R squared (R^2) which is coefficient of determination shows the variation in the dependent variable that is due to change in the independent variables. According to the table above the value of R^2 was found to be 0.863, this shows that variation of 86.3% in growth of small scale businesses can be attributed to financial support, entrepreneurial training and entrepreneurial networking.

Table 4.15 ANOVA for the effects of YEDF on growth of new enterprises

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	37.070	3	12.357	24.226	.000 ^b
	Residual	56.617	111	.510		
	Total	93.687	114			

a. Dependent Variable: Employees

b. Predictors: (Constant), Financial Support, Entre. Training, Entre. Networking

From the ANOVAs results for the effects of YEDF on growth of new enterprises presented in Table 4.15 above, the probability value obtained was less than $\alpha=5\%$ which implied that the

regression model was statistically significant in predicting the role of youth enterprise development fund on growth of new micro and small enterprises. The F calculated at 5% significance level was 24.226. Since F calculated is greater than the $F_{(3,111)}$ tabulated = 2.70, this shows that the overall model was significant.

Table 4.16 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.356	.247		3.866	.000
	Financial support	.720	.105	.555	6.856	.000
	Training	.446	.167	.278	2.172	.032
	Networking	.059	.059	.086	1.010	.315

Table 4.16 shows the coefficients and P values for the variables in the study. Findings show that financial support ($p=0.000$) and training ($p=0.032$) were statistically significant at 95% confidence level. This means that financial support and training were critical in the growth of small scale businesses. Substituting the coefficients in the linear regression model;

$$Y = 0.356 + 0.720 \text{ Financial Support} + 0.446 \text{ Entre. Training} + 0.059 \text{ Entre. Networking}$$

The constant coefficients for the model of 0.356 means that when financial support, entrepreneurial training and networking from YEDF are zero, growth of new enterprises would be 0.356. The financial support coefficient of $\alpha_1=0.72$ mean that a unit increase in financial support would result to 0.72 increase in growth of new enterprises. Entrepreneurial training coefficient $\alpha_2=0.446$ means a unit change in entrepreneurial training would result into 0.446 increase in growth of new enterprises, while entrepreneurial training at $\alpha_3=0.059$ means a unit change in increase in entrepreneurial networking would result into 0.059 increase in growth of new enterprises.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings of this study, the drawn conclusions and the recommendations of the study. The chapter discusses the study variables and how they affect growth of small scale businesses. The chapter makes suggestions for further research and recommendations for quality and practice.

5.2 Summary and Discussion

A summary and discussion of findings is presented in this section and this is done in accordance with the study research questions.

5.2.1 Effect of financial support on growth of new enterprises

The study found that 46% of the youth groups received less than 50,000 shillings annually from YEDF whereas, 43% received between 50,000 and 100,000 shillings from YEDF annually. Thirty-seven (37%) of the youth groups invested less than KES 50,000 whereas 36% invested between KES 50,000 and KES 100,000. When asked to rate the financial support received from YEDF, 44% of the participants indicated that the support was slightly adequate with 28% stating it as highly adequate.

On the effects of amount of money received on growth of businesses 96% opined that it affected growth of their businesses, 78% of the respondents cited lack of interest and payment period 72% as the major reasons of choosing YEDF as a source funds for their businesses. The findings are therefore, in agreement with Amenya *et al.* (2011) who found that 83% of the respondents

prefer YEDF as a source of funds for the youth due to its flexible collateral requirement and low interest rate. However, this result does not agree with the findings of Maisiba and Gongera (2013), who found that youth empowerment programmes even though lauded to be having influence on youth employment creation are not significant enough to create the jobs.

The interviews revealed that applications for funding were determined by CAMPARI formula and between 40-50 groups sought funding from the fund annually of which over 70% are financed. Further, the interviews revealed that success of funding was predictable because screening was done at district level before dispatch of applications to Nairobi.

The results shows that financial support at $p=0.000$ was found to be statistically significant at 95% confidence level. This shows financial support received from the YEDF affects growth of micro and small enterprises owned by the youths in Kenya.

5.2.2 Effect of entrepreneurial training on growth of new enterprises

Frequency of trainings to entrepreneurs was moderate according to 32% of the participants. Forty-six (46%) of the participants indicated that the trainings were often. Data collected through interviews indicated that trainings were conducted every quarter (4 times a year). Financial management 48% and bookkeeping 40% were the issues addressed in training. Forty-four (44%) of the respondents were highly involved whereas 15% of the participants were very highly involved in training.

The results of the study revealed that 66% of the respondents were of the view that training received from YEDF highly affects growth of micro and small enterprises as it imparts knowledge and skills necessary for business success. The findings are in agreement with Bowen *et al.* (2009) who found that inadequate access to effective business advisory and support

services and absence of entrepreneurship mentorship programs remains part of the key challenges facing youth integration into the MSEs and national economic grid. The findings also agree with Maisiba and Gongera (2013) who found that entrepreneurship trainings play a very critical role in supporting the development of jobs. However, this departs from the findings of Kamau (2013) who found that training of the YEDF beneficiaries was insufficient.

The result shows that entrepreneurial training at $p=0.032$ was statistically significant at 95% confidence level. This shows entrepreneurial training received from the YEDF affects growth of micro and small enterprises owned by the youths.

5.2.3 Effect of entrepreneurial networking on growth of new enterprises

The third objective of the study evaluated how entrepreneurial networking affects growth of new micro and small enterprises in Mathiyoia District. A significant number of respondents 72% indicated that the level of entrepreneurial networking was high among the youth groups. Majority (64%) of the participants indicated that the rate of networking was high among youth groups. In addition, 67% of participants indicated that group membership to either formal/informal business networks was high. However, when asked to name the network to which they belonged, a significant number of respondents could not name.

Networking had little effect on growth since (as noted above) the businesses lacked adequate funding, training and majority of the youth did not bother to attend trade fairs/exhibitions organised by YEDF. The findings are in agreement with Bowen *et al.* (2009) who found that out of 198 small business respondents only 14% belonged to any professional society. The findings are also supported by Makanda, (2012) who found that youth groups' networking and alliance formation was generally weak in Bomachoge constituency. This is further consistent with the

findings of Maisiba and Gongera (2013) who found that collaborative linkages have not done much to create youth enterprises. The result shows that Entrepreneurial networking $p=0.315$ was statistically insignificant at 95% confidence level. Therefore, the effects of entrepreneurial networking on growth of micro and small enterprises owned by youths is insignificant.

5.3 Conclusion

The researcher concludes that financial support at $p=0.000$ and entrepreneurial training at $p=0.032$ from YEDF has had a positive effect on growth of new enterprises in Kenya, thus employment for the youth as evidenced by 400 youths in the surveyed groups. The increased number of small business offering products and services is evidence that YEDF has had a level of success. However, YEDF goals are limited by the amount of funds disbursed. In addition, training of entrepreneurs has not had much success because of limited resources to train and lack of interest from the youth. Low capital and inadequate skills have led to low entrepreneurial networking further limiting the success of YEDF.

The study was guided by four theories; social development theory, economic development theory, entrepreneurial education model and entrepreneurial networking theory. The social development theory holds that growth is characterized by expansion or proliferation of activities at any established level. The study results concludes that YEDF has had effects on growth of new enterprises in Mathioya district and this is supportive of social development theory. The theory of economic development as advanced by Schumpeter held entrepreneurship as a process of innovation and the connection between credit and innovation was so close. It is this connection between credit and entrepreneurship that makes possible the formation of new firms. The study found out that financial support in form of loans from YEDF has led to growth of new enterprises in the district. The study results are in support of the entrepreneurial performance

model's entrepreneurial and business skills elements and entrepreneurial education model's business knowledge and skills in that skills covered targeted entrepreneurship development in participants and majority of the respondents were in agreement training received affected growth of their businesses. Finally the study employed the entrepreneur network theory that holds that entrepreneur succeed due to their ability to exploit social networks the study reveals a positive result between entrepreneurial networking and growth of new enterprises.

in that the proliferation of small scale activities at the district level.

5.4 Recommendations

- i. There should be a reduction in turn around time for loans processing and increment of start-up loans.
- ii. Financing of youths groups be based on the business model of individual youth groups.
- iii. Funds disbursement should be done at district level in order to reduce the turnaround time of funds disbursement.

5.5 Suggestions for further study

The current study focused on effects of youth enterprise development fund on growth of new enterprises in Kenya. Future studies should look into the profitability and sustainability of such businesses.

REFERENCES

- Agrawal, A., (2001). University-to-industry knowledge transfer: Literature review and unanswered questions. *International Journal of Management Reviews*. 3, 285-302.
- Aldrich, H. E. & Zimmer, C., (1986). Entrepreneurship through Social Networks. In Sexton, D. L., & Smilor, R. W., (Eds.), *The Art and Science of Entrepreneurship*: 3-23. Cambridge, MA: Ballinger Publishing Company.
- Amenya, S., Onsongo, C. & Guyo, H., (2010). *An analysis of the challenges facing Youth Enterprise Development Fund: A Case Study of Nyaribari Chache Constituency*. Paper presented at the African Institute of Business and Management Conference, University of Nairobi, Nairobi, Kenya.
- Aryeetey, E., Baah-Nuakoh, A., Duggleby, T., Hettige, H. & Steel, W.F., (1994). Supply and Demand for Finance of Small Scale Enterprises in Ghana, *Discussion Paper No. 251*, World Bank, Washington, DC.
- Audretsch, D.B., Feldman, M.P., (2003). Small-firm strategic research partnerships: The case of biotechnology. *Technology Analysis and Strategic Management*. 15, 273-88
- Bandura, A., (1986). *Social Foundations of Thought and Action*. Englewood Cliffs: Prentice-Hall.
- Bonwell, C., & Eison, J., (1991). Active learning: Creating Excitement in the Classroom, *ASHEERIC Higher Education Report No. 1*. Washington, DC: The George Washington University, School of Education and Higher Education
- Borgatti, S. P. & Everett, M. G., (1992). "Notions of Position in Social Network Analysis." *Sociological Methodology* 221-35
- Botha, M., (2006). *Entrepreneurship Training Models and Programmes*. University of Pretoria
- Bowen, M., Morara, M. & Mureithi S., (2009). Management of Business Challenges among Small and Micro Enterprises in Nairobi-Kenya: *KCA Journal of Business Management*: Vol. 2, Issue 1
- Brass, D. J., (1992). Power in organizations: a Social Network Perspective. *Res. Political. Sociology* 4
- Burt, R. S., (2000). The network structure of social capital. In: Sutton, R.I., Staw, B.M. (Eds.). *Research in Organizational Behavior*. JAI Press, Greenwich, CT.
- Chingunta, F., (2005). Being "Real" about Youth Entrepreneurship in Eastern and Southern Africa, Implications for Adults, Institutions and Sector Structures. *SEED Working Paper No. 72*, Series on Youth and Entrepreneurship. Programme on Boosting Employment through Small Enterprise Development, ILO, Geneva.

- Cooper, D. R. & Schindler, P. S., (2003). *Business Research Methods*,. 8th ed. New York: McGraw-Hill:
- Croitoru, A., (2012). A Review of Schumpeter's Book: The Theory of Economic Development; *Journal of Comparative Research in Anthropology and Sociology*. Vol. 3, No. 2.
- Daniels, L., & Ngwira, A., (1993). 'Results of a Nation-wide Survey on Micro, Small and Medium Enterprises in Malawi', *GEMINI Technical Report No 53*. PACT Publications, New York
- De Mel, S., McKenzie, D. & Woodruff, C., (2012). "Business Training and Female Enterprise Start-up, Growth, and Dynamics: Experimental evidence from Sri Lanka". Mimeo. World Bank
- Eaton, M., (2003). *Global Perspectives on Entrepreneurial Development*. London, England: McGraw-Hill
- Field, E., Jayachandran, S. & Pande, R., (2010). Do Traditional Institutions constrain female Entrepreneurship? A field experiment on business Training in India, *American Economic Review Papers and Proceedings*
- Gachuru, H. M. & Mwirigi, F. M., (2014). Challenges in the disbursement of the Youth Enterprise Development Fund: A case of Mombasa County, Kenya. *International Journal of Social Sciences and Entrepreneurship*, 1 (10), 292-304.
- Garry, J., Cleveland, H., Macfarlane R., Ashok, N. and Robert, H., (1999). *Human Choice: The Genetic Code for Social Development*. Minneapolis, MN: World Academy of Art and Science, University of Minnesota
- Gibb, A. A., (1987). 'Education for Enterprise: Training for Small Business Initiation - Some Contrasts'. *Journal of Small Business and Entrepreneurship*, Vol.4 No.3
- Giné, X. & Mansuri, G., (2011). *Money or Ideas? A Field Experiment on Constraints to Entrepreneurship in Rural Pakistan*. Mimeo. World Bank
- Gitile, N., Wegulo F.N., & Kaimenyi, B., (2008). *Entrepreneurial characteristics among micro and small- scale Women owned enterprises in North and Central Meru districts, Kenya*. Paper presented at the Global Imaging Markets Conference at Delhouse University, Nova Scotia, Canada 20th to 24th June 2008.
- Granovetter, M. S., (1973). The strength of Weak Ties. *The American Journal of Sociology* . 78 1360-1380.
- Gudda, P. & Ngonze, M., (2009). *Sustainable Youth Employment Programmes in Kenya: The case of Youth Enterprise Development Fund*. Jomo Kenyatta University, Nairobi.
- Hagedoorn, J., Link, A. N., & Vonortas, N. S., (2000). Research partnerships. *Research Policy*. Vol. 29, 567-586.

- Hall, B.H., (2004). University-industry research partnerships in the United States, in Contzen, J.-P., Gibson, D., Heitor, M.V. (Eds.). *Rethinking Science Systems and Innovation Policies*. Proceedings of the 6th International Conference on Technology Policy and Innovation. Purdue University Press, Purdue
- Hatala, J., (2007). *Assessing Social Capital Capacity: The Development of a Network Accessibility Scale*. Louisiana State University.
- Hisrich, R. & Peters, M., (1998). *Entrepreneurship* Boston: Irwin/McGraw-Hill
- Hite, J. M. & Hesterly, W. S., (2001). The evolution of firm networks: from emergence to early growth of the firm. *Strategic Management Journal*. Vol. 22, 275–286
- Hoang, H. & Antoncic, B., (2003). Network-based research in entrepreneurship: A critical review. *Journal of Business Venturing*. Vol. 18, 165–187
- Hussain, M. N., (2000). *Linkages between SMEs and Large Enterprises for Increased Markets and Trade: An African Perspective*. African Development Bank. Economic Research Papers No. 3
- IFAD (2008). *Alignment of Design Features with Strategic Objectives and Lessons Learnt; Analysis and Results Framework*. Rome Italy, KSF3
- International Labor Organisation (2013). *Global Employment Trends for Youth; A Generation at Risk*. Geneva: International Labour Office
- International Labour Organisation (2014). *Global employment trends 2014: Risk of a Jobless Recovery*. Geneva: International Labour Office
- Kamau, J. M., (2013). *The role of YEDF on growth of MSEs in Kiharu Constituency*. Master's Thesis, Kenyatta University
- Kiiru, W. K., (1991). *A Review of the Institutional Lending to the Jua Kali and Small Enterprise Sector in Kenya*. Geneva: International Labour Organisation
- King, K. & McGrath S., (2002). Globalisation, Enterprise and Knowledge: Educational Training and Development. *International Review of Education*. Vol. 50 (1)
- Kiraka, R. N., Kobia M., & Katwalo A. M., (2013). *Micro, Small and Medium Enterprise Growth and Innovation in Kenya: A Case Study on the Women Enterprise Fund*. Investment Climate and Business Environment Research Fund Dakar, January 2013 Research Report No. 47/13
- Kothari, C. R., (2004). *Research Methodology; Methods and Techniques*. New age international Publishers New Delhi
- Lechner, C., Dowling, M. & Welpe, I., (2005). Firm networks and firm development: The role of Relational Mix. *Journal of Business Venturing*. Vol. 20

- Lee, D. Y. & Tsang, E. W. K., (2001). The effects of Entrepreneurial Personality, Background and Networking activities on venture growth. *Journal of management studies*. Vol.38 No.4
- Longenecker, J. G., Petty, C. W., Moore, J. W. & Palich, L. E., (2006). *Small Business Management: An entrepreneurial emphasis*. London: Thomson South Western
- Magu, K., (2009). *Initiatives in Today's World*. London, England: Pentile
- Maisiba, F. M. & Gongera, E. G., (2013). The Role of Youth Enterprise Development Fund (YEDF) in Job Creation: A Case of Dagoreti Constituency, Nairobi County, Kenya. *Research Journal of Finance and Accounting* Vol.4, No.12.
- Makanda, J., (2012). *Factors Influencing Small Enterprise Development among Youth Groups in Bomachoge Constituency*. Masters' Thesis, University of Nairobi
- Mano, Y., Al Hassan I., Yutaka Y., & Sonobe, T., (2012). How Can Micro and Small Enterprises in Sub-Saharan Africa Become More Productive? The Impacts of Experimental Basic Managerial Training. *World Development*, Vol.4 (3)
- Mayfield, W.M. and Weaver, R.Y. (1997), "The determination of the teaching methodology of entrepreneurship as established by the underlying philosophy of pragmatism", *ICSB World Conference Proceedings, San Francisco, CA*.
- Mills, A.J., Durepos, G., and Wiebe, E., (2010). *Encyclopedia of Case Study Research*. Sage Publishers
- Moyi, E. D., (2003). Networks, Information and Small Enterprises: New technologies and the ambiguity of empowerment. *Information Technology for Development*. Vol. 10 Issue 4.
- Mugenda, O. M. and Mugenda, A. G., (2003). *Research Methods; Qualitative and Quantitative Approaches*, Nairobi
- Njoroge, C. W. & Gathungu, J. M., (2013). The Effect of Entrepreneurial Education and Training on Development of Small and Medium Size Enterprises in Githunguri District Kenya. *International Journal of Education and Research* Vol. 1 No. 8
- Odhiambo O., Okelo S. S., Aila F., Awiti A. O., Onyango M., Ogutu M., & Oduol S. O., (2013). Effect of the Youth Enterprise Development Fund on Youth Enterprises in Kenya. *International Journal of Advances in Management and Economics* ISSN: 2278-3369
- Oketch, H. O., (2000). Gender Equity. In A. Mullei and A. Bokea (Eds). *Micro and small Enterprises in Kenya: Agenda for improving the Policy Environment*. Nairobi: ICEG.
- Omolo J., (2010). Youth Employment in Kenya: Analysis of Labour Market and Policy Interventions. *FES Kenya Occasional Paper*, No. 1

- Parker, R., Riopelle, R. & Steel, W., (1995). *Small Enterprises Adjusting to Liberalization in Five African Countries*. World Bank Discussion Paper, No 271. African Technical Department Series, the World Bank, Washington DC
- Peprah, J. A., (2013). *Sustainable Entrepreneurship: The role of networking*. University of Cape Coast
- Premand, P., Stefanie B., Rita, A., Rebekka G. and Mahdi B., (2012). “*Entrepreneurship training and self-employment among university graduates: Evidence from a randomized trial in Tunisia*”, Mimeo. World Bank
- Premaratne, S. P., (2001). Networks, Resources, and Small Business Growth: The Experience in Sri Lanka. *Journal of Small Business Management*, 39
- Pretorius, M. (2001). *A training model to enhance micro and small business start-ups in South Africa*. D-Tech thesis, Technikon Pretoria, Pretoria.
- Pretorius, M., Nieman, G. and Van Vuuren, J., (2005). Critical evaluation of two models for entrepreneurial education. *International Journal of Educational Management* 19 (5), 413-427
- Quaye, D. N. O., (2011). The Effect of Micro Finance Institutions on the growth of Small and Medium Scale Enterprises (SMES). A Case Study of Selected SMEs in Kumasi Metropolis.
- Reinecke, G., (2002). *Small Enterprises, Big Challenges a Literature Review on the Impact of the Policy Environment on the Creation and Improvement of Jobs within Small Enterprises*. Geneva: International Labour Organisation
- Republic of Kenya (2012). *Micro and Small Enterprises Act*. Government Printer, Nairobi
- Republic of Kenya (1999). *National Micro and Small Enterprise Baseline Survey*. Central Bureau of Statistics, K-Rep and ICEG
- Republic of Kenya (2005). *Sessional Paper No. 2 on Development of Micro and Small Enterprises for Wealth and employment creation for poverty Reduction*. Government Printers, Nairobi
- Republic of Kenya (2006). *Kenya National Youth Policy*. Government Printer, Nairobi
- Schumpeter, J. A., [1911, 1932] (2008). *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle*. Translated from the German by Redvers Opie, New Brunswick (U.S.A) and London (U.K.): Transaction Publishers
- Setyawati, S. M., Shariff, M. N. & Saud, M. B., (2011). Effects of Learning, Networking and Innovation Adoption on Successful Entrepreneurs in Central Java, Indonesia. *International Journal of Business and Social Science* Vol. 2 No. 5

- Shiu, E., & Walker, D., (2007). New Product Market Visioning in Small Enterprises. *Journal of Small Business and Enterprise Development*, Vol. 14
- Shuttleworth M, (2001). The role of theory in translator training: Some observations about syllabus design, *META*, Vol: 46
- Siegel, D. S., Leyden D. P. & Link, A. N., (2013). *A Theoretical Analysis of the Role of Social Networks in Entrepreneurship*. Department of Economics the University of North Carolina Working Paper Series 13-22
- Solomon, G.T., Duffy, S. and Tarabishy, A. (2002), "The state of entrepreneurship education in the United States: a nation-wide survey and analysis", *International Journal of Entrepreneurship Education*, Vol. 1 No. 1.
- Sommers, P., (1998). Rural networks in the United States: Lessons from Three Experiments. *Economic Development Quarterly*, 12(1)
- Stefanie, D. W., (2012). *Jamaican Youths on Their Way to Employment*. Master's Thesis Dept. of History, International & Social Studies, Aalborg University
- Stiglitz, J. E. & Wallsten, S. J., (1999). "Public-Private Technology Partnerships - Promises and Pitfalls". *American Behavioral Scientist*, 43, 52-73
- Tomecko, J. and Dondo, A., (1992). *Improving the Potential of Small Scale and Informal Sector*. Nairobi: K-REP and GTZ
- UNDP (2013). *Kenya's Youth Employment Challenge: A Discussion Paper*. Bureau for Development Policy. One United Nations Plaza, New York, NY 10017, USA
- Valdivia, M., (2012). "Training or Technical Assistance for female Entrepreneurship? Evidence from a field experiment in Peru". Mimeo, GRADE
- Van Vuuren, J. J. (1997). Entrepreneurship education and training: a prospective content model. *Proceedings of the 8th Annual Entrepreneurship East meets west world conference (ENDEC)*. Los Angeles, 4-6 September, 591-600
- Van Vuuren, J. J. & Nieman, G. H. (1999). "Entrepreneurial education and training: a model for syllabi/curriculum development", *Proceedings of the 45th ICSB World Conference, Naples, June*.
- World Bank (2007). *Kenya's Country Social Analysis*. Washington, DC: World Bank
- YEDF (2013). *YEDF Status Report 2011*. Retrieved from <http://www.youthfund.go.ke>
- Yuli, R., (2010). *Concepts in Modern Entrepreneurial Backyards*. Sidney, Australia: Pearson

APPENDICES

APPENDIX I



DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY

P.O. BOX 657, 10100 – NYERI KENYA

TELEPHONE: 0713-835965 EMAIL: schoolofbusiness@dkut.ac.ke

OFFICE OF THE CHAIRMAN, DEPARTMENT OF BUSINESS ADMINISTRATION

TO: Whom it may concern

FROM: Chairman, Business Administration Department

DATE: 8th January 2015

SUBJECT: ASSISTANCE IN DATA COLLECTION

This is to certify that **JACKSON IRUNGU** – Registration No. **B211-0002/2013** is registered in the Masters of Business Administration Programme at Dedan Kimathi University of Technology. In partial fulfillment of the requirements for the award of the Degree, the candidate is required to undertake an empirical study to enable him write a thesis.

To this end, **JACKSON IRUNGU** is carrying out a study entitled “**EFFECT OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF NEW ENTERPRISES IN KENYA.**” This is to request you to offer him the necessary support to enable him collect primary data, which will be used for academic purposes only.

Thank you.



Dr. Ofunya, F.A., PhD., FCIM (UK)

CHAIRMAN, BUSINESS ADMINISTRATION DEPARTMENT



DeKUT is ISO 9001: 2008 Certified

Better Life Through Technology

INTRODUCTORY LETTER

Jackson N. Irungu

Dedan Kimathi University of Technology

P.O Box 657-10100

Nyeri

**RE: EFFECT OF YOUTH ENTERPRISE DEVELOPMENT FUND ON GROWTH OF
NEW ENTERPRISES IN KENYA**

I am a postgraduate student at Dedan Kimathi University of Technology, currently undertaking a research on effect of Youth Enterprise Development Fund on growth of new enterprises in Kenya. I kindly request your assistance and cooperation in attaining the objectives of the study by filling in the questionnaire. You are hereby assured that the information you give will be treated with utmost confidentiality and it will be used for this study only.

Kindly ensure that you do not write your name on the questionnaire. Your assistance will be highly appreciated.

Yours sincerely,

Jackson Irungu
B211-002-2013

APPENDIX II

QUESTIONNAIRE FOR YOUTH GROUP OFFICIALS

Please fill in the following questionnaire by answering all the questions given as instructed. All information will be treated in high confidence and shall only be used for the purposes of research. Please do not indicate your name anywhere in the questionnaire.

SECTION A: Personal Data

(Answer Appropriately)

- 1 Within which average age bracket does your group members fall?
- 2 How many years has your group been in operation?
 - a) Below 6 months []
 - b) 6 months-1 years []
 - c) 1 -3 years []
 - d) 3 -5 years []
 - e) Over 5 years []
- 3 How old is your small scale business?
 - a) Below 6 months []
 - b) 6 months-1 years []
 - c) 1-3 years []
 - d) 3 -5 years []
 - e) Over 5 years []
- 4 In which category does your business belong in terms of capital invested?
 - a) < Ksh50, 000 []
 - b) Between Ksh 50,000 & 100, 000 []
 - c) Between Ksh. 100, 000 & 500,000 []
 - d) Over Ksh. 500,000 []

SECTION B Effects of Financial Support

- 5 How would you rate constraints to access financial resources faced by your small scale business?
- a) Very High []
 - b) Slightly High []
 - c) High []
 - d) Low []
 - e) Very Low []
- 6 How would you rate the financial support you get from the youth enterprise development fund?
- a) Very Highly adequate []
 - b) Highly adequate []
 - c) Slightly adequate []
 - d) Adequate []
 - e) Inadequate []
- 7 Approximately how much do you receive from the fund annually?
- a) Below Ksh 50,000 []
 - b) Between Ksh 50,001 & 100, 000 []
 - c) Between Ksh. 100, 001 & 500,000 []
 - d) Above Ksh. 500, 000 []
- 8 To what extent does it affect growth of your business?
- a) Very Highly Affecting []
 - b) Highly Affecting []
 - c) Moderately Affecting []
 - d) Affecting []
 - e) Not Affecting []
- 9 To what extent do you agree that financing should be based on the type of business model?
- a) Strongly Disagree []
 - b) Disagree []
 - c) Neutral []

- d) Agree []
- e) Strongly Agree []

10 State the reasons for choosing YEDF as a source of funds for your business

Section C: Entrepreneurial Training

11 How would you rate entrepreneurship opportunity recognition in relation to growth of your business?

- a) Very High []
- b) High []
- c) Slightly High []
- d) Low []
- e) Very low []

12 How often do entrepreneurs receive training from youth fund officials?

- a) Very Highly Often []
- b) Highly Often []
- c) Moderately []
- d) Often []
- e) Not At All []

13 State the areas that you have been trained by the Youth Enterprise Fund Officials?

14 Of the areas stated above to what extent, were you involved in training needs recognition?

- a) Very Highly Involved []
- b) Highly Involved []
- c) Moderately Involved []
- d) Involved []
- e) Not Involved At All []

15 To what extent does this training impact on growth of your business?

- a) Very Highly Affecting []
- b) Highly Affecting []
- c) Moderately Affecting []
- d) Affecting []
- e) Not Affecting []

Section D Entrepreneurial Networking

16 How would you rate the level of entrepreneurial networking among group members?

- a) Very High []
- b) High []
- c) Slightly High []
- d) Low []
- e) Very Low []

17 What is the rate of networking between your group and people outside the group

- a) Very High []
- b) High []
- c) Moderate []
- d) Low []
- e) Very Low []

18 How would you rate the group's membership to either formal/informal business networks

- a) Very High []
- b) High []
- c) Moderate []
- d) Low []
- e) Very Low []

19 State the business network that your group belongs to

20 To what extent does entrepreneurial networking impact on growth of the small scale business?

- a) Highly Affecting []
- b) Moderately Affecting []
- c) Slightly Affecting []
- d) Affecting []
- e) Not affecting []

21 How often does youth fund assist in identifying and linking youth groups with business networks?

- a) Very Highly Often []
- b) Highly Often []
- c) Moderately []
- d) Often []
- e) Not At All []

22 How often do you attend trade fare/exhibitions organised by youth fund officials?

- a) Very Highly Often []
- b) Highly Often []
- c) Moderately Often []
- d) Often []
- e) Not At All []

23 To what extent do you think a business network of all youth fund beneficially in the district would be useful to you?

- a) Very Highly Useful []
- b) Very Useful []
- c) Moderately Useful []
- d) Useful []
- e) Not at all Useful []

APPENDIX III

INTERVIEW GUIDE FOR YEDF/DYO OFFICIALS

This interview is for the purpose of the research only and the information you give will be treated confidentially.

1. Would you agree that the youth development fund has had an impact on the growth of new enterprises?
2. Give reasons

Financial Support

3. How are decisions concerning funds disbursement to youths arrived at?
4. How do these methods of loan/funds disbursement influence the growth of new enterprises?
5. What is the average number of groups that seek financial support from the fund annually?
6. Out of this number, what percentage is granted the loans?
 - a. Between 10-30% []
 - b. Between 30-50% []
 - c. Between 50-70% []
 - d. Over 70% []
7. What aspects of funds disbursement should be improved in order to enhance the growth of new enterprises?

Entrepreneurial Training

- 8 Would you agree that the youth groups get the necessary training they deserve from the officials of YEDF?
- 9 How often are the youth groups trained in a year?
- 10 What areas of training are undertaken for the youth groups?
- 11 Are there mechanisms in place to follow up on the trained individuals?
- 12 Do you agree that training affects the growth of new enterprises?
- 13 What aspects of training do you think should be improved for the youth?

Entrepreneurial Networking

- 14 Would you agree that entrepreneurial networking has significant influence on growth of new enterprises?
- 15 Comment on how entrepreneurial networking is evidenced in your area of operation
- 16 What challenges are faced in enhancing entrepreneurial networking?
- 17 What suggestions would you give to overcome these challenges and improve entrepreneurial networking?

Appendix IV: Sampled Youth Groups

S/NO	NAME OF YOUTH	DIVISION
1	Wariahe Youth Group	Kiru
2	Local 14 Self Help Group	Kiru
3	Shavite Self Help Group	Kiru
4	Twokirire Youth Group	Kiru
5	Kameki Tuinuane Youth Group	Kiru
6	Kaharo Youth Group	Kiru
7	Kabuthia Youth Group	Kiru
8	Gitumbi Youth Group	Kiru
9	Mathioya GCC Youth Group	Kiru
10	Kihari Youth Group	Kiru
11	Olives Enterprises Youth Group	Kamacharia
12	Kiaguthu Young Farmers Youth Group	Kamacharia
13	Iganjo Youth Group	Kamacharia
14	Mathioya Bee Keepers Youth Group	Kamacharia
15	Mwangaza Youth Group	Kamacharia
16	Mathioya Stars and Empowerment Youth Group	Kamacharia`
17	New Vision Youth Group	Kamacharia
18	Gachibi Youth Group	Kamacharia
19	Destination of Life Youth Group	Kamacharia
20	Hotbread Youth Group	Kamacharia
21	Bro-Me Youth Group	Njumbi
22	Mwihoko Youth Group	Njumbi
23	Muiri Youth Group	Njumbi
24	Upcoming Entrepreneurs Youth Group	Njumbi
25	Vision 2030 Youth Group	Njumbi
26	Thanga Youth Group	Njumbi

27	Nyuki Self Help Group	Njumbi
28	Twaweza Youth Group	Njumbi
29	Jiinue Star Youth Group	Njumbi
30	Kiamugi Youth Group	Njumbi
31	Gakambura Ushirikiano Youth Group	Gitugi
32	Gakima Youth Group	Gitugi
33	Arahuka Youth Group	Gitugi
34	Kanyangiri Youth Group	Gitugi
35	Nyakarengo Youth Group	Gitugi
36	Gitugi Rocket Jikos	Gitugi
37	Mwihoko Self Help Group	Gitugi
38	Chui Youth Group	Gitugi
39	Gathambara Youth Group	Gitugi
40	Kora Youth Group	Gitugi

Source: Mathioya YEDF offices 2014