FACTORS AFFECTING THE SUCCESS OF KENYA YOUTH ENTERPRISE DEVELOPMENT FUNDED PROJECTS IN KENYA: A SURVEY OF LANGATA CONSTITUENCY, NAIROBI COUNTY

BY
ANGELINA D. MUSERA

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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ANGELINA D. MUSERA

A Research Project Report Submitted to the School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2015
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University-Africa in Nairobi for academic credit.

Signed: ___________________________  Date: ___________________________

Angelina D. Musera (ID 639416)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________  Date: ___________________________

Mr. Sammy Lio

Signed: ___________________________  Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

The main objective of the study was to investigate the factors affecting the success of Kenya Youth Enterprise Development Funded projects in Langata Constituency, Nairobi County. The study's specific objectives were to determine the extent to which financing; entrepreneurship training; and government policy affect the success of youth enterprises funded by the Kenya Youth Enterprise Development Fund (KYEDF). The study targeted a population of 137 youth enterprises in Langata Constituency that had been funded by the KYEDF and used stratified random sampling technique to draw a sample of 40 out of the target population of 137. The study adopted a descriptive research design and used questionnaires to collect data from respondents. SPSS and Microsoft Excel were used to analyze the data collected and the findings presented in tables and charts. The findings point to a satisfactory state of affairs with regard to the success of KYEDF interventions aimed at encouraging and nurturing entrepreneurship amongst the youth. Financial support services offered by the KYEDF have recorded success in promoting and developing new enterprises. The study also found that training and skills development are crucial in building the capacity of youth entrepreneurs to start and run successful business. Although there was a lack of awareness of the Kenya National Youth Policy amongst the respondents they felt that the government has prioritized the development needs of the youth. The study concluded that the financial support services offered by the KYEDF have registered significant success in nurturing and developing new enterprises and that training and skills development are crucial in building the capacity of youth entrepreneurs to start and run successful business. The study also concluded that a strong youth policy will need to clearly define the role(s) of the Government, NGOs, the private sector, donor agencies and the local community; strengthen existing institutions; promote partnership development and create support networks. The study recommends that the Government increases the funds available to support youth entrepreneurs; that the KYEDF re-evaluates its training and skills development approaches and works with stakeholders in the education sector to nurture entrepreneurial attitudes in schools and create more awareness of the National Youth Policy amongst the youth. The study further recommends that similar research be conducted in other constituencies and counties in order to make comparisons.
ACKNOWLEDGEMENT

This study would not have been possible without the support, guidance and cooperation from a number of people and institutions, and I am greatly indebted to them. I would like to express my deepest appreciation to my supervisor Mr. Sammy Lio, who continually and convincingly conveyed a spirit of encouragement in regard to research and scholarship. His tireless review of this work, his time and suggestions has been invaluable. Without his guidance and incessant help, this research study would not have been possible. I thank him greatly for his support and leadership.

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I would also like to extend my appreciation to my lecturers at the United States International University for their professional and academic stewardship as I undertook the Masters in Business Administration (MBA) course. I would like to thank my family, relatives and friends for their support during my academic journey and more so while conducting this study. Above all, I thank the Almighty God for strength, grace and wisdom to accomplish this research.
DEDICATION

This research study is dedicated to my mother, Ruth Simbe Musera, a true symbol of resilience. Your encouragement, mama, was the single greatest motivation for completion of this work. I would also like to dedicate this work to my extended family. Your continued support and patience during my academic journey has been invaluable, your friendship even more so.
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<td>AfDB</td>
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<td>EBT</td>
<td>Enterprise-Based Training</td>
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<td>GoK</td>
<td>Government of Kenya</td>
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<td>ILO</td>
<td>International Labor Organization</td>
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<td>JHUAT</td>
<td>Jomo Kenyatta University of Agriculture and Technology</td>
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<td>LPO</td>
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<td>National Youth Council</td>
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<td>National Youth Policy</td>
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<td>OAYEC</td>
<td>Ontario Association of Youth Employment Centers</td>
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<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>POH</td>
<td>Pecking Order Hypothesis</td>
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<td>SACCO</td>
<td>Savings and Credit Co-operative</td>
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<td>Small and Micro Enterprises</td>
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<td>TIVET</td>
<td>Technical, Industrial, Vocational &amp;Entrepreneurship Training</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UNESCAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The world’s youth population is the largest in history. Three billion people in the world are estimated to be under the age of 25. Of these, approximately 1.3 billion young people are between the ages of 15 and 24, representing 25 percent of the world’s working population, but comprising half of the world’s unemployed. Just under half live on less than $2 a day, as estimated by the United Nations (UNDP, 2013).

According to ILO (2012), out of a global labor force of 3.3 billion, 200 million people are unemployed. Of these, 75 million are aged between 15 and 24. The International Labor Organization projects 400 million new entrants into labor markets over the next ten years. As a result, 400 million new jobs need to be created to avoid an additional increase in unemployment worldwide. If this trend continues, there is a risk that the already dim prospects and aspiration of the youth will be further weakened and thus add to social unrest and further jeopardize global economic prospects (ILO, 2013).

The global youth unemployment rate, which had declined from 12.7 percent in 2009 to 12.3 percent in 2011, increased again to 12.4 percent in 2012, and continued to grow to 12.6 percent in 2013 (ILO, 2013). In 2013, the global youth unemployment was estimated to be 73.4 million, a growth of 3.5 million from 2007. Young people are almost three times more likely to be unemployed than adults, and are affected most strongly by the upward trend in global unemployment. The global youth unemployment rate will rise to 12.8 percent by 2018 (ILO, 2013).

The weakening of the global recovery in 2012 and 2013 has further intensified the youth jobs crisis; both developed nations and emerging economies alike are grappling to build avenues to employment for their young citizens (ILO 2013). In the advanced economies, the figures are identically troubling. In the European Union, the rate was the highest in 10 years with 22.6 percent in 2012 with Greece recording shocking 54.2 percent and Spain at 52.4 percent. In the United States 16.3 percent of the youth was unemployed.
Much progress had not been made in reducing youth unemployment in the developed economies and European Union entirely since 2009 (ILO, 2013). The youth unemployment rate in 2012 was estimated at 18.1 percent, and the highest level in this region in the past two decades. The youth unemployment rate is projected to remain above 17 percent until in 2015.

The percentage of young people Not in Employment, Education or Training (NEET) in the youth population reached 15.8 percent as an average of Organization for Economic Co-operation and Development (OECD) countries from 2008 to 2010. This means that one in six young people were jobless and not in school or training. The youth unemployment crunch in advanced economies is also reproduced in longer job search durations and lower job quality. In most OECD countries, a third or more of young jobseekers remain unemployed for at least six months (ILO, 2013).

In developing countries where poverty levels are high, the youth employment challenge is not only one of unemployment but of poor employment quality as well. Africa, especially sub-Saharan Africa, presents relatively high youth unemployment rates linked to high levels of poverty, which suggests that working is a must for many young people (ILO, 2013).

In Africa, young people aged between 15 and 24 represent more than 60 percent of the continent’s total population and account for 45 percent of the total labor force. Contrasted to other developing regions, sub-Saharan Africa’s population is getting younger, with youth as a percentage of the total population projected at over 75 percent by 2015, as a result of the high fertility rate driving the demographic pace. This increase in the number of young people is not expected to drop before 20 years or more (African Development Bank, 2008).

The African Development Bank (AfDB) (2008), estimates that approximately more than 50 percent of Africa’s youth population is illiterate. Most young Africans have little or no skills and as a result are excluded from productive economic and social life. Those that have some education often have skills that do not meet the current demand in the labor market where education and skills are emphasized, resulting in millions of unemployed and
underemployed youth. Youth unemployment is estimated to be more than 20 percent in sub-Saharan Africa.

In Kenya, a change direction in the growth of the economy has been recently experienced. According to the World Bank (2014), Kenya’s economy grew from 2.9 percent in 2003 to 7.1 percent in 2007, following long stagnated period. In 2008, the economic growth fell to 1.7 percent, but rose to approximately 2.5 percent in 2009. The economic shrinkage in 2008 was a result of a series of events. In 2008 Kenya suffered a plague of violence after the disputed presidential elections of December 2007. More than 1,000 people died with more than 350,000 being displaced from their homes. In addition to the post-election violence, the recent global food, fuel and financial crises, in compounded by the worst drought in a decade, impacted negatively on the economy.

Kenya still has many poor people (increasingly young people), and though economic growth has been on an upward trend for the past few years inequality remains a severe problem. Nearly 46 percent of Kenya’s estimated 35.5 million people live under the national poverty line, while 19 percent live in extreme poverty. In addition to the economic slump of 2008, the crisis has impacted directly several dimensions relevant to poverty and well-being meaning that poverty levels are expected to continue rising (World Bank, 2014).

According to Axmann (2004) youth unemployment is directly related to the overall unemployment rate that depends on the prevailing economic situation of a country. However, statistics show that the youth unemployment rate in most of the countries is two to three times higher than the general unemployment with the exception of a few countries where the youth unemployment rate is not necessarily higher than the general rate.

Unemployment is a huge challenge for Kenya and the weight of the problem is extremely heavy among the youth. Kenyan youth face serious challenges which include high unemployment and underemployment rates. The overall youth unemployment rate is twice the adult average, at about 21 percent. Statistics on unemployment show that the magnitude of the unemployment problem is much bigger for young people, with 38 percent of them neither in school nor work. The slowdown of the economy, as a result of these several crises, has impacted youth more. New entrants into labor market are least likely to find employment in stiffening economic conditions (World Bank 2014).
The World Bank (2010) associates the high unemployment rate to many factors, some of which are not distinctly connected to youth themselves (for example the lack of job creation in the economy and the poor investment climate). Other observations could be differentiated across skills sets, for example, for the poorly educated, lack of skills (both technical and soft) and information could bear down on their efforts to find jobs while for the higher educated, apart from skills mismatches and lack of information, high wages and possible discrimination are likely explanations. Lastly, the lack of networks and knowledge about market needs combined with difficulties in accessing credit (despite recent initiatives such as the Kenya Youth Enterprise Development Fund), and lack of entrepreneurship skills restrict the capacity of youth to start and grow successfully their own work.

However, the African Development Bank (2008) sees that some of the greatest obstacles to employment opportunities for many young people are: lack of employment creation, susceptibility of young workers to layoffs when economic growth falls, high labor costs or unrealistic salary expectations by the youth, discrimination (i.e. negative perceptions towards inexperienced young workers), poor access to basic education (e.g. poor skills from little job experience and little access to on-job training), government policies that repress work, rapid economic change, and the compounded labor-market disadvantages that come along with poverty.

The social and economic costs of excluding the youth in Kenya’s development are huge and these costs are borne directly by the youth themselves, in the form of poor income, health and welfare and profoundly affect the prosperity of the society as a whole (World Bank 2010). Forsaken, this population portends a risk to social stability in the short term and risk to development of the Kenyan economy and the welfare in the long term. Successfully integrating youth into the economy opens a passage to a demographic dividend for development that will increase Kenya’s competitiveness, raise incomes, and reduce poverty. Lack of action on the challenges that affect youth will escalate both the social and economic costs of development in Kenya. In addition, youth unemployment is a huge contributor to frustration and tension in the country, especially in urban areas. The condition has worsened since the post-election violence of 2007/2008, where the youth were extensively involved in the violence and were recognized by both the Government and development partners as a high-priority target group for addressing some of the major challenges of the country (World Bank 2010).
The recent financial and economic crisis has prompted the Government to renew its commitment to addressing youth unemployment. The Government developed a “Marshal Plan” in 2007, stressing on the importance of a coordinated and multi-faceted approach to addressing youth unemployment. In April 2009, the Kazi Kwa Vijana (KKV) program was launched with the aim of employing youth in labor-intensive public works implemented by different line ministries in rural and urban areas. In addition to the KKV, the Government supports the KYEDF, providing youth with access to finance for self-employment activities and entrepreneurial skills development (World Bank, 2010).

The Ministry of Youth Affairs and Sports (MoYAS) was established in 2005 in order to better address the concerns of young people in Kenya. MoYAS is charged with (i) promoting youth development by preparing policies and programs that improve young people’s capacity to resist risk factors and enhance protective factors; (ii) developing a National Youth Policy (NYP) to ensure Kenyan youth participation in the development of the country; (iii) facilitating the establishment of a National Youth Council (NYC) to popularize the youth agenda; and (iv) coordinating youth organizations in the country to ensure youth development through structured organizations, collaborations and networking. The NYP was developed in 2006 to guide and mainstream youth-related interventions in the country and an Act establishing the NYC was approved in December 2009. The Government recognized the importance of youth in the country’s economic development, and initiated several youth-related programs such as the Kenya Youth Enterprise Development Fund (KYEDF). However in 2013, with the swearing in of the Jubilee Government, MOYAS evolved into the Directorate of Youth Affairs under the Ministry of Devolution and Planning.

1.2. Statement of the Problem

Lack of employment is one of the most daunting economic problems that Kenya is experiencing. As a result, the government has prioritized job creation in its policy agenda. Young people make up 61 percent of the unemployed. Many of who have no job training beyond formal schooling. Therefore, unemployment is not just the lack of jobs, but also the lack of job skills due to inadequacy of training and the lack of the means to acquire skills as a result of poverty (Kimando, Njogu and Kihoro, 2012).
The likelihood of finding a job in the formal sector, for many young people, is almost absent; self-employment turns out to be the only option for the majority. Therefore, supporting the youth to earn a living through entrepreneurship can have a great impact towards poverty reduction. Future innovation and economic growth will depend on future leaders who possess entrepreneurial skills and attitudes. Youth entrepreneurship is a major avenue to develop the human capital that will be required for the future, unfasten the economic potential of youth, and promote sustainable growth (Kimando, Njogu and Kihoro, 2012).

In view of the above, the Government envisioned the idea of institutional financing as a means of responding to the problem of youth unemployment. The concept rests on the presumption that the development of micro, small and medium enterprise initiatives are likely to have the largest effect on job creation. Youth make up the largest proportion of the Kenyan society and are a key propellant of employment growth and economic activity. The Kenya Youth Enterprise Development Fund (KYEDF) was started in December 2006 by the Government as an initiative to address youth unemployment. Government, donors and multilateral agencies have increased their attention to funding of youth enterprise development projects as an alternative strategy to create jobs. Given the limited capacity of the existing formal labor market in the country to absorb young employment seekers, promotion of youth entrepreneurship and self-employment is a very feasible option in the creation of employment opportunities in the formal and informal economy (Mburu and Makori, 2015).

Studies dealing with the success of projects funded by the Youth Enterprise Development Fund are few especially at the constituency level, hence a thorough assessment of factors affecting the viability of such projects is not feasible. Therefore, there is no sufficient evidence on the success factors that drive projects funded by KYEDF. The Study therefore intends to fill this gap by examining the factors affecting the success of projects funded by the KYEDF in Langata Constituency, Nairobi County. The Study will examine finance, entrepreneurship training and government policy as factors that affect the success of projects funded by the KYEDF.
1.3. General Objective

The general objective of the study is to examine the factors affecting the success of projects funded by the Kenya Youth Enterprise Development Fund (KYEDF) in Langata Constituency, Nairobi County.

1.4. Specific Objectives

The specific objectives of this study are:

1.4.1. To determine the extent to which financing affects the success of youth enterprises funded by the KYEDF;

1.4.2. To determine the extent to which entrepreneurship training affects the success of projects funded by the KYEDF;

1.4.3. To examine the extent to which government policy affects the success of projects funded by the KYEDF;

1.5. Significance of the Study

Youth entrepreneurship is a key tool to develop the human capital necessary for the future, unfasten the economic potential of youth, and promote sustainable growth. This study will help understand the factors that affect success of projects funded by the KYEDF using Langata Constituency as a case study. This research project aims to provide guidance on how youth entrepreneurship support initiatives need to be prioritized and adapted in different contexts in order to maximize their impact. In addition, the extent to which projects funded by KYEDF are successful is a key ingredient in stimulating economic growth, providing employment opportunities and transforming livelihoods of the youth. The study will assist in the understanding of the factors that impact the success of KYEDF funded projects. The recommendations from this study will be very useful for the KYEDF management and other stakeholders to enhance the feasibility of these projects in the effort towards increasing economic opportunities for the youth and their participation in Kenya’s development. Specifically the findings of this study will be of great benefit to:
1.5.1. The Government of Kenya

This study will help the Government in measuring the success of the KYEDF in reducing unemployment rates in the country. It will also help to identify areas of weakness in the operations of KYEDF and seek ways of addressing them so as to maximize the benefits to Kenyan young entrepreneurs. The Government will also be able to identify ways it can further create a conducive environment for doing business in terms of business infrastructure and regulatory frameworks.

1.5.2. The KYEDF Board of Directors

This study will, for the KYEDF Board, act as a kind of market research. It will provide a view of how it is perceived by its beneficiaries and indeed the wider public. It will also provide a measure of its performance over the nine years it has been in existence.

1.5.3. Potential Young Entrepreneurs

Potential young entrepreneurs will use this study to identify options available to them as they embark on starting or growing their businesses. This study will be a useful information tool on KYEDF funding opportunities available to young entrepreneurs and how they can benefit from such opportunities.

1.5.4. Banks and Financial Institutions

Banks and other financial institutions will find this study useful in helping them compare themselves to the KYEDF as a source of finance for young entrepreneurs and help them assess and explore opportunities for partnerships with the KYEDF.

1.5.5. Academia and Researchers

This study will be useful for academicians and researchers who may be concentrating on the issue of youth unemployment and enterprise development as it will provide useful insights in the area of youth enterprises and also reveal areas of further research.
1.6. **Scope of the Study**

The study focuses on youth groups in Langata Constituency of Nairobi County that have been funded by the Kenya Youth Enterprise Development Fund. The study will target a population of 137 youth groups and will be undertaken for 8 months during the period of September 2014 – April 2015

1.7. **Definition of Terms**

1.7.1. **Entrepreneurship**

The process whereby individual become aware of business ownership as an option or viable alternative, develop ideas for business, learn the process of becoming an entrepreneur and undertake the initiation and development of a business (Stevenson, 1989)

1.7.2. **Entrepreneurship Training**

Teaching or imparting entrepreneurial skills (Axmann, 2004).

1.7.3. **Enterprise-based Training (EBT)**

The delivery of both structured and unstructured training to employees in the workplace (Grierson, 2002).

1.7.4. **Life Skills**

Broad-based skills for preparing students for the opportunities, responsibilities and experiences of life and for employability (QCA, 2001).

1.7.5. **Skill**

An acquired and practiced ability or a qualification needed to perform a job or certain task permanently. It is a multidimensional concept as most jobs require a combination of skills for adequate performance, ranging from physical abilities to cognitive skills and
interpersonal skills (Axmann, 2004).

1.7.6. Skills Development

The outcome of the learning process without reference to the source of skills acquisition (Axmann, 2004).

1.7.7. Vocational Education and Training

Transfer of formal and non-formal skills, knowledge, team capabilities and attitudes in vocational schools and/or training institutes Axmann, 2004).

1.7.8. Youth

Young people aged between 15 to 24 years (ILO, 2012)

1.7.9. Youth enterprise

Activities carried out by young people with a view to making profits (Chigunta, 2002).

1.7.10. Youth entrepreneurship

Practical application of enterprising qualities such as initiative, innovation, creativity, and risk taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture (Chigunta, 2002).

1.8. Chapter Summary

This chapter provided an orientation of the study i.e. factors affecting the success of KYEDP funded youth projects in Kenya. The Chapter is divided into seven main sections. Section one gives a detailed background on the unemployment problem that youth experience. The second section describes the problem in the context of the Kenya Youth Enterprise Development Fund. Section three and four define the general and specific
objectives of the study while section five describes the significance and section six the scope of the study. Section seven concludes with a definition of terms used in the study. Chapter two provides a literature review of the research objectives, chapter three covers research methodology, research design, the population, sample size, data collection instrument and methods of data analysis to be used in the study. Chapter four will present the findings of the study in form of tables, charts and figures. Chapter five will discuss the findings and conclusions made from the study and make recommendations for improvement and future research.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1. Introduction

The purpose of this chapter is to carry out a review of key concepts based on the objectives under study in order to identify gaps to be filled by the study. The Chapter sets the scene by reviewing the roles of finance, entrepreneurial training and government policy in success of youth enterprises.

2.2. Financing Effects on the Success of Youth Enterprises

From the earliest studies of entrepreneurship, raising finance has been identified as a major problem for entrepreneurs (Read, 1998). For many young entrepreneurs financing their businesses appears to be the major problem faced (Collerete and Aubry, 1990; Carter and Cannon, 1992) with the lack of adequate start-up finance being one of the most prominent impediments to youth enterprises (Schoof, 2006).

According to the Eurobarometer Survey (2004), young people (aged 15-24) appear to be the biggest supporters of the view that the lack of available financial support is an obstacle to setting up a business. About 78 percent of the respondents (aged 15-24), compared to 73 percent of all other age cohorts, agreed to this statement. The lack of finance was also considered to be a more severe barrier than administrative procedures or an unfavorable economic climate. Other studies corroborate these findings. In 2000, the OAYEC (Ontario Association of Youth Employment Centers) conducted a survey on youth self-employment in Ontario where 40 percent of the young entrepreneurs who responded stated that lack of financing and capital were the missing resources when they started their businesses.

Young entrepreneurs face numerous challenges in accessing funding. Factors influencing the process of acquiring business capital can be viewed in terms of a “supply” and “demand” relationship (Sargant and Young, 1991). On the supply side are factors associated with the policies and practices of financial institutions, in particular the criteria with which they assess small businesses. On the demand side are factors associated with
the characteristics of the entrepreneur which determine the financial choices they make and how they are perceived by financial institutions.

2.2.1. Supply Side Factors

In order to minimize the risk and costs associated with lending to small businesses, many financial institutions base their decision on a set of general criteria that they use to assess small business propositions (Fletcher, 1995). These criteria are generally objective and are concerned with specific information on the business (e.g. sector and profitability) and the personal characteristics of the entrepreneur (e.g. age, experience, education).

One of the most important criteria for banks when deciding to finance a small business is whether the entrepreneur is able to provide a guarantee on the finance required. Deakins and Hussain (1992) found the ability to provide security and personal collateral is given more importance than managerial attributes when analyzing the risk of new ventures. Due to the lack of self-sustaining resources, the absence of a tangible credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are always considered as very risky investments and therefore face difficulties in accessing finance (Schoof, 2006).

Another key concern when lending money to young entrepreneurs is the lack of experience and business skills (Schoof, 2006). Because of their age, young people are unlikely to have the type of business experience, credentials or business skills that banks or other financial institutions would look for in assessing creditworthiness (Schoof, 2006). In order for banks to reduce the risks associated with adverse selection, an important criterion on which they make lending decisions is whether the borrower will be able to repay the loan and whether the entrepreneur has a reliable financial track record (Read, 1998). Green (2003) agrees that banks tend to impute a high risk to small enterprises and are therefore reluctant to extend credit to them as most of these firms are often young and lack financial history and a track record hence perceived as very risky. In addition, young entrepreneurs often have difficulties in meeting strict credit scoring criteria set by banks often with terms and conditions (Green, 2003).
2.2.2. Demand Side Factors

The individual characteristics and attitudes of entrepreneurs are very important factors in acquisition of business capital and characteristics such as personality, background, education and experience will all impinge on the financial decisions made by an individual (Read, 1998).

Read (1998) argues that there are three key demand side factors which shape the financing process – personal choices by the entrepreneur; the need for external finance and entrepreneur’s awareness of the sources of finance available and how to present a case to finance providers. The use of a particular source of finance is not shaped by the entrepreneur’s access to the sources on offer, but by the wishes of the entrepreneur (Read, 1998). Many entrepreneurs are found to operate their business in such a way as to minimize their need for external finance (Read, 1998). One of the main reasons for this is the desire to avoid external interference and to maintain independence (Read, 1998). The Pecking Order Hypothesis (POH) suggests that because small business owners want to minimize external interference and ownership dilution, they will prefer internal to external financing and debt to equity (Myers, 1984; p.576; Cosh and Hughes, 1994). In choosing sources of finance, entrepreneurs tend to start with their own personal savings, move on to debt finance and if the need arises and finally consider the least preferable option – the relinquishing of equity to outsiders – as a last resort (Myers, 1984, p. 581).

The need for external finance is shaped by a number of factors. First, financing requirements vary by sector. Manufacturing generally requires higher input of finance than services sector because they require more equipment, have higher working capital requirements and higher overheads. Second, the small the scale of the enterprise, the less finance, particularly, external finance is required. Third the need for different sources of finance changes according to age and the business’ stage of the development in the financial life cycle (Brophy, 1989). Fourth, the need for finance is also linked to the growth objectives of the entrepreneur. The characteristics of the entrepreneur can have a considerable impact on his/her objectives (Cosh and Hughes, 1994). Enterprises with high growth objectives will tend to require more external finance to fuel this growth.
The finance gap cannot be seen simply as supply gap. According to Holmes and Kent (1991) it is also the result of limited awareness among many young entrepreneurs of the appropriate sources of finance. In other words, a significant number of entrepreneurs that need external finance do not seek it because they lack awareness of the financial needs of their businesses; the sources of finance available to them, how to successfully present themselves to potential sources of finance. Without financial skills and experience many young entrepreneurs are unable to assess adequately the financial needs of their businesses, handle their business finances or successfully negotiate financial deals (Therrien et al. 1986). A lack of experience may also mean that many entrepreneurs are unable to identify potential funding opportunities (Sargant and Young, 1991) and that entrepreneurs may have little insights as to what exactly financial institutions need from them and how to articulate their own needs (Moore, et al; 1992). Entrepreneurs also lack experience in negotiating financial matters (Moore, et al; 1992) and may therefore be uncertain as to how to present their case. They are further hindered by inadequate communication on the part of financial institutions regarding their requirements for loan acceptance (Moore, et al; 1992). Preparation is another important part of the loan application process. Financial institutions rarely consider loan applications without a well-formulated and well-presented business plan (Carty, 1994) which are business plans are used by financial institutions to evaluate the ability to repay loans.

2.2.3. Accessing Finance

For young entrepreneurs, access to credit is particularly difficult due to their lack of tangible assets, and therefore collateral and their higher risk profiles (OECD, 2011). Credit constraints for small businesses are also due to risks arising from information asymmetries between lender and borrowers and higher transactions costs. Financiers are not able to easily separate potentially successful businesses from less successful ones and therefore may provide less funding than the borrower needs with a higher interest rate (Freear and Wetzel 1990).

Assessing and evaluating the actual need for start-up funds and its availability for young entrepreneurs is crucial before targeting youth with specific strategies and initiatives (Schoof, 2006). There is a need to carefully assess whether the lack of finance is indeed the major hindrance to an entrepreneurial career. Regarding the varied sets of barriers to
accessing finance, it is more important to know more about the real youth characteristic-related obstacles to financing in order to decide appropriate methods and initiatives (Schoof, 2006). Youth enterprises can be promoted through the provision of different types of finance and funding that can divided into three broad categories: debt financing, equity financing and grants.

2.2.4. Debt Financing

For small, young businesses, debt financing is the most common source of financing. Debt financing involves the acquisition of financial resources with an obligation of repayment and includes a wide variety of financing schemes such as loans from individuals, banks or other financial institutions (OECD, 2009).

Specific loan schemes are increasingly superseding traditional grant schemes. The loan approach involves the provision of no or low interest loans, normally through a revolving fund, to young entrepreneurs (White and Kenyon, 2001). There are generally no collateral requirements, but some eligibility criteria e.g. having a business plan, demonstrating commitment and responsibility, and having proof of ability to repay the loan (White and Kenyon, 2001). Some programs even consider the lack of experience and business skills as a key concern when lending to young entrepreneurs (Honaghan, 2008). In some cases, the giving of a loan is bound to a compulsory business training that the young entrepreneur must pay for in some instances.

For young business men and women, micro loans are still a fairly new source of finance in the formal or informal sector. Micro-loans are small loans given by micro finance institutions and require low capital with little or no collateral and limited business experience for the borrower (Beck and Demirguc-Kunt, 2006). Traditional banks do not favor small loans as the interest benefits fall below the transaction costs (Behr and Guttler, 2007). Given their size and specific conditions, micro-loans are especially attractive for young entrepreneurs in developing countries. There is still a severe lack of efficient micro-credit programs for young entrepreneurs, particularly in developing countries. As Chigunta (2002) points out, to promote effective micro credit programs, the programs have to meet the needs of potential young entrepreneurs by treating youth as clients and not mere beneficiaries; shifting the focus from product-centered to customer-based programs;
creating innovative requirements for new forms of security, such as business plan, level of education, and residence status; and de-politicizing micro or youth credit schemes, especially in LDCs.

Loan guarantee plans are an effective means to enable youth access conventional banking finance (Honaghan, 2008). Experience shows that public funds, used to support credit guarantees systems, is a very effective tool and has a much bigger multiplying effect than other tools (Colombo and Grilli, 2007). The objective of these schemes is to secure financing for small enterprises that may not otherwise be able to obtain it, but which still have a good chance of succeeding (Honaghan, 2008). These loans often have less stringent requirements than bank loans, making them an attractive to start-ups and young enterprises. However, there are often basic qualifications that one needs to meet e.g. the ability to repay the loan from cash flow, some business or management experience and owner’s equity contributions.

2.2.5. Equity Financing - Angel Investors and Networks

Many young people start their businesses with personal savings, assets or money provided by friends and family (Schoof, 2006). Whereas angel investors have existed for ages, the concept of angel investors as an influential source of financing has only emerged over the last few decades and is quickly growing in many regions around the world (Harrison and Mason, 2010). Not only is the sector growing, but it is also becoming more formalized and organized through the formation of angel groups and networks (Ibrahim, 2010).

In addition to making money available, angel investors play a major role in providing strategic and operational expertise for new ventures (Harrison and Mason, 2010). Research on business angels has consistently documented that entrepreneurs value the experience of angel investors perhaps even more than the financing itself. In addition, investment by business angels is a strong indicator to other investors, demonstrating that the business has passed a first screening of due diligence by investors with the experience in the field.

In the United States, angel investors are defined as high net worth individuals approved as “accredited investors” under securities laws (Ibrahim, 2010).
Harrison and Mason (2008) define an angel investor as:
A high net worth individual, acting alone or in a formal or informal syndicate, who invests
his or her own money directly in an unquoted business in which there is no family
connection and who, after making the investment, generally takes an active involvement in
the business, for example, as an advisor or member of the board of directors. (as cited in

Lerner and Kortum (2002) offer another definition: “A wealthy individual who invests in
entrepreneurial firms. Although angels perform many of the same functions as a venture
capitalist, they invest their own capital rather than that of institutional or their individual
investors.”

Angel investors, who are experienced entrepreneurs or business people, are increasingly
being recognized as an important source of equity capital at the seed and early stage of
business creation (Harisson and Mason, 2010). They operate in a sector that falls in between
informal financing and formal venture capital investors (Freear and Wetzel 1990; Sohl,
1999)

Angel networks or groups that center on young entrepreneurs are a much needed avenue
for providing access to start-up capital (OECD, 2011). These networks aim to connect
young entrepreneurs with funding sources from angel investors. Angel investors give
capital especially for high growth start-ups in exchange for an equity stake in the business
(OECD, 2011). Unlike venture capitalists, angel investors do not pool money in a
professionally managed fund. However, angel investors usually often establish themselves
in angel networks or groups to share research and join investment capital. Therefore start-
up capital from angel investors fills the gap between the money from friends and family
and venture capital. Apart from making profits, angel investors are also driven by the
energy of a young enterprise in particular industry or in the social sector. Apart from funds,
angel investors can be a source of valuable management advice and important contacts.
2.2.6. Grants

Start-up grants specifically target to promote the setting up of new enterprises for young unemployed youth by securing their income during the period estimated for starting and stabilizing the business (Schoof, 2006). Grant-based schemes are a common approach for stimulating entrepreneurship and start-up activity among young people. However, as White and Kenyon (2001) point out, the question of grant finance for self-employment projects is a vexed one. On the one hand, it can be an important aid for people who have been turned away by other conventional financiers while on the other hand, many experts believe that programs should help young people deal more directly with the problem of access to funding, instead of giving them non-refundable or free money. Grant-based schemes are therefore increasingly restricted to stringent eligibility criteria, terms (approved business plan, additional funding sources, necessity proof etc.) and selection procedures.

2.2.6.1. The Kenya Youth Enterprise Development Fund (KYEDF)

The Kenya Youth Enterprise Development Fund (KYEDF) was created in December 2006 through Legal Notice No. 167. The fund centers on the development of enterprises as a key strategy to create economic opportunities for youth. Recognizing that not everyone is predisposed to entrepreneurship, the KYEDF also focused on employment facilitation for the youth (skilled and semi-skilled) in the local and international labor markets. In this regard the Fund has developed a Labor Migration Framework to guide Youth Labor Migration and signed a Memorandum of Understanding with International Organization for Migration (IOM) to provide pre-departure training to youth before leaving the country to take up jobs abroad (KYEDF, 2013).

Since the Fund was established, about 9.3 billion Kenya Shillings had, by December 31, 2013 been disbursed to finance 260,553 youth enterprises countrywide (KYEDF, 2013). In addition to financing, the Fund provided other services e.g. mentoring and training, business incubation, and creation of partnerships with private and public institutions. Appendix 1 shows the funds disbursed to various youth enterprises to date.

The Fund finances youth enterprises through direct loans to groups or individuals through 36 selected financial intermediaries and through Local Purchase Order (LPO) financing.
The Fund also supports youth enterprises to market their products locally and abroad. In addition to financing services, the KYEDF engages in capacity building for the youth in entrepreneurship and in the provision of appropriate business development services. This ensures that the youth acquire adequate skills and also assists them in identifying and taking advantage of business opportunities, while adopting modern business management techniques. To this end the Fund has initiated a mandatory pre-financing training program to enhance sustainability of youth enterprises with currently over 200,000 youth directly benefiting. The Fund has partnered with the Ministry of Cooperatives Development to assist youth form savings and credit societies (SACCO) with 30 youth SACCOs formed so far (KYEDF, 2013).

2.3. Entrepreneurship Training Effects on the Success of Youth Enterprises

Entrepreneurship development is often considered achievable through the implementation of policies to fuel new venture creation, however, one of the most potent means of developing entrepreneurship in any society is through educational programs (Filion and Dolabela, 2007).

Economic growth heavily relies on entrepreneurship as a driving force and entrepreneurship education and training in particular can open major access routes to prosperity (Kourilsky and Esfandiari, 1997). Teaching and promoting entrepreneurship is beneficial for society as entrepreneurship may be a possible solution to high unemployment rates and a formula for economic growth (Garavan and O’Conneide, 1994b). McMullan and Gillin (1998) argue that entrepreneurship training and education is one untapped cost effective, micro-economic tool the government has for developing its local economy.

Entrepreneurship education is critical in helping young people to develop entrepreneurial skills, attributes and behaviors and to develop enterprise awareness, to recognize and to appreciate entrepreneurship as a career option. The Australian Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) has defined enterprise education as “Learning directed towards developing in young people those skills, competencies, understandings, and attributes which equip them to be innovative, to identify, create, initiate and successfully manage personal, community, business and work opportunities, including working for themselves”(as cited in Schoof, 2006, p. 34).
Consequently entrepreneurship education is a way to nurture youth entrepreneurship and self-employment and to equip young people with the attitudes and skills needed to tread the uncertain employment paths of today’s world (Dearing Report, 1997). Gallaway (2005) describes enterprise education as a highly valuable preparation for and evolving labor market and economy in which young people have to work.

According to ILO (2004), entrepreneurship education has grown fiercely throughout the world in the past 10 to 15 years. This growth is reflected in the development of many new entrepreneurship programs and initiatives, as well as increasing research activities on enterprise education in general. Entrepreneurship education inspires students to start their own business and has a positive effect on students’ self-assessment and their approach towards entrepreneurship as well as towards general career aspirations and achievements.

There exists evident evidence that studying an entrepreneurship course leads to a greater desire to start one’s own business (Lean, 1998). Webb (1982) found that students who took part in entrepreneurship programs were more likely to start their own businesses. In another study, Garnier and Gasse (1997) found that many respondents taking training programs started their own businesses. Additionally, Kolvereid and Moen (1997) found that students majoring in entrepreneurship were more inclined to start new businesses than other students.

Charney and Libecap (2000) carried out an assessment of the Berger Entrepreneurship Program in the US, comparing business school graduates who completed the program to other graduates and found that entrepreneurship education contributed considerably to risk-taking, the formation of businesses, and the propensity to be self-employed. The study also concluded that entrepreneurship education contributes to the growth of small firms, and firms owned by entrepreneurship graduates tend to be larger with more sales than those owned by non-entrepreneurship graduates (Charney, 2000). Likewise, Premand et al (2012) conducted a study on entrepreneurship training and self-employment amongst university graduates in Tunisia and found that participants of the Entrepreneurship Tract Pilot Program were on average 46-87 percent more likely to be self-employed compared to graduates from the control group.
A study on the impacts and potential of entrepreneurship education in higher education by Gallaway et al (2005) found that students who had completed an enterprise module were more likely to aim for entrepreneurship within their careers than students who had not included enterprise in their studies.

In Africa, Kenya is considered a leading country in the dissemination of entrepreneurship education in schools and skills development institutions (Franz, 2014). According to Changoma and Franz (2013), entrepreneurship education is not meant to immediately lead to enterprise creation, but refers to building of capabilities, skills, and mindsets about or for the purpose of entrepreneurship. Franz (2014) argues that entrepreneurship education is aimed at expanding the potential pool of future entrepreneurs, and hence is generally integrated within formal education programs at primary, secondary or tertiary-level educational institutions.

Entrepreneurship forms part of the formal curriculum in all educational levels (except formal primary education), including technical, vocational and non-formal education (MoE, 2009). Business studies are also incorporated in all teachers’ education programs at certificate and diploma levels, and in certificate programs for social and community development (MoE, 2009). Apart from university level programs, all programs follow standard formal curricula developed by the Kenya Institute of Education (KIE). Curricula vary from one stream and level to the other depending on target groups and educational levels. Entrepreneurship education is not mandatory in secondary education but is compulsory and examinable in the formal TIVET system (MoE, 2009).

There is little systematic knowledge about the effectiveness of the programs in terms of increasing entrepreneurial attitudes among school and university youth and about the likelihood that education leavers would venture into a business career (Franz, 2014). However, some implementation challenges abound for entrepreneurship education in Kenya. Franz (2014) cites scarcity of teaching staff for entrepreneurship and business studies at many levels, particularly in non-formal education and competencies and experience of teachers are not appropriate. Of particular importance is that teachers rarely have any business experience themselves. In addition Franz (2014) adds that the curriculum is not appropriate with many content elements missing that are considered necessary to become a successful entrepreneur after secondary schooling.
Tertiary education institutions in Kenya are academically autonomous and thus do not follow standard curricula developed by the Ministry of Education (MoE, 2009). The Jomo Kenyatta University of Agriculture and Technology (JKUAT) and Kenyatta University (KU), have incorporated entrepreneurship in all academic programs. Increasingly these efforts are complemented by incubator programs. KU and Mount Kenya University (MKU), for example, have also started to systematically train all faculty staff in all disciplines in entrepreneurship and management, in an attempt to mainstream “business mindedness” in all their education programs (MoE, 2009).

2.4. Government Policy Effects on the Success of Youth Enterprises

Many countries, since the early 90s, have taken a keen interest in and commitment to the concept of a national youth policy in recognition of the needs and development opportunities facing their youth. On the international stage, this interest has been supported via some initiatives by organizations including the United Nations, the International Labor Organization, and the Commonwealth Secretariat which committed to support the formulation and implementation of national youth policies in all commonwealth countries by the year 2000.

The scale of the problems facing a large proportion of youth in Kenya make planning and implementing policies and programs a daunting but urgent task for the state and non-state actors. This is because youth are constantly shaken and shaped, pulled and pushed into various actions by are surrounded by processes and structures which they have little or no control over (Honwana and Boeck, 2005). As a result, youth lack a conducive space in which to organize themselves towards realizing their potential and meeting their own needs, despite their numeric strength and high degree of mobility, versatility and adaptability (Akwetey, 2006). Youth-focused policies and programs have been identified as fundamental in defining a suitable path and establishing structures that will enable youth use their skills, develop their potential and contribute to the economy and society as a whole. Well-designed policies have the ability to transform a society to one where youth are recognized, supported and encouraged to actively participate in and contribute to national development. Youth policies are therefore viewed as critical in consolidating and amplifying young people’s voices so that wrong assumptions and perceptions that have
long persisted can give room for more informed ways of planning and meeting the needs of youth.

A national youth policy is a declaration of the commitment a country gives to setting and meeting the priorities and development needs of its young men and women and clearly defines their roles in the society and the responsibilities of that society to the young people themselves (UNESCO, 2004). It is a broad statement which provides a framework that governs the provision of services to young people, and provides the possibilities and limits for young people to participate in decision-making (Wyn and White, 2004).

According to UNESCO (2004), a national youth policy should embody strategies that empower youth to actively influence and shape the political agenda and compel policy and decision makers to work for young people and with them in order to let their experiences drive the development of appropriate interventions and services. An integrated and cross-cutting youth policy strengthens the capacity and effectiveness of government to respond to the needs of youth. The development of a sound youth policy requires the involvement of a wide variety of social actors and large-scale cross-sectoral consultation with the civil society (UNESCO, 2004). In addition, young people must be considered as primary actors with whom to develop partnerships, not as spectators or advisers, but as active agents of change.

Although youth policies are associate with many benefits, they often suffer from drawbacks which impact their effectiveness in terms of enabling meaningful involvement of youth in the decision making process. Wyn and White (2004) argue that policies affecting youth share a common theme of futurity- the valuing of young people for what they will become. They are based on the opinion that youth are not important as youth, but as future adults and draws on youth development to assert that young people are important because they represent the future cultural and social capital of the society.

A national youth policy is a practical demonstration and declaration of the priority and directions a country assigns to the development of its youth. It makes a political commitment to a certain vision and framework for facilitating meaningful youth participation and development in a country. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) (1999) outlines the following values of
a national youth policy: provides an effective means of declaring to the nation the importance of youth in national development; acts as a sign and symbol of the commitment the nation attaches to its youth; challenges and appeals to the young to mobilize their resources and participate effectively in national development; appeals to all citizens to give priority attention to youth concerns; demonstrates the distinctive and complementary roles of governments, NGOs and youth groups in youth development; calls for a concerted effort by the government to promote youth needs and responses; identifies the priority needs and aspirations of youth; and provides an example of how youth can engage in the decision-making process of the country.

In addition to these values, a national youth policy communicates a nation’s vision for its young men and women, providing clear directions and priorities. It is a basis for equitable distribution of government resources to meet the needs of young women and men particularly those most disadvantaged, and outlines a collective strategy to address problems and issues affecting young men and women. A national youth policy provides an opportunity to mainstream youth policies in other sectional ministries, such as employment, and sets a basis for strategic and forward planning and a mechanism for monitoring and evaluating youth policies and programs. Finally, a national youth policy raises the national profile of young women and men, their needs, concerns and aspirations, and those agencies specifically committed to their development.

2.4.1. Kenya National Youth Policy

The Kenya National Youth Policy (NYP) is a wide-ranging document that covers the issues affecting young women and men. It establishes such goals and objectives as involving young men and women in national development and social responsibility; ensuring a harmonized response to youth development; achieving social justice; promoting healthy lifestyles and personal well-being; encouraging a positive perspective toward global issues and international understanding; developing positive attitudes and actions toward environmental issues at local, national and international levels; and fostering economic wellbeing (GoK, 2006).

The NYP is aimed at ensuring the youth play their role in the development of the country. The Policy's goal is to promote youth participation in community and civic affairs and to
ensure that youth programs are youth centered. The Policy proposes guidelines and strategies to facilitate the engagement of the youth in national development and provides broad-based strategies that can be used to give the youth meaningful opportunities to reach their maximum potential. It also provides a framework within which all stakeholders, including the private and public sector and civil society, can contribute to youth development (GoK, 2006).

The problems affecting young people have continued to worsen over time. This situation has been attributed to the lack of a comprehensive policy to provide a blueprint for youth. The NYP is a major step towards putting Kenya’s youth in the limelight of meaningful social, economic and political development. The NYP visualizes a society where youth have an equal opportunity as other citizens to realize their fullest potential, productively participating in economic, social, political, cultural and religious life without fear or favor (GoK, 2006).

The Policy is a vehicle for prioritizing public actions aimed at creating an enabling environment for the youth to fully achieve their aspirations. The Policy is consistent with the country’s national laws and development priorities and is pegged on key principles that include: respect of cultural belief systems and ethical values; equity and accessibility; gender inclusiveness; good governance and; mainstreaming of youth issues (GoK, 2006).

The National Youth Policy identifies eight priority areas i.e. employment creation; health; education and training; sports and recreation; environment; art and culture; youth and the media and; youth empowerment and participation. The Policy is implemented through an action plan detailing strategies, activities, target groups, time frame and the budget lines and involves all agencies dealing with the youth i.e. Government, NGOs, the private sector and various youth organizations. The Ministry for Youth Affairs and Sports is responsible for the overall implementation, monitoring, evaluation and review of the NYP (GoK, 2006).
2.5. Chapter Summary

This chapter provides a literature review as per the research objectives. The first section examines the effects of finance on the success of youth enterprises. The second section provides an examination of the effects of entrepreneurship training and the third section dwells on the effects of government policy in the success of youth enterprises. Chapter three covers research methodology, research design, the population, sample size, data collection instrument and methods of data analysis to be used in the study. Chapter four will present the findings of the study in form of tables, charts and figures. Chapter five will discuss the findings and conclusions made from the study and make recommendations for improvement and future research.
CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

The aim of this chapter is to connect the data that was be collected with the study objectives and ultimately to its conclusions. The chapter covers methods of the study. It deals with data collection. The chapter details the approach that was used and conditions under which various stages of investigations were conducted, how contacts were established and how the main research instrument (questionnaire) that was used to collect the primary data was designed.

3.2. Research Design

According to Kothari (2008), research design is an arrangement of the conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure hence it is the conceptual structure within which research is conducted. To undertake the study a combination of qualitative and quantitative data was collected.

The study adopted descriptive research. The main objective of descriptive research is the accurate depiction of the characteristics of persons, situations or groups (Polit & Hungler 1999). Roberts and Burke (1989) define descriptive research as a non-experimental research design used to observe (and measure) a variable when little conceptual background has been developed on specific aspects of the variables under study. A descriptive method in qualitative research enables the researcher collect accurate data on and to give a clear picture of the phenomenon being investigated (Mouton & Marais 1992). For this study, a descriptive approach was particularly appropriate because an accurate and authentic description of the factors that affect the success of KYEDF funded projects in Langata Constituency was required. In addition, descriptive research was adopted because it determines and reports the way things are as it attempts to describe things as possible behaviors, attitudes, values and characteristics. The descriptive research design entailed the process of collecting data in order to answer questions concerning the current status of the
subjects in the study. This approach helped the research to accumulate the critical knowledge and solutions to the challenges facing KYEDF financed enterprises.

3.3. **Population and Sampling Design**

3.3.1. **Population**

According to Mugenda and Mugenda (2003) population is defined as the entire set of relevant units of analysis, or data, which is of interest to the researcher. This study targeted the 137 youth enterprises in Langata Constituency that had been funded by the KYEDF. This is represented in Table 3.1 below.

<table>
<thead>
<tr>
<th>NAIROBI COUNTY</th>
<th>No. of Groups</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makadara</td>
<td>152</td>
<td>12</td>
</tr>
<tr>
<td>Kamukunji</td>
<td>166</td>
<td>13</td>
</tr>
<tr>
<td>Starehe</td>
<td>171</td>
<td>14</td>
</tr>
<tr>
<td>Langata</td>
<td>137</td>
<td>11</td>
</tr>
<tr>
<td>Dagoretti</td>
<td>79</td>
<td>6</td>
</tr>
<tr>
<td>Westlands</td>
<td>108</td>
<td>9</td>
</tr>
<tr>
<td>Kasarani</td>
<td>199</td>
<td>16</td>
</tr>
<tr>
<td>Embakasi</td>
<td>250</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1262</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.3.2. **Sampling Design**

3.3.2.1. **Sampling Frame**

A sampling frame is the source material or device from which a sample is drawn. It is a list of all those within a population who can be sampled, and may include individuals, households or institutions. Cooper and Schindler (2014) define a sampling frame as the list of elements from which a sample will be drawn. A sampling frame provides a means for choosing the particular members of the target population that are to be interviewed in the
survey. The sampling frame of this study was the list of all KYED Fund beneficiaries in Langata Constituency. This list was obtained from the KYEDF Office.

3.3.2.2. Sampling Technique

In this study probability sampling was used to select the objects that would represent the population. According to Mugenda and Mugenda (2003) probability sampling can provide accurate information about groups that are too large to study in their entirety. Wimmer and Dominick (2011) state that in probability sampling, the chance for selection of each unit is known and allows researchers to calculate the amount of sampling error present in a research study.

Stratified random sampling technique was used to draw the sample. This method helped improve the presentation of each strata (groups) within the population, as well as ensured that these strata are not over-represented. Each beneficiary was allocated a number out of which 40 were picked randomly using Microsoft Office Excel. According to Mugenda and Mugenda (2003), a sample size of 30 percent of the total population is considered adequate for descriptive study. A random sample was preferred because it is free from bias and therefore each unit had a chance to be included in the sample.

3.3.2.3. Sample Size

A sample is a smaller set of the larger population (Cooper and Schindler, 2014). According to Fisher (2007) an advantage of the quantitative method is its ability to use smaller groups of people to make inferences about larger groups that would otherwise be expensive to study. In order to collect accurate data, determining sample size should be done carefully. According to Mugenda and Mugenda (2003), a representative sample size 30 percent of the total population is sufficient to draw conclusions about the study population. For this study, 30 percent of 137 beneficiaries which translates into 40 respondents were selected to form the sample size.
3.4. Data Collection Methods

Nachmias and Nachmias (1996) defines data collection as the process of gathering pieces of raw information, facts or figures that are necessary for the research process and which can be analyzed to provide useful information from which conclusions may be drawn. A formal data collection process is necessary as it ensures that data collected is both defined and accurate and that subsequent decisions based on the arguments embodied in the findings are valid. The study employed the use of questionnaires and data was gathered from both primary and secondary sources. As in most social research, the research instrument for collecting the necessary data in this study was developed and tested for consistency, coherence and reliability using a small sample of 4 respondents selected randomly from the target population. A questionnaire was used to collect both qualitative and quantitative data. The questionnaire was chosen because of its ability to reveal important data due to the fact that each item was developed to address a specific objective. Both open ended and closed ended questions were used. A Likert scale of 1 to 5 (matrix type of questions) was also be used to test the various levels of responses. A total of 40 questionnaires were administered to respondents.

3.5. Research Procedures

The research carried out was descriptive in nature and was intended to collect data regarding the factors affecting the success of KYEDF funded youth enterprises in Langata Constituency, Nairobi County. In order to achieve this, the researcher conducted the research following the procedures mentioned below.

The first step in the process was to identify the research problem and develop the research questions. Through precedent research, key issues and concepts related to youth enterprises were identified and incorporated into the structure of the study.

The second step in the process was to review the literature. Once the problem had been identified, the researcher needed to learn more about the topic under investigation. The literature review provided foundational knowledge about the research problem and educated the researcher about other studies that had been conducted in the past, how these
studies were conducted, and the conclusions they drew in regard to the problem under study.

The third step involved defining the terms and concepts used in the study. These terms and concepts were defined as they applied to the study. This helped avoid confusion about what the terms and phrases meant and made the concepts more understandable to the reader.

The fourth step involved defining the population i.e. the specific group of people/objects the research would focus on. The research problem and the objective of the study assisted the researcher in identifying the group to involve in the study. Defining the population assisted the researcher by narrowing the scope of the study from a very large population to one that was manageable and identifying the group that the researcher’s efforts would be focused on within the study.

The fifth step involved developing the instrumentation plan i.e. the plan for the study. The instrumentation plan served as the road map for the entire study and specified who will participate in the study; how, when, and where data will be collected; and the content of the study. In this study, the researcher decided to have youth enterprises in Langata Constituency that had been funded by the KYEDF participate in the study. A sample of 40 youth enterprises were drawn from the 137 that had been funded by the KYEDF. The survey instrument used for the study was a questionnaire and a draft was constructed and tested on selected segments of the target population. Preliminary data was collected using an initial pilot survey. This pilot survey was distributed to 4 youth enterprises in Langata Constituency. After the pilot survey was returned, an analysis and comparison of data on variables was carried out based on survey responses the final survey instrument was constructed. A sample of 40 youth enterprises (excluding the 4 that participated in the pilot survey) was drawn. The final survey instrument was then be administered to the 40 youth enterprises in Langata Constituency. Upon the return of the survey questionnaires data analysis and tabulations were be carried out and reported.

The final step was the analysis of data. Data analysis was conducted so that the research questions could be answered. The researcher analyzed the data according to the instrumentation plan. The results of the analysis were then reviewed and summarized in a manner directly related to the research questions.
3.6. Data Analysis Methods

According to Mugenda and Mugenda (2003) data analysis is the process through which a researcher interprets the data systematically in order to make sense of it. Taking into account the objectives of the study, the methods of data collection employed necessitated appropriate data analysis. The analysis stage was an involving process that converted the raw data to information, thereby enabling meaning attribution.

The data obtained from the respondents was cleaned, coded, and analyzed using SPSS V.22 and Microsoft Excel 2013. This enabled the researcher to make meaningful interpretation. Quantitative analysis was used for descriptive purposes where numerical data was involved while qualitative analysis was applied to non-numeric data. Data collected was presented in the form of tables, charts and figures.

3.7. Chapter Summary

The chapter provides a description of the research methodology that was employed in this study. The chapter outlines the design of the research, the population and sampling design and the data collection method. An outline of the research procedure and the analysis of the data collected have also been given. Chapter four will present the findings of the study in form of tables, charts and figures. Chapter five will discuss the findings and conclusions drawn from the study and make recommendations for improvement and future research.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1. Introduction

This study sought to examine the factors affecting the success of youth enterprises funded by the Kenya Youth Enterprise Development Fund (KYEDF) in Langata Constituency, Nairobi County, Kenya. This chapter presents the data collected from the study. The data is presented in the context of the study’s objectives.

The study targeted 40 out the 137 funded youth enterprises in Langata Constituency of Nairobi County. Forty (40) questionnaires were administered to 40 youth enterprises based in Langata constituency. The response rate was 100 percent and the findings presented are based on the feedback obtained from the respondents.

4.2. Background Information

The research instrument was designed so as to collect general background information on the respondents and their enterprises. The data collected related to gender, age, education level, duration in self-employment, type of business, the legal status of the enterprise and number or employees employed by the enterprise.

4.2.1. Gender of the Respondents

The study established the gender of the respondents. Figure 4.1 shows the results obtained and indicates the gender analysis of the respondents, 28 percent of the respondents were female while 72 percent were male. Based on the analysis, majority of the respondents were male.
4.2.2. Age of the Respondents

The study sought to find out the age distribution of the respondents. According to Figure 4.2 above showing age analysis of respondents, 25 percent of the respondents were aged between 18-25 years, 52 percent between 26-35 years and 20 percent...
were aged between the 36-45 years, while another 3 percent were aged over 45 years. The study revealed that majority of the respondents are aged between 26-35 years.

4.2.3. Level of Education of Respondents

Figure 4.3 below shows the highest level of education the respondents had attained. Fifteen (15) percent had reached university level, 30 percent had attained tertiary level of education, and 43 percent had attained secondary school level while 13 percent had attained primary school level of education. Based on the analysis, it can be concluded that the majority of the respondents had attained secondary school level of education and above.

![Figure 4.3: Level of Education](image)

4.2.4. Years in Self-employment

According to Figure 4.4 below, showing the number of years the respondents have been employed, 7 percent have been in self-employment for less than 1 year, 30 percent between 1-3 years while 28 percent have been in self-employment for 3-6 years and 35 percent had
been self-employed for more than over 6 years. Based on the analysis, it can be concluded that the majority of the respondents had been in self-employment for more than 3 years.

![Years in Self-Employment](image)

**Figure 4.4: Years in Self-employment**

4.2.5. Type of Business Enterprise

Figure 4.5 below shows the results obtained in relation to the type of business the respondents were engaged in. The results show that 42 percent of the respondents were involved in the provision of services, 40 percent of the respondents were mainly engaged in retail business, 13 percent indicated that their business was agricultural based while 5 percent were engaged in manufacturing. Based on the analysis, it can be concluded that the most of the respondents were engaged in service provision.
4.2.6. Legal Status of Enterprise

The study sought to establish the legal status of the respondents’ enterprises.
The study found that 48 percent of the respondents operated as self-help groups, 40 percent as sole proprietors, 5 percent as community based organizations and 2 percent as private companies. The study therefore established that majority of the enterprises were self-help groups.

4.2.7. Number of Employees

Figure 4.7 below shows the number of employees engaged by the enterprises.

![Bar Chart: Number of Employees](image)

Figure 4.7: Number of Employees

The results indicate that 82 percent of the respondents employed 5 or less people in their business, 2 percent had between 6-10 employees, 8 percent employed between 11-15 employees while another 8 percent had more than 15 employees. The study established that majority of the enterprises had not more than 5 employees.

4.3. Financing Effects on the Success of Youth Enterprises

The first objective of the study was to determine the extent to which financing affects the success of youth enterprises.
4.3.1. Length of membership in the KYEDF

The study revealed the duration of membership of the respondents in the KYEDF. Figure 4.8 below shows that 47 percent of the respondents have been in the KYEDF for 2 years or less, 45 percent have been in the KYEDF for between 3-5 years, 5 percent have been in the KYEDF between 6-8 years while another 3 percent have been in the KYEDF for more than 8 years. The study revealed that majority of the respondents had been members of KYEDF for not more than 5 years.

![Figure 4.8: Length of Membership in KYEDF](image)

4.3.2. Motivation for Joining KYEDF

Regarding motivation for joining the KYEDF more than half of the respondents spoke about access to funding to start their business or to improve/expand their business. A few respondents spoke about empowering themselves and creating employment. The most prevalent theme raised was the access to funding. The following comments from respondents are some examples that illustrate this point: “to start a business”, “to enable us install electricity”, “considerably low interest rates as compared to other financial institutions”, “to receive an advance loan to boost business”, “to seek capital so that we can
start business” “to improve our charcoal business”, “to start rabbit rearing business”, “to expand my business” “to help us provide motorbikes to our members” “to uplift members’ standard of living”, “to empower youth and create employment” “to access loans and training.”

4.3.3. Number of Times Loans Have Been Obtained from KYEDF

The study wanted to establish the number of times the respondents had obtained loans from the KYEDF.

![Figure 4.9: Number of Times Loans Have Been Obtained from KYEDF](image)

Figure 4.9 indicates that 70 percent of the respondents had obtained a loan from the KYEDF once, 27 percent twice while 3 percent had obtained a loan three times. The study established that majority of the respondents were one time borrowers.

4.3.4. Average Amount of Loan Obtained

The study sought to establish from the respondents the average amount of loan obtained from the KYEDF
Figure 4.10: Average Amount of Loan Obtained

Figure 4.10 reveals that 53 percent of the respondents had obtained loans amounting to between 50,001-100,000, 40 percent of the respondents had received loans of 50,000 and below and 7 percent of the respondents had obtained loans of between 100,001-150,000.
4.3.5. **Purpose of KYEDF Loan**

The study sought to find out from the respondents, how the money they received from the KYEDF had been put to use.

![Purpose of KYEDF Loan](image)

**Figure 4.11: Purpose of KYEDF Loan**

Figure 4.11 above shows that 55 percent of the respondents used the money obtained from KYEDF to expand their businesses while 45 percent of the respondents used the loan to start a business. The study established that majority of the respondents had obtained KYDEF loans to expand their businesses.

4.3.6. **Other Benefits Received from KYEDF**

The study wanted to find out what other benefits, besides the loans, the respondents had received from the KYEDF. The study found that 20 respondents (50 percent) had attended the KYEDF training, 16 respondents (40%) had participated in the KYEDF workshop, and 11 respondents (28%) had undergone business development skills training. Only 4 respondents (10%) had not received any other additional benefit.
4.3.7. KYEDF and Youth Empowerment

In terms of KYEDF empowering the youth, the study found that the majority of the respondents held a positive opinion of the KYEDF. The results are shown in Figure 4.13 below.

![Figure 4.12: Other Benefits Received from KYEDF](image)

![Figure 4.13: Opinion about KYEDF & Youth Empowerment](image)
4.3.8. Relationship Between Financial Support and Enterprise Development

To gain further insight into the relationship between financial support offered by KYEDF and the development of enterprises among the youth, a likert scale was used with statements on the two variables. A rating of “Strongly Agree” had a score of 5 assigned to it, “Agree” had a score of 4 assigned to it, “Neutral” had a score of 3 assigned to it, “Disagree” had a score of 2 assigned to it and “Strongly Disagree” had a score of 1 assigned to it.

A weighted mean score was used to interpret the results. A mean score of 5 - 3.5 was taken to mean that the respondents agreed with the item. A mean score of 3.4 - 2.6 was taken to mean that the respondents were indifferent to the item. A mean score of 2.5 - 1.0 was taken to mean that the respondents did not agree with the item. The results are presented in Figure 4.14 below.

![Figure 4.14: Relationship between Financial Support and Enterprise Development](image-url)
The results indicate that the respondents agree that there is a relationship between the financial support services of the KYEDF and the success of youth enterprises. All the items posted a mean score of 3.5 and above.

### 4.4. Entrepreneurship Training Effects on the Success of Youth Enterprises

The second objective of the study was to determine the extent to which entrepreneurship training affects the success of youth enterprises.

#### 4.4.1. Entrepreneurship Training Before and After Starting Business

The study wanted to establish if the respondents had taken part in any entrepreneurial training program before and after starting their businesses.

![Entrepreneurship Training Before and After Starting Business](image)

**Figure 4.15: Entrepreneurship Training Before and After Starting Business**

Figure 4.15 above shows that 43 percent of the respondents had undertaken entrepreneurial training before starting their business while 57 percent had not undertaken any entrepreneurial training before starting their business. After starting their businesses only 32 percent of the respondents had undertaken entrepreneurial training. The study established that majority of the respondents had not undertaken any entrepreneurial training before or after starting their businesses.
4.4.2. Relationship Between Entrepreneurship Training and Enterprise Development

To gain further insight into the relationship between entrepreneurship training and the development of youth enterprises, a likert scale was used with statements on the two variables. A rating of “Strongly Agree” had a score of 5 assigned to it, “Agree” had a score of 4 assigned to it, “Neutral” had a score of 3 assigned to it, “Disagree” had a score of 2 assigned to it and “Strongly Disagree” had a score of 1 assigned to it.

A weighted mean score was used to interpret the results. A mean score of 5 - 3.5 was taken to mean that the respondents agreed with the item. A mean score of 3.4 - 2.6 was taken to mean that the respondents were indifferent to the item. A mean score of 2.5 - 1.0 was taken to mean that the respondents did not agree with the item.

Figure 4.16: Relationship between Entrepreneurship Training & Enterprise Development
The results presented in Figure 4.16 show that six of the eight items posted a mean score above 3.5. This mean score indicates that the respondents agree that there was a relationship between entrepreneurship training and the success of youth enterprises but the respondents could neither agree nor disagree that members had been effectively trained on various skills and management of KYEDF projects and that projects have reduced their reliance on public agencies or KYEDF funding due to enhanced entrepreneurship training.

4.5. Government Policy Effects on the Success of Youth Enterprises

The third objective of the study was to examine the extent to which government policy affects the success of youth enterprises.

4.5.1. Respondents’ Awareness of the Kenya National Youth Policy

The study established whether the respondents were aware of the Kenya National Youth Policy. Figure 4.17 below shows that the 73 percent of the respondents are not aware of the Kenya National Youth Policy whereas 27 percent of the respondents are aware of the Policy. The results reveal that majority of the respondents are unaware of the NYP.

![Figure 4.17: Awareness of National Youth Policy](image)
### 4.5.2. Relationship Between National Youth Policy and Enterprise Development

To gain further insight into the relationship between the National Youth Policy and success of youth enterprises, a likert scale was used with statements on the two variables. A rating of “Strongly Agree” had a score of 5 assigned to it, “Agree” had a score of 4 assigned to it, “Neutral” had a score of 3 assigned to it, “Disagree” had a score of 2 assigned to it and “Strongly Disagree” had a score of 1 assigned to it. A weighted mean score was used to interpret the results. A mean score of 5 - 3.5 was taken to mean that the respondents agreed with the statement. A mean score of 3.4 - 2.6 was taken to mean that the respondents had a mixed reaction to the statement. A mean score of 2.5 - 1.0 was taken to mean that the respondents did not agree with the statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>The government has prioritized the development needs of its young people</td>
<td>9</td>
<td>11</td>
<td>20</td>
<td></td>
<td></td>
<td>3.7</td>
</tr>
<tr>
<td>The national youth policy has strengthened the government’s capacity and effectiveness to respond to the needs of youth</td>
<td>7</td>
<td>31</td>
<td>30</td>
<td></td>
<td></td>
<td>2.9</td>
</tr>
<tr>
<td>The youth policy allows youth to meaningfully engage in decision making processes.</td>
<td>5</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td>2.13</td>
</tr>
<tr>
<td>The National Youth Policy has adequately communicated the country’s vision for the youth</td>
<td>5</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td>2.4</td>
</tr>
<tr>
<td>The National Youth Policy has raised the national profile of young people and their needs</td>
<td>7</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td>2.3</td>
</tr>
<tr>
<td>The National Youth Policy has promoted youth participation in community and civic affairs</td>
<td>5</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>The National Youth Policy has created proper conditions for the youth to empower themselves</td>
<td>6</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td>2.2</td>
</tr>
<tr>
<td>The National Youth Policy has safeguarded the rights of the youth and helped them understand their responsibilities for the development of society</td>
<td>7</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
<td>2.3</td>
</tr>
</tbody>
</table>

**Figure 4.18: Relationship between National Youth Policy and Enterprise Development**
The results in Figure 4.18 indicate that the respondents agree that the Government has prioritized the development needs of its young people as the item posted a mean score of 3.7, however, the respondents could neither agree nor disagree as to whether there was a relationship between government policy and the success of youth enterprises as 7 of the 8 items posted a mean score below 3.4.

4.6. Correlation Analysis: Relationship Between Variables

4.6.1. Financial Support and Enterprise Development Correlations

The correlation results are shown in Table 4.1. As revealed, the idea that the success of youth projects has greatly improved within the last 5 years is positively correlated (P=0.014) at 95 percent significance to the opinion that resource utilization in youth projects is more effective; at 99 percent significance (P=0.000) to the idea that the turnover in youth projects has greatly improved in the last 5 years; and likewise at 95 percent significance (P=0.26) to the opinion that youth enterprises have reduced their reliance on KYEDF funding in the last five years.

Table 4.1.: Financial Support and Enterprise Development Correlations

<table>
<thead>
<tr>
<th></th>
<th>Success of Youth projects has greatly improved within the last five (5) Years</th>
<th>The resource utilization in Youth projects is more effective than five years ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success of Youth projects</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>has greatly improved within</td>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>the last five (5) Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The resource utilization in</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Youth projects is more</td>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>effective than five years ago</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover in Youth enterprise</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>has greatly improved within</td>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>the last five (5) years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The youth entrepreneurs</td>
<td>Pearson Correlation</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>have reduced their reliance</td>
<td>N</td>
<td>40</td>
</tr>
<tr>
<td>on Youth Enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Funding than they</td>
<td></td>
<td></td>
</tr>
<tr>
<td>were five years ago.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

There is also a significant positive correlation (P = 0.002) at 99 percent significance, between notion that resource utilization in youth projects is more effective and the idea that
youth entrepreneurs having reduced their reliance on KYEDF funding than they were five years ago.

4.6.2 Entrepreneurship Training and Enterprise Development Correlations

Table 4.2 reveals a positive correlation at a 99 percent significance level (P=0.000) between the perception that members of the group have been effectively trained on various skills and management of KYEDF projects and the perception that the training program has been effective in making KYEDF initiatives readily understood by members; and at 99 percent significance (P=0.004) with the idea that resource utilization in KYEDF projects is more effective due to enhanced entrepreneurship training.

Table 4.2: Entrepreneurship Training and Enterprise Development Correlations

<table>
<thead>
<tr>
<th></th>
<th>The training program has been effective in making KYEDF initiatives readily understood by your members.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of your group have been effectively trained on various skills and management of KYEDF Projects.</td>
<td>Pearson Correlation .668** [ Sig. (2-tailed) .000 ] [ N 40 ]</td>
</tr>
<tr>
<td>The training program has been effective in making KYEDF initiatives readily understood by your members.</td>
<td>Pearson Correlation 1 [ Sig. (2-tailed) ] [ N 40 ]</td>
</tr>
<tr>
<td>The resource utilization in KYEDF projects is more effective due to enhanced entrepreneurship training.</td>
<td>Pearson Correlation .443** [ Sig. (2-tailed) .004 ] [ N 40 ]</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

According to Table 4.3, the perception that loan repayment in KYEDF projects has greatly improved due to enhanced entrepreneurship training is positively correlated at 99 percent significance level (P=0.008) to the perception that members of the group have been effectively trained on various skills and management of KYEDF projects; at 99 percent significance (P=0.002) with the perception that the training program has been effective in making KYEDF initiatives readily understood to members; at 99 percent significance level (P=0.007) to the view that resource utilization in KYEDF projects is more effective due to
enhanced entrepreneurship training; and at 95 percent significance level (P=0.018) to the view that project turnover has greatly improved due to enhanced entrepreneurship skills.

Table 4.3: Entrepreneurship Training and Enterprise Development Correlations

<table>
<thead>
<tr>
<th></th>
<th>Members of your group have been effectively trained on various skills and management of KYEDF Projects</th>
<th>The training program has been effective in making KYEDF initiatives readily understood by your members</th>
<th>Projects turnover has greatly improved due to enhanced entrepreneurship skills</th>
<th>Resource utilization in KYEDF projects is more effective due to enhanced entrepreneurship training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan repayment in KYEDF Projects has greatly improved due to enhanced entrepreneurship training.</td>
<td>Pearson Correlation .416**</td>
<td>.469**</td>
<td>.371*</td>
<td>.417**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.008</td>
<td>.002</td>
<td>.018</td>
<td>.007</td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Projects have reduced their reliance on KYEDF funding than they were five years ago due to enhanced entrepreneurship training.</td>
<td>Pearson Correlation -0.009</td>
<td>.211</td>
<td>.394</td>
<td>.382*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.956</td>
<td>.192</td>
<td>.012</td>
<td>.015</td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Youth unemployment has greatly reduced over the last five years due to enhanced entrepreneurship training.</td>
<td>Pearson Correlation .061</td>
<td>.169</td>
<td>.169</td>
<td>.478**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.710</td>
<td>.298</td>
<td>.298</td>
<td>.002</td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Similarly, the perception that projects have reduced their reliance on KYEDF funding in the last five years due to enhanced entrepreneurship training is positively correlated at 95 percent significance (P=0.12) to the perception that project turnover has greatly improved due to enhanced entrepreneurship skills; at 95 percent significance (P=0.015) to the perception that resource utilization in KYEDF projects is more effective due to enhanced entrepreneurship training.

Likewise the view that youth resource utilization in KYEDF projects is more effective due to enhanced entrepreneurship training is positively correlated at 99 percent significance level (p=0.002) to the view that youth unemployment has greatly reduced over the last five years due to enhanced entrepreneurship training.
4.6.3 Government Policy and Enterprise Development Correlations

According to Table 4.4, the view that the NYP allows youth to meaningfully engage in decision making processes is positively correlated at 99 percent significance (P=0.006) to the view that the government has prioritized the development needs of its young people; at 99 percent significance (P=0.001) to the view that the NYP has strengthened the government’s capacity and effectiveness to respond to the needs of youth; and at 99 percent significance (P=0.000) to the view that the NYP has adequately communicated the country’s vision for the youth.

Table 4.4: National Youth Policy and Enterprise Development Correlations

<table>
<thead>
<tr>
<th>The government has prioritized the development needs of its young people</th>
<th>The NYP has strengthened the government’s capacity and effectiveness to respond to the needs of youth</th>
<th>The NYP allows youth to meaningfully engage in decision making processes.</th>
<th>The NYP has adequately communicated the country’s vision for the youth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.429**</td>
<td>.514**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.006</td>
<td>.001</td>
<td>.561**</td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The NYP has raised the national profile of young people and their needs</th>
<th>Pearson Correlation</th>
<th>.540**</th>
<th>.393*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.012</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Furthermore, the thought that the NYP has raised the national profile of young people and their needs is positively correlated at 99 percent significance (P=0.000) to the view that the government has prioritized the development needs of its young people; at 99 percent significance (P=0.000) to the view that the NYP allows youth to meaningfully engage in decision making; at 99 percent significance (P=0.005) to the view that the NYP has adequately communicated the country’s vision for the youth; and at 95 percent significance (P=0.012) to the view that the NYP has strengthened the government’s capacity and effectiveness to respond to the needs of the youth.
In Table 4.5 below, the opinion that the NYP has safeguarded the rights of the youth and helped them understand their responsibilities for the development of society is positively correlated at 99 percent significance (P=0.000) to the view that the NYP has raised the national profile of young people and their needs; at 99 percent significance (P=0.000) to the view that the NYP has promoted youth participation in community and civic affairs; at 99 percent significance (P=0.000) to the view that the NYP has created proper conditions for the youth to empower themselves.

### Table 4.5: National Youth Policy and Enterprise Development Correlations

<table>
<thead>
<tr>
<th></th>
<th>The NYP has raised the national profile of young people and their needs</th>
<th>The NYP has promoted youth participation in community and civic affairs</th>
<th>The NYP has created proper conditions for the youth to empower themselves</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The NYP has promoted youth participation in community and civic affairs</strong></td>
<td>Pearson Correlation: .348*, Sig. (2-tailed): .028 N: 40</td>
<td>1</td>
<td>.204</td>
</tr>
<tr>
<td><strong>The NYP has created proper conditions for the youth to empower themselves</strong></td>
<td>Pearson Correlation: .476**, Sig. (2-tailed): .002 N: 40</td>
<td>.204</td>
<td>1</td>
</tr>
<tr>
<td><strong>The NYP has safeguarded the rights of the youth and helped them understand their responsibilities for the development of society.</strong></td>
<td>Pearson Correlation: .558**, Sig. (2-tailed): .000 N: 40</td>
<td>.733**</td>
<td>.562**</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

In addition, the opinion that the NYP has raised the national profile of young people and their needs is positively correlated at 99 percent significance (P = 0.002) to the view that the NYP has created proper conditions for the youth to empower themselves; and at 99 percent significance (P = 0.000) to the view that the NYP has safeguarded the rights of the youth and helped them understand their responsibilities for the development of society and; at 95 percent significance level (P=0.028) to the view that the NYP has promoted youth participation in community and civic affairs.
4.7. Chapter Summary

This chapter revealed the findings of the study and presented them the form of tables, charts and figures. It also sought to measure the extent to which the KYEDF services affect entrepreneurship and to establish the relationship between each of the three independent variables and enterprise development. Chapter five will discuss the findings and conclusions drawn from the study and make recommendations for improvement and future research.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a discussion on the findings of the research, a summary of the study and recommendations for further research in the area of study. The chapter ends with conclusions drawn from the research questions and recommendations for improvement and future studies.

5.2 Summary

The objective of the study was to examine the factors affecting the success of projects funded by the Kenya Youth Enterprise Development Fund (KYEDF) in Langata Constituency, Nairobi County. The study had the following specific objectives: to determine the extent to which financing affects the success of youth projects funded by the KYEDF; to determine the extent to which entrepreneurship training affects the success of projects funded by KYEDF; and to examine the extent to which government policy affects the success of projects funded by the KYEDF.

The study adopted a descriptive research design. The population of the study was the 137 youth enterprises in Langata Constituency that had been funded by the KYEDF. From the total population of 137 enterprises, a sample size of 40 was selected randomly. The data was collected by administering a questionnaire containing both open ended and closed questions. The data collected was then analyzed using descriptive statistics and findings presented in tables and charts. SPSS V.22 and Microsoft Excel 2013 were used as a data analysis tool.

The objective of the study was to determine the extent to which financing, entrepreneurship training and government policy affect the success of youth enterprises. The study found that the lack of access to finance is a binding constraint for self-employment creation, especially among the youth and more pronounced among youth from poor households. This lack of access to finance is a major impediment to youth entering into business as young
people are often considered particularly risky investments due to their lack of self-
sustaining resources, absence of substantive credit history and sufficient collateral or
guarantees to secure loans or lines of credit. The study also established that
entrepreneurship training is a highly valuable asset in today’s changing job market and
economy in which youth have to operate and is crucial in assisting young people to develop
entrepreneurial skills, attributes and behavior. The study also revealed that the problems
facing young people in Kenya today require the implementation of policies and programs
to enable youth design their own credible path towards realizing their potential and meeting
their needs.

5.3 Discussion

5.3.1 The Effect of Finance on the Success of Youth Enterprises

The study established that even though the KYEDF has been in existence for nine years
majority of the respondents have been members of the KYEDF for not more than five years.
This finding is in agreement with Beck and Demirguc-Kunt (2006) who argue that
microfinance is still a fairly new source of finance for young entrepreneurs in the formal or
informal sector, with little or no collateral and limited business experience. This finding is
also in agreement with Chigunta (2002) who states that effective promotion of youth
entrepreneurship requires adequate funding. He further states that for sustainability and
success, there is a need for government to seek funding from a various sources including
the private sector, donor agencies and NGOs. In addition, the recent enrollment into the
KYEDF can be attributed to the fact that the current government has placed a special focus
on the youth, deliberately allocating money to the Fund and creating awareness. In its
2013/2014 budget the Government allocated Ksh. 6 billion to ensure that the youth engage
in income generating programs including making funds easily accessible to youth in all
parts of the country. In addition, the President directed, in 2013, that the procurement rules
be amended to allow 30 percent of contracts to be awarded the youth, women and persons
with disability, an affirmative action aimed at empowering youth-owned enterprises by
giving them more opportunities to do business with Government. This initiative is known
as Access to Government Procurement Opportunities (AGPO).
The study also found the main motivator for joining the KYEDF was the opportunity to access funds to carry out business. The KYEDF funds attracted a low interest rate and the terms for accessing the funds were very attractive to youth who lacked previous credit history and collateral as demanded by banks. The study findings agree with Sargant and Young (1991) who state that young entrepreneurs face numerous challenges in accessing funding and the OECD (2006) report which indicates that despite small businesses being vital to economic development and job creation they still find it difficult to get credit from banks and other financial institutions. Honaghan (2008) states that loan guarantee schemes are a good way to facilitate youth access to finance for small businesses that might not otherwise be able to obtain it; the loans often have less stringent requirements than commercial loans, making them an appropriate source for start-ups and young businesses.

Majority of the respondents had received loans only once since joining the KYEDF. The average amount of loan obtained had been between Kenya shillings 50,001 and 100,000 for the majority of the respondents. The KYEDF can give up to a maximum of Ksh. 1,000,000 for qualifying applicants. However, none of the respondents had received more than Kshs. 150,000. This finding agrees with Franz (2014) who argues that funding alone is not sufficient particularly when youth are inexperienced, lack knowledge about business procedures and markets and have not been equipped with the right entrepreneurial mindset.

The study found that the loans obtained from the KYEDF had been used to start new businesses or to expand existing ones. As noted by Schoof and Semlali (2008) and OECD (2009) young entrepreneurs lack adequate startup capital and thus the need for government to be actively engaged in the provision of avenues where such capital can be accessed. The KYEDF is such a source in Kenya. From the findings of the study, the fund was largely sought as a means to strengthen and scale up existing businesses and for starting new businesses.

The study findings agree with the Eurobarometer Survey (2004) which showed that young people seem to be the strongest supporters of the perception that the lack of available financial support is an obstacle to setting up a business and the OAYEC (2000) survey conducted on youth self-employment in Ontario where 40 percent of the respondents stated that lack of financing and capital were the missing resources when they started their businesses.
The study found majority of the respondents had, in addition to obtaining funds, benefited from either workshops or seminars organized by the KYEDF or had attended training conducted by the KYEDF or had benefited from business development skills. The KYEDF has a mandatory pre-financing training program for all its beneficiaries in order to enhance sustainability of the youth enterprises. This agrees with Schoof (2006) who states that a young entrepreneur has a better chance of creating a successful business if he/she obtains business assistance. Such assistance includes training in business skills, mentorship, business incubators and clubs and support networks.

Funding provided by the KYEDF was inadequate for the proper start up and expansion of the businesses which the beneficiaries had. This finding agrees with Fraser (2005) who observed that most borrowers were not satisfied with the amounts of loans they were given. Kon and Storey (2003) and Fraser (2005) held that this situation was more pronounced in startup business as their reputations and the risks associated to them prevented financiers from advancing them loan amounts they needed in their start up stages. These findings are also in agreement with Franz (2014) who cites that despite the considerable achievements in Kenya to deepen the financial sector and increase the availability of financial services, access to finance is still a major bottleneck specifically for youth and poor target groups that lack collateral.

The study established that the KYEDF funded projects have been successful as shown by better resource utilization, improved turnover and reduced reliance on public funds. Majority of the respondents also agreed that the success of youth enterprises had greatly improved; that resource utilization in youth projects was more effective; and that turn over in youth enterprises has greatly improved within the last five years and that youth entrepreneurs have reduced their reliance on KYEDF funding in the last five years.

### 5.3.2 The Effect of Entrepreneurship Training on the Success of Youth Enterprises

The study revealed majority of the respondents had not taken part in any entrepreneurial training program before or after starting their businesses. This finding agrees with Schoof (2006) who states that in many countries, enterprise education hardly exists or has not been sufficiently adopted especially in developing countries. According to Charney and Libecap
(2000), entrepreneurship education was found to contribute significantly to risk-taking, the formation of new ventures and the tendency towards self-employment. Gallaway et al (2005) also found that students who had completed an entrepreneurship module are more likely to start a business than students who had not.

The study also found majority of the respondents had been effectively trained on various skills to manage their projects and that the training programs had been effective in making KYDEF initiatives readily understood by the respondents and that resource utilization in KYEDF projects have been more effective due to enhanced entrepreneurship training. It was also established that loan repayment has greatly improved and that youth unemployment had greatly reduced due to enhanced entrepreneurship training. The study also established that entrepreneurship training can enhance entrepreneurial capabilities and performance. These findings are in agreement with Schoof (2006) who argues that the more business assistance a young entrepreneur obtains in the startup and new business phases the better his or her chance of creating successful and sustainable business. The findings also agree with Franz (2014) who is of the opinion that entrepreneurship training contributes to building capabilities, skills and mindsets about or for the purpose of entrepreneurship. The findings also agree with Chigunta (2002) who argues that enterprise education can be a path towards developing enterprising skills, behaviors and attitudes and can provide insight into and help young people understand about the entrepreneurial and business development processes.

5.3.3 The Effect of Government Policy in the Success of Youth Enterprises

The study findings indicate the government had prioritized the development needs of its young people, however, there was a lack of awareness of the Kenya National Youth Policy amongst majority of the respondents. As a result of this unawareness, majority of the respondents could neither agree or disagree with the fact that the NYP had strengthened the government’s capacity and effectiveness to respond to their needs; that the Policy allows youth to meaningfully engage in decision making processes; that the Policy had adequately communicated the country’s vision for the youth; that Policy has raised the national profile of young people and their needs; that the Policy has promoted youth participation in community and civic affairs; that the Policy has created proper conditions for the youth to empower themselves and safeguarded the rights of the youth and helped them understand
their responsibilities for the development of society. The findings are in agreement with ILO (2013) which states many governments do not promote effective youth participation in policy and decision making and see young people as passive recipients of national resources or the root causes of society’s problems rather than viewing them as stakeholders who make an important contribution to their countries’ development and whose involvement needs to be properly nurtured and cultivated. These findings agree with Chigunta (2002) who argues that countries need explicit policies on youth and to urgently design compressive national youth policies that indicate the directions a country intends giving to the development of its young people. Chigunta (2002) further argues that such policies should be properly integrated with key macro and sectoral policies in order to avoid treating the youth in isolation.

5.4 Conclusions

5.4.1 The Effect of Finance on the Success of Youth Enterprises

Financial support services offered by the KYEDF were found to have registered significant success in nurturing and developing new enterprises. Youth entrepreneurs know they have an alternative source of finance that is easily accessible and has youth-friendly terms to enable them start and/or expand their businesses. Improving the business environment in the informal sector is particularly important for young entrepreneurs who are regularly faced with harassment by public officials. The recent initiative by the government to allocate a specific share of public contracts to youth (among other target groups) is one step towards addressing market access challenges faced by the youth.

5.4.2 The Effect of Entrepreneurship Training on the Success of Youth Enterprises

Training and skills development is crucial in building the capacity of youth entrepreneurs to start and run successful business. Youth entrepreneurs need continuous training to ensure that the financial support they receive go a long way in creating a lasting impact in their lives and the economy at large. Kenya has a vast and diverse landscape of programs and initiatives in support of self-employment, entrepreneurship and SME development. A World Bank study on entrepreneurship and training (EET) in Kenya listed some 110
programs whose objectives were mainly economic empowerment, promotion of an entrepreneurial culture and enhancing opportunities for youth.

5.4.3 The Effect of Government Policy in the Success of Youth Enterprises

The study has established that there is little awareness of the Kenya National Youth Policy, however, there was a good perception that the Government had prioritized the development needs of its young people. Various sector policies developed under the umbrella of Vision 2030 national development framework have contributed from different angles to the emergence of initiatives and approaches that affect employment chances of youth. Needless to say, youth enterprise promotion is a cross-sectoral challenge, with a myriad of public offices and agencies as well as private stakeholders involved. A strong youth policy will need to undoubtedly set out the role(s) of the Government, NGOs, the private sector, donor agencies and the local community; strengthen existing institutions which involves developing the internal management capacity of service providers; promoting partnership development amongst the Government, private sector, NGOs, and other institutions, and creating support networks and effective channels through which knowledge, resources and good practices can be exchanged.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Financing Effects on the Success of Youth Enterprises

The lack of adequate capital is one of the most prominent impediments to young people seeking to create their own business. The study recommends that the government though the KYDEF increase the funds available to support youth entrepreneurs. This will ensure adequacy of the loans advanced to the youth entrepreneurs. Youth enterprises can be promoted through the provision of various types of finance and funding. Start-up grants and provision of soft-, micro and government guaranteed loans can aim to promote the establishment of enterprises by the youth. However, as Chigunta (2002) points out, to promote effective micro credit programs, such programs have to meet the needs of young entrepreneurs.
5.5.1.2 Entrepreneurship Training Effects on the Success of Youth Enterprises

The study recommends that the KYEDF re-evaluate its training and skills development approaches to ensure that they are proactive and are broadened to include subjects such as life skills. There is need for KYEDF to work with stakeholders in the education sector with a view to starting appropriate entrepreneurship education and other initiatives to nurture entrepreneurial attitudes in primary and secondary schools. The school environment can have an important impact on young men and women and is a significant influence on their life and career aspiration. Therefore, awareness-raising programs at primary and secondary school level designed to acquaint students with the philosophy of entrepreneurship by developing beliefs, behaviors and motivation will have a long-term effect and will exert a positive influence on enterprise culture.

Youth entrepreneurs need more than access to credit, they also need to know how to develop business plans, how to manage their businesses and finances, time and stress management, how to improve sales and to manage and reduce costs and debts. This calls for a round package for the promotion of youth entrepreneurship which should encompass skills training, business counseling, mentorship and creation of support networks.

The government should also initiate policy priorities, programs and projects aimed at making entrepreneurship education and training systems more responsive to the needs of the youth. The study also recommends the development of an integrated youth enterprise and market information services to provide a link between young entrepreneurs and potential markets/customers.

The study also recommends the profiling of the most successful youth enterprises funded by the KYEDF to be used as case studies in the training and skills development programs of the Fund.

5.5.1.3 Government Policy Effects on the Success of Youth Enterprises

The National Youth Policy is unknown to majority of the respondents. The study therefore recommends the need to create awareness of the policy amongst the youth. This can be
achieved by launching countrywide campaigns to raise general awareness of the existence and contents of the NYP, disseminating the NYP using a variety of mass, electronic and social media; producing “popular” versions of the policy in English, Swahili and vernacular that can be easily understood by all; mobilizing the youth to join the National Youth Council and coordinate and monitoring the implementation of the Youth Policy.

In addition to awareness creation, the National Youth Policy should promote programs that encourage youth enterprises with the objective for the promotion of youth enterprise as a means of youth development, economic empowerment and employment creation. Promoting enterprises amongst youth helps them to develop new skills and experiences that can be applied to many other challenges in life. It creates employment, both for the youth who owns the enterprise and those employed in the business. Youth enterprise provides valuable products and services for the economy and the country as a whole.

There is an urgent need to mainstream youth in national policies and interventions that address the Small and Micro Enterprises (SME) sector. Policy options should be part of an integrated framework that promotes economic development and employment creation. This integrated framework should combine macro-economic policies and measures to tackle labor demand and supply and the quantity and quality of jobs created for the youth. The government should also accord highest priority to policies and national programs that provide incentives to promote youth entrepreneurship and facilitate access to finance.

There is need for a clear and comprehensive policy framework to promote youth entrepreneurship and self-employment. The concern of government should be to increasingly foster a spirit of enterprise and promote self-employment as an important part of its efforts to reduce youth unemployment. By initiating more youth enterprise promotion programs, the government will encourage entrepreneurial activity among the youth. Such programs should be aimed at in-school and non-school youth. In-school programs will aim to raise awareness about the importance of entrepreneurship and promote an entrepreneurial culture among young people. Non-school programs will be more practical oriented and provide concrete support to business start-ups.
5.5.2 Recommendations for Further Studies

The study recommends that further research be conducted to ascertain each one of the factors identified in this study. Further research can also be conducted on the factors affecting the success of youth enterprise development funded projects in other constituencies and counties of Kenya to draw contrasts and comparisons.

Further evaluation studies can be done in subsequent years to see whether the KYED Fund’s systems are more efficient and effective. It would also be interesting to research how the fund evolves and the patterns of loan repayments over time as interventions are applied. Future studies on the KYEDF could entail investigating whether youth microfinance works better when there is collateral required from youth for loans they access, as is the case with other microfinance institutions funds for youth. There is also need to investigate if youth funding works better by mainstreaming youth in normal banking institutions (making them a focus group with specialized products) rather than having standalone funds such as the KYEDF fund.


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## Appendix 1: Funds Disbursed by the KYED Fund to date

<table>
<thead>
<tr>
<th>County</th>
<th>Total No. of Enterprises</th>
<th>Total Disbursement (KES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi</td>
<td>35,238</td>
<td>1,802,741,567.50</td>
</tr>
<tr>
<td>Mombasa</td>
<td>6,995</td>
<td>347,608,130.00</td>
</tr>
<tr>
<td>Kwale</td>
<td>2,537</td>
<td>93,377,582.00</td>
</tr>
<tr>
<td>Kilifi</td>
<td>5,189</td>
<td>160,871,215.00</td>
</tr>
<tr>
<td>Tana River</td>
<td>617</td>
<td>16,309,670.00</td>
</tr>
<tr>
<td>Lamu</td>
<td>1,043</td>
<td>21,240,000.00</td>
</tr>
<tr>
<td>Taita Taveta</td>
<td>3,225</td>
<td>55,219,230.00</td>
</tr>
<tr>
<td>Garissa</td>
<td>1,773</td>
<td>62,214,129.00</td>
</tr>
<tr>
<td>Wajir</td>
<td>604</td>
<td>24,150,852.00</td>
</tr>
<tr>
<td>Mandera</td>
<td>413</td>
<td>14,677,500.00</td>
</tr>
<tr>
<td>Marsabit</td>
<td>658</td>
<td>21,076,145.00</td>
</tr>
<tr>
<td>Isiolo</td>
<td>1,770</td>
<td>44,257,360.00</td>
</tr>
<tr>
<td>Meru</td>
<td>18,175</td>
<td>560,563,739.00</td>
</tr>
<tr>
<td>Tharaka Nithi</td>
<td>3,341</td>
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<tr>
<td>Embu</td>
<td>10,860</td>
<td>246,026,692.00</td>
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<td>Kitui</td>
<td>3,756</td>
<td>110,683,372.00</td>
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<td>Makueni</td>
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<td>65,243,375.00</td>
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<td>Nyandarua</td>
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<td>Nyeri</td>
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<td>Kirinyaga</td>
<td>6,559</td>
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<tr>
<td>Muranga</td>
<td>9,050</td>
<td>325,352,531.00</td>
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<td>Kiambu</td>
<td>14,053</td>
<td>624,843,407.00</td>
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<tr>
<td>Turkana</td>
<td>1,134</td>
<td>45,234,730.00</td>
</tr>
<tr>
<td>West Pokot</td>
<td>868</td>
<td>39,159,550.00</td>
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<tr>
<td>Samburu</td>
<td>399</td>
<td>9,625,700.00</td>
</tr>
<tr>
<td>Trans Nzoia</td>
<td>3,061</td>
<td>132,288,269.00</td>
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<tr>
<td>Uasin Gishu</td>
<td>6,360</td>
<td>326,168,764.00</td>
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<tr>
<td>Elgeyo Marakwet</td>
<td>1,179</td>
<td>33,180,746.00</td>
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<tr>
<td>Nandi</td>
<td>4,634</td>
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<td>Baringo</td>
<td>2,351</td>
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<td>Laikipia</td>
<td>3,421</td>
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<td>Nakuru</td>
<td>16,147</td>
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<td>Narok</td>
<td>1,856</td>
<td>89,722,031.00</td>
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<tr>
<td>Kajiado</td>
<td>2,729</td>
<td>110,170,006.00</td>
</tr>
<tr>
<td>Kericho</td>
<td>10,590</td>
<td>283,781,381.00</td>
</tr>
<tr>
<td>Bomet</td>
<td>1,576</td>
<td>45,019,852.00</td>
</tr>
<tr>
<td>County</td>
<td>Total No. of Enterprises</td>
<td>Total Disbursement (KES)</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Kakamega</td>
<td>6,643</td>
<td>228,355,010.00</td>
</tr>
<tr>
<td>Vihiga</td>
<td>2,269</td>
<td>92,333,720.00</td>
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<tr>
<td>Bungoma</td>
<td>11,025</td>
<td>145,531,256.00</td>
</tr>
<tr>
<td>Busia</td>
<td>10,601</td>
<td>90,065,592.00</td>
</tr>
<tr>
<td>Siaya</td>
<td>4,281</td>
<td>151,803,524.00</td>
</tr>
<tr>
<td>Kisumu</td>
<td>4,132</td>
<td>188,333,133.00</td>
</tr>
<tr>
<td>Homa Bay</td>
<td>6,348</td>
<td>138,611,237.00</td>
</tr>
<tr>
<td>Migori</td>
<td>1,514</td>
<td>60,721,275.00</td>
</tr>
<tr>
<td>Kisii</td>
<td>6,853</td>
<td>298,376,990.40</td>
</tr>
<tr>
<td>Nyamira</td>
<td>2,674</td>
<td>95,595,475.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>260,553</strong></td>
<td><strong>9,306,385,519.90</strong></td>
</tr>
</tbody>
</table>
Appendix 2: Questionnaire

I am conducting a research on “Factors Affecting the Success of Youth Enterprise Development Funded Projects in Kenya: A Survey of Langata Constituency in Nairobi County”. Thank you for taking time to complete this questionnaire. Your responses will be treated with absolute confidentiality and will be anonymous. If you have any queries regarding this questionnaire, kindly contact Angelina Musera, Tel: 0725 746 836

Background Information

1. What is your gender? *(Please tick 1)*
   - Male □
   - Female □

2. What is your age range?
   - Below 18 years □
   - 18-25 years □
   - 26-35 years □
   - 36-45 years □
   - Over 45 years □

3. Highest level of education attained *(please tick 1)*
   - Primary Level □
   - Secondary Level □
   - Tertiary Level □
   - University Level □

4. Years in self-employment *(Please tick 1)*
   - Less than 1 year □
   - 1-3 years □
   - 3-6 years □
   - Over 6 years □

5. What type of business are you engaged in?

..................................................................................................................................................................................................................................................................................................................................................................................
6. What is the legal status of your business? *(please tick one)*

- [ ] Sole Proprietor
- [ ] Private Limited Company
- [ ] Partnership
- [ ] Self Help Group
- [ ] Informal
- [ ] Other (please explain) ........................................................................................................

7. How many employees do you currently have?

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

**Finance**

8. What year did you join YEDF? ...........................................................................................

9. What motivated you to join the YEDF?

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

10. Since joining YEDF how many times have you obtained loans?

- [ ] Once
- [ ] Twice
- [ ] Thrice
- [ ] More than three times

11. What has been the average loan obtained from the YEDF *(please tick one)*

- [ ] Less than 50,000
- [ ] 50,001 – 100,000
- [ ] 100,001 – 150,000
- [ ] 150,001 -200, 000
- [ ] More than 200, 000

12. How have you used the loans obtained through YEDF? *(please tick one)*

Start a business
- [ ]

Expand the business
- [ ]

Other
- [ ]

If other, please state..............................................................................................................

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

77
13. Besides the loan(s), what other benefit have you received from YEDF?
   □ Training
   □ Skills development
   □ Business Development
   □ Workshop/Seminar
   □ Other (please specify) .................................................................

14. What is your opinion about the YEDF in empowering youth?
   □ Excellent
   □ Very good
   □ Good
   □ Fair
   □ Poor

15. What other interventions would you recommend to the YEDF to provide to its members?
   ...........................................................................................................
   ...........................................................................................................

16. Please indicate your degree of agreement with the following statements about YEDF projects success. Kindly Use the following criteria.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree (5)</th>
<th>Agree (4)</th>
<th>Neutral (3)</th>
<th>Disagree (2)</th>
<th>Strongly disagree (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success of Youth projects has greatly improved within the last five (5) Years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The resource utilization in Youth projects is more effective than five years ago</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover in Youth enterprise has greatly improved within the last five (5) years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The youth entrepreneurs have reduced their reliance on Youth Enterprise Development Funding than they were five years ago.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Entrepreneurship Training**

17. Have you taken part in any entrepreneurial education and training program before starting this business?
   □ Yes
   □ No

If yes:
What was the program(s)? ..........................................................................................
...........................................................................................................
18. Have you taken part in any entrepreneurial education and training after you started this business?
   Yes [ ]
   No [ ]

If yes:
What was the program(s)?

19. Please indicate your degree of agreement with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of your group have been effectively trained on various skills and management of YEDF Projects.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The training program has been effective in making YEDF initiatives readily understood by your members.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Projects turnover has greatly improved due to enhanced entrepreneurship skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>The resource utilization in YEDF projects is more effective due to enhanced entrepreneurship training.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Loan repayment in YEDF Projects has greatly improved due to enhanced entrepreneurship training.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The enterprise projects have reduced their reliance on public agencies or Youth Enterprise Development funding than they were five years ago due to enhanced entrepreneurship training.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>The youth unemployment has greatly reduced over the last five years due to enhanced entrepreneurship training</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Entrepreneurship training can enhance entrepreneurial capabilities and performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
20. Do you know about the Kenya National Youth Policy?
   Yes ☐  No ☐

21. Please indicate your degree of agreement with the following statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The government has prioritized the development needs of its young people</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>The national youth policy has strengthened the government's capacity and effectiveness to respond to the needs of youth</td>
<td></td>
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<tr>
<td>The youth policy allows youth to meaningfully engage in decision making processes.</td>
<td></td>
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</tr>
<tr>
<td>The National Youth Policy has adequately communicated the country's vision for the youth</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>The National Youth Policy has raised the national profile of young people and their needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The National Youth Policy has promoted youth participation in community and civic affairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The National Youth Policy has created proper conditions for the youth to empower themselves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The National Youth Policy has safeguarded the rights of the youth and helped them understand their responsibilities for the development of society.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for your cooperation
1st April 2015

The Chief Executive Officer
Youth Enterprise Development Fund
National Bank of Kenya Building
8th Floor, Harambee Avenue
Nairobi, Kenya

Dear Sir/ Madam

RE: RESEARCH PROJECT BY ANGELINA DARINI MUSERA, STUDENT ID 639416

The bearer of this letter is a student at United States International University-Africa pursuing Master's Degree in Business Administration (MBA).

As part of the program, she is required to undertake a research project on “Factors affecting the success of Youth Enterprise development funded projects in Kenya: A survey of Langata Constituency, Nairobi County”; which requires her to collect data and information from various relevant institutions.

Kindly assist by enabling her access data, information and contact to respondents who can complete her questionnaires. I assure you that the information provided will be treated with utmost confidentiality.

Should you have any enquiries regarding the student research please feel free to contact me.

Yours faithfully,

Dr. Amos Njuguna
Associate Dean, Chandaria School of Business
Email: amnjuguna@usiu.ac.ke
Appendix 4: KYED Authorization Letter

Dear Sir/Madam,

RE: REQUEST FOR INFORMATION

The above matter refers.

We hereby grant permission for the above study to be conducted at Youth Enterprise Development Fund on the following conditions:

The United States International University and the Researcher undertakes to observe confidentiality regarding any information which shall be availed to them and the content of the research reports shall not be used by the author, the USIU, or other person without the permission of the Youth Enterprise Development Fund. The Researcher will liaise with our Monitoring and Evaluation & Credit Units.

Yours sincerely,

[Signature]

CATHERINE A. NAMUYE
CHIEF EXECUTIVE OFFICER