ANALYSIS OF THE FACTORS INFLUENCING THE IMPLEMENTATION OF YOUTH ENTERPRISE DEVELOPMENT FUND: A CASE OF YOUTH GROUPS IN MACHAKOS DISTRICT.

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DECLARATION

I declare that this research project is my original work and has not been presented for award of degree in any other university

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Date 25/10/2011

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Chairman Department of Business administration
DEDICATION

I dedicate this work to my dear husband Gilbert, daughter Noella, dad Patrick Mwangi, Mum Esther Wairimu, Sisters Grace and Lucy, brothers Peter and Ernest, classmates and friends who have never failed to give me support.
ACKNOWLEDGEMENT

This research proposal has been accomplished with the encouragement, support and contribution from a number of people whom I am deeply indebted. I owe special thanks to my family members, who have supported me both financially and morally throughout the research. To my supervisors, Chrispen Maende and Jane Esther Karugu, for their guidance and insight throughout the research project.
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<th>Description</th>
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<tr>
<td>DSDc</td>
<td>Divisional Social Development Committees</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>ENZT</td>
<td>Enterprise New Zealand Trust</td>
</tr>
<tr>
<td>KNYC</td>
<td>Kenya National Youth Council</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communications Technology</td>
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<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
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<td>SMEs</td>
<td>Small and Medium Enterprise sector</td>
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<td>MFIs</td>
<td>Micro Finance Institutions</td>
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<td>NYP</td>
<td>National Youth Policy</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<tr>
<td>YEDF</td>
<td>Youth Enterprise Development Fund</td>
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<td>YEF</td>
<td>Youth Enterprise Fund</td>
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<td>YES</td>
<td>Young Enterprise Scheme</td>
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## DEFINITION OF OPERATIONAL TERMS

<table>
<thead>
<tr>
<th>Term</th>
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<tr>
<td>Development</td>
<td>the process of adding improvements on or to something. Armstrong (2007) defines development as an unfolding process that enables people to progress from a present state of understanding and capability to a future state in which higher-level skills, knowledge and competence are required</td>
</tr>
<tr>
<td>Enterprise or material</td>
<td>is a venture undertaken by someone in order to gain profit benefit.</td>
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<tr>
<td>Entrepreneurship</td>
<td>is the process of being an entrepreneur, of gathering and allocating the resources (creative, managerial, or technological) necessary for a new venture’s success. It is also used to mean a process of identifying a viable business opportunity, gathering the necessary resources together and managing them in order to come up with a product or service to satisfy a need or market with the main objective being profit maximization</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>is one who organizes a new business venture in the hopes of making a profit. It is also used to mean a person who takes risk and organizes the factors of production to generate a product or service for a profit</td>
</tr>
<tr>
<td>Evaluation</td>
<td>is systematic determination of merit, worth, and significance of something or someone using criteria against a set of standards.</td>
</tr>
<tr>
<td>Youth</td>
<td>is a condition or quality of being young. It also used to mean a person who is 35 years old and below.</td>
</tr>
<tr>
<td>Analysis examination</td>
<td>separation of a whole into its component parts for close examination</td>
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ABSTRACT

The purpose of this study was to evaluate the implementation of youth entrepreneurship fund in Machakos district. Three research objectives were formulated to guide the study. The sample comprised of 122 respondents drawn from 22 youth groups. Data was collected by use of questionnaire. Findings indicated that access to youth funds affected the implementation of youth entrepreneurship fund. Findings also indicated that lack of or inadequate funding affected the implementation of youth entrepreneurship fund. These findings indicate that the youth did not receive training once they received funds and hence this affected the implementation of the youth development funds in the district. It was also reported that entrepreneurs were often not confident that they know their job well. Due to lack of training the youth faced challenges in implementing the youth’s funds as was reported by all the respondents. It was also revealed that awareness and understanding of the youth fund’s implementation policies affected the implementation of the youth funds. Based on the findings it was concluded access to youth funds affected the implementation of youth entrepreneurship fund. This was attributed to factors such as youth not receiving adequate funds and in time; having no clear direction of how the youth fund is to be disbursed and having no clear cut on how the youth fund is to be used. The study also concluded that lack of or inadequate funding affected the implementation of youth entrepreneurship fund. For instance youth entrepreneurs often lacked training for entrepreneurial duties. They did not also receive training upon receiving the funds. The entrepreneurs were often not confident that they know their job well. The study also concluded that awareness and understanding of the youth fund implementation policies affected the implementation of the youth fund. For example, the respondents agreed that youth entrepreneurs are often not familiar with entrepreneurial duties. The youth groups were not aware of the implementation of the policies of the youth funds while the implemented in a hurry hence affecting its implementation. Based on the findings, it was recommended that the parties concerned should assist the groups have proper leadership structures which will facilitate management of micro finance funds. It was also recommended that the ministry concerned should provide technical support by for example training so that they are able to manage the micro finance funds. The groups should be assisted to come up with realistic and achievable goals and objectives so that finances can be disbursed in the best way possible and lastly that the groups should be provided with loans by funders and donors and even the government so that they can achieve their goals and objectives. Taking the limitations and delimitations of the study, it was suggested that a study on the how formal education affects performance in management of micro economic funds should be conducted. The researcher also suggested that since this study was conducted in one administrative district, a similar study could be conducted in other areas to establish if factors are the same. It was also suggested that a study on attitude of members towards youth group and how it affects management of the groups should be conducted.
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

This chapter covers the background to the study, the statement of the problem, scope of the study, objectives, and hypotheses of the study, limitations and delimitations of the study, significance of the study and assumptions of the study.

Youth entrepreneurship has been touted by educators and employers as an alternative means for acquiring skills and attitudes necessary for entering the workforce (Tweeten, 1992; Bishop, 1991). Sexton and Bowman-Upton (1991) define entrepreneurship as the process of identifying opportunities, gathering resources, and exploiting these opportunities through action. While explanations of entrepreneurship have adopted different theoretical assumptions, most of these concern three central features of entrepreneurial phenomena: the nature of entrepreneurial opportunities, the nature of entrepreneurs as individuals, and the nature of the decision making context within which entrepreneurs operate. Nonetheless, various theoretical traditions in the field have adopted radically different interpretations with respect to these assumptions of entrepreneurial phenomena, therefore arriving at different explanations of these phenomena.

The question of how youth entrepreneurship and job-readiness interventions affect adolescent development is embedded within a broader set of issues about the nature of youth development, and the growth of competence and responsibility
during this phase of life. Employed teens may feel themselves to be more dependable and responsible than those who are not employed and are perceived to be more independent. In general, vocational education during adolescence has generally been felt to be a character-building exercise, and youth who work during this phase of life evidence changes in domains such as self-reliance, self-esteem, and practical knowledge, while showing reductions in problem behaviors such as delinquency and alcohol use. There are three major avenues through which potential entrepreneurship may be influenced: self-perception as a potential entrepreneur; educational preparation; and socialization (Lethbridge, et al 2000)

The level of unemployment in Kenya like other developing countries is very high. Average unemployment is currently 23%, and is even higher for youth that drop out of school and for women, averaging 25% in both cases (KNBS, 2009). The most hard-hit are the youth who after graduating from Universities and other institutions of learning, find themselves unable to secure formal employment opportunities, thereby failing to gainfully contribute to economic development of this country despite their enthusiasm, energy and drive. The resulting idleness has sometimes made the youth to drift into undesirable activities which have ended up wasting their energy. The Government on the other hand, has been keenly trying to address these problems. It has for instance promised to improve the operational environment such that the economy can create at least 500,000 new jobs every year (Kourilsky & Walstad, 1998)
Available statistics however, indicate that the unemployment problem is far from being over. But, like the rest of the world, the Kenya Government has now embraced entrepreneurship development through formulation of policies favorable to development of small businesses particularly in the recent years.

Youth entrepreneurship has been touted by educators and employers as an alternative means for acquiring skills and attitudes necessary for entering the workforce (Tweeten, 1992; Bishop, 1991). Sexton and Bowman-Upton (1991) define entrepreneurship as the process of identifying opportunities, gathering resources, and exploiting these opportunities through action. Indeed, the global focus of employment and wealth creation is the continued development of the Small and Medium Enterprise sector (SMEs) which forms the core of Entrepreneurship. Entrepreneurship is a slow process which demands amongst other factors calculated risk-taking, patience and above all commitment by all parties concerned. It is gratifying to note that the Kenyan can now be gainfully employed through setting up own businesses with the help of government funding. Whereas appreciating that financing is a major component of enterprise development, it may be necessary to consider other factors that may hinder sustainable entrepreneurship development amongst the youth.

The policy has put emphasis on certain strategic areas starting with employment creation. The priority groups are youth with disability, street youth, and youth infected with AIDS, female youth, unemployed youth and and-out-of-school youth. The policy also created the Kenya National Youth Council (KNYC),
whose mandate includes co-ordination of youth organizations, designing and intermittently reviewing the KNYP and developing an integrated National Youth Development Plan in consultation with the government and other partners.

Under the KNYP, the KNYC acted as an advisory, research, advocacy and policy institution on youth affairs in Kenya. Its aim was to promote and popularize the KNYP and other policies that affect the youth. Looking at the rules of the Fund, one can deduce that it is now official that the definition of youth is persons in the 18 to 35 years age bracket. Under the rules of the Fund, 50% of the Kshs 1.0 billion will be disbursed to newly formed youth groups in Kenya’s 210 constituencies. New groups, which should be registered and must have been in operation for at least three months, are required to send business proposals to the Divisional Social Development Committees by the last day of February. The groups are required to have a minimum of 12 members and can draw a maximum of Kshs. 50,000 every year which should be repaid within 12 months.

The other half of the fund was to be disbursed through 15 micro finance institutions (MFI) for onward lending to established youth groups that can draw up to Ksh. 500,000. The government has extended the funds to the Micro Finance Institutions (MFIs) such as Equity bank, as loans payable over three years. In turn, youth who will benefit from the Fund, through MFIs, which are charged an interest rate determined by individual lending institutions, but on a reducing balance basis. The population age bracket of 30 years and below constitutes about 75 percent of the Kenyan population and 67 percent of the unemployed are youth.
In realization that money is only one of the resources that apply to a business, it is inevitable that entrepreneurship culture and expertise be first inculcated to the youth and the prospective entrepreneurs of this country. This means that skills in entrepreneurship, business planning and financial management must elaborately be imparted before any funds are disbursed. If need be, the prospective applicants should be examined on these all important topics.

Most Kenyans, particularly experts feel that the Kshs.1 billion youth entrepreneurship development kitty is a revolving fund, which is meant to help entrepreneurs for a long time to come. To prepare the recipients of these funds, it may be worthwhile considering the experiences of micro financial institutions. Some have vast experience in managing micro enterprises which have graduated into SMEs having originally started from very humble beginnings. Some of the micro-businesses were initially financed through merry go round funds, borrowed from these institutions. The concepts applied had been benchmarked from Asia, particularly Bangladesh, and the origin of the famous Grameen Bank started by Mohamed Yunus. He upon witnessing abject poverty in the Rural Bangladesh, in 1974 abandoned lecturing in Economics and got involved in looking for solutions to poverty eradication. Indeed, his concepts have been widely practiced very successfully in Central and Southern America. If the systems and practices of such institutions are adopted in the management and disbursement of the funds, tremendous growth in entrepreneurship in this country will be witness particularly amongst the youth, who are endowed with energy, drive and creativity.
The Government’s introduction of an entrepreneurship development fund with a view to encouraging the youth to venture into self employment, is a very generous move. It deserves all the support from the various stakeholders. Meanwhile, it is assumed that this is a long term measure to encourage entrepreneurship development. In this regard therefore, long term measures should be put in place to improve chances of success of the effort. Above all, the Government must address the issue of nurturing entrepreneurship culture, both in the short and long run. Various approaches may be used in this respect. In Kenya self-employment is looked at as one way of creating employment for youth. Approximately 500,000 graduates from various tertiary academic institutions enter the job market annually (National Youth Policy 2002). However, due to low economic growth, rampant corruption, nepotism and demand for experience by potential employees, a majority of youth remain unemployed (National Youth Policy 2002).

Many economic studies that have been done previously relating to enterprises have put focus on large enterprises utilizing scale economics (Gray and Lawless, 2000). Small and medium sized enterprises have only just emerged as a field of study in its own right, as a result of the innovations and the solution they provide to different economic problems, particularly in terms of employment. While it has been an argument that a small firm, because of its size, cannot make a substantial contribution to the economy, as there are so many small firms, their collective contribution is substantial. For example, according to data from European Observatory (ENSR, 1997), SMEs employing up to 250 people accounted for 68 million jobs in the European Union in 1995. In Nigeria, SMEs account for 95% of
formal manufacturing activity and 70% of the industrial jobs. In South Africa micro and small firms provided more than 55% of the total employment and 22% of GDP in 2003 (OECD, 2005). In 2003, SMEs in Kenya employed 3.2 million people and accounted for 18% of the national GDP. Despite the apparent significance associated with these firms and the numerous policy initiatives introduced by African governments during the past decade to accelerate the growth and survival of SMEs in the African region, there has been disappointing performance of SMEs with the mentality of the SMEs remaining high (Business Time, 1990). In Kenya, the past statistics has indicated that three out of five businesses fail within the first few month of operation (Kenyan National Bureau of Statistics, 2003).

Consequently, there is need to work hard to understand how and why entrepreneurs succeed, as this is the key in ensuring youth employment. In June 2006, six months after the establishment of the Ministry of Youth Affairs, the Finance Minister announced the creation of the Youth Enterprise Development Fund (YEDF) and allocated Ksh1bn in his budget to be disbursed as loans to the youth to set up enterprises at concessionary rates and without collateral. In September 2006 the nascent Ministry of Youth Affairs hosted the Youth Employment Summit (YES) in Nairobi to seek ways and means of empowering the youth economically. On 8 December 2006, the Finance Minister gazetted the rules on how the Youth Enterprise Fund (YEF) would operate and on 1 February 2007, President Mwai Kibaki officially launched the initiative to pave the way for the disbursement of funds. The Ministry of Home Affairs, Heritage and Sports
first drafted the Kenya National Youth Policy (KNYP) in December 2002. The goal of the policy is to promote youth participation in community and civic affairs and to ensure that government programmes are youth-centred and engaged the youth.

1.2 Statement of the problem

According to KNBS (2009), the level of unemployment in Kenya like other developing countries is very high. The most hard-hit are the youth who after graduating from higher institutions of learning, find themselves unable to secure formal employment opportunities, thereby failing to gainfully contribute to economic development of their country. The resulting idleness and excitement has sometimes made some of the young people to engage in undesirable activities which have make them waste their energy and time. In the year 2009 the ministry of youth affairs carried out an analysis of the youth situation in the country in which the government expressed the need for “measures which will help the young people develop their livelihoods based on their talent and creativity (Republic of Kenya, 2009). Entrepreneurship, innovation and talent which were among the ranks of the most important issues relay on education and training and there is no nationally agreed policy on skills development in the informal sector and no discussion on what steps might need to be taken for manpower development and therefore economic transformation (Republic of Kenya, 2005b).
Despite the implementation of the youth fund, there has been no documentation of how the youths have been trained in the implementation of the youth fund in Machakos district. There was no prior preparation on the part of the youth on how to implement the youth fund. This has therefore been a challenge for many youth groups. According to studies by Wamahi (2011) and Mumbi (2010) youth groups in Kikuyu and Tetu divisions had not received training on the implementation of the youth fund. The youth had not been inducted in matters of proposal development among other factors which were a hindrance to effective implementation of the youth fund. The problem is that we have young entrepreneurs who are not prepared enough for entrepreneurship skills required for them to venture into entrepreneurial activities. Hence, preparation should be done before disbursement of the Youth Enterprise Development Fund. This study therefore aimed at analyzing the implementation of YEDFs in Kenya taking a case of youth groups in Machakos district.

1.3 Purpose of the Study

The purpose of this study was to analyze the implementation of youth entrepreneurship fund in Machakos district. The study focused on the extent to which the youth groups are able to access the fund, the training they have received on the use of the funds, their awareness and understanding of the policies for implementation and the challenges that they face in the implementation of the funds.
1.4 Objectives of the Study

The objectives of this study were divided into two namely broad and specific objectives

1.4.1 General objective

The general objective of this study was to analyze the implementation of youth entrepreneurship fund in Kenya a case study of youth groups in Machakos district.

1.4.2 Specific Objectives

1. To determine whether access to youth funds influence the implementation of youth entrepreneurship fund.

2 To establish if training offered by government is enough to influence the successful implementation of YEDFs.

3 To establish whether awareness and understanding of the youth fund implementation policies has influenced the implementation of youth entrepreneurship fund.
1.5 Research questions

The study was guided by the following research questions

1. Does access to youth fund influence the implementation of youth entrepreneurial development fund in Machakos district?

2. Does the training offered by the government appropriate in promoting entrepreneurial culture among the youths to ensure successful implementation of YEDFs in Machakos district?

3. How does the awareness of the policies and level of education influence the effective administration of YEDF in Machakos district?

1.6 Scope of the Study

The scope of this study was on the implementation of youth entrepreneurship in Machakos district. This was because the researcher had been working in this district and has been involve with young people in the local church. The study focused on the youth groups which have been registered by the government and which have benefited from the youth fund. This is because there are many other organizations helping the youths in the district which include the local churches and AMFREF. The study sought to analyze the access to youth funds, training offered to the youths and awareness and understanding of implementation policies
regarding YEDFs. Hence, this study targeted 24 youth groups within the district of Machakos.

1.7 Limitations of the Study

The study had three limitations namely; - first, the respondents may have give socially acceptable responses to please the researcher. To mitigate this limitation the researcher created rapport with the respondents and request them to be truthful. Second, practically all the groups should be studied but due to inadequate time to visit all the groups in the district and expense therein. Hence, the researcher therefore representatively sampled the groups so that the findings can be generalisable. Finally, despite the fact that there many research and findings which have been discovered in the past century, the researcher only reviewed secondary data that was published between the year 2000 and 2011. This is because the above data is deemed reliable in as far as solutions to the problem under investigation is concern.

1.8 Significance of the Study

The findings of this study are of importance to the government in providing information on how the youths’ fund is being implemented and hence seek for effective practices. The findings of the study are also important to the youth
groups in various places in Kenya in analyzing the implementation process of the youth's fund and hence may be advised on better practices. To the Government of Kenya, the study provided information and evidence, of performance of the youth fund and whether this strategy taken to reduce unemployment has been effective. Has a positive impact on the performance of the service providers. If the strategy is found to be successful then similar reforms can be replicated in other government Ministries/ departments. The youths themselves across the district will benefit from the study in that they will adopt the best practices that will be recommended at the end of the study. Thus, the process of implementation of the YEDFs will be made effective and affective. The research findings may benefit those organizations such as UNDP and World Vision whose aim and mission are to empower young people as an economic tool for fighting poverty. The researcher and academicians will also use the study as a basis to carry out other research in other related problems affecting YEDFs in Kenya. Finally, the study opened new paths for further investigation where youths' economic contribution is hope for future of many nations. Hence, the researcher hopes that the findings would awaken many students interested in this field to see other related youth’s empowerment issues vis-à-vis economy our nation.

1.9 Assumptions of the Study

There are several other factors that influence the implementation of youth fund that were not covered in this study. These included the attitudes of the youth
towards the fund, political interference on the youth fund, lack of skills implementation policies. It is also assumed that the youth have benefitted from the youth fund.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter focuses on the literature review. The chapter focuses on the government policy on entrepreneurship, Youth entrepreneurship policy and assistance initiatives, influence of training on implementation of youth fund, influence of funds disbursements in implementation of youth enterprise fund and lessons from successful countries. The study also presents the conceptual framework for the study.

2.1 Government policy on entrepreneurial activity

An enduring claim in the field of entrepreneurship is that entrepreneurial activity promotes economic growth and development. This realization, in turn, has generated a significant amount of interest in how government policies may be instrumental in fostering entrepreneurial activity, and whether their effects may be consistent across countries. Schumpeter (1934) stressed the role entrepreneurship plays in the development and spreading of innovation. Along complementary lines, Acs and Szerb (2007) argue that the main contribution of entrepreneurship to economic growth consists in playing the role of a "knowledge filter" that transforms inventions into commercially viable products and processes.
In the last decade or so, many governments have paid increasing attention to entrepreneurship and have implemented policies aimed at fostering it in their countries. Unfortunately, the results of such policies have been mixed and, with some exceptions, researchers have been unable to tackle this issue satisfactorily. In fact, a broad search of the literature reveals that the fundamental and general question of how, and if, governments are able to influence positively entrepreneurial activity is far from being resolved (Capelleras, 2008).

The relationship between entrepreneurship and economic growth has seen increased interest at the local, state, and national levels, and recent studies have shown that the contribution of the entrepreneurial sector to employment and Gross Domestic Product (GDP) is increasing (Audretsch, D., Grilo, I., & Thurik, R. (Eds.). (2007).. A significant amount of work has also established that entrepreneurial activity has important social implications (Chell, 2007). As a result, policy discussions have centered on the idea that governments seeking to stimulate their economies should reduce constraints on entrepreneurship (Acs and Szerb al., 2004; Minniti, Bygrave and Autio, 2006).

In practice, entrepreneurship policy presents a significant challenge since, more than for any other type of industrial policy; its effectiveness depends on the establishment of an appropriate trade-off between market concentration and productivity performance. In this trade-off, low degrees of market power, characteristic of highly fragmented industries, yield higher industry performance; but high degrees of market power, characteristic of oligopolies, often yield
economies of scale and scope (Audretsch, D., Grilo, I., & Thurik, R. (Eds.). (2007). During much of the last century, industrial policies focused on finding mechanisms capable of harnessing efficiencies associated with large-scale production while, at the same time, minimizing the negative effects resulting from industrial concentration. The result of these efforts, together with attempts to correct alleged market failures, resulted in the routine use of regulations, antitrust laws, and various forms of public ownership (World Bank, 2004). Thus, to a large extent, the entrepreneurial sector remained excluded from industrial policy except for the widespread belief that it should be somewhat protected for political and social reasons.

In the 1980s, Western countries, faced with the inability to sustain competitive production and the growing importance of the service sector, began privatizing publicly-owned enterprises and reducing regulatory controls on industries. Audretsch and Thurik (2001) argue that the role of the entrepreneurial sector changed when industrial comparative advantages shifted toward knowledge-based economic activity. First, large firms in traditional manufacturing industries lost their competitive edge. Second, smaller and more flexible entrepreneurial firms gained new importance in an increasingly knowledge-based economy. Along similar lines, Gilbert, McDougall and Audretsch (2006) suggest that in the last 20 years, industrial policies have undergone a significant shift in which smaller and more dynamic ventures have been acknowledged as drivers of innovation, and a new set of interventions designed to promote entrepreneurial activity has emerged to promote the viability of such firms.
This renewed need for effective entrepreneurship policies rekindled the debate about how government can foster entrepreneurial activity. Baumol's (1990) distinction between productive, unproductive, and destructive entrepreneurship, coupled with North's (1990) analysis of institutions and their role in society, remain, to date, the most satisfactory framework to discuss entrepreneurship policy. Baumol (1990) argued that the supply of entrepreneurs and the nature of their motives undergo no significant change from one period to another: As Mises (1949) puts it, entrepreneurship is a characteristic of human action and can be found anywhere at any point in time. What matters, instead, are institutions, that is, the rules of the game dictating the ultimate effect of entrepreneurship on the economy via the allocation of entrepreneurial resources (Boettke and Coyne, 2007). In other words, Baumol's basic hypothesis is that, while the total supply of entrepreneurs is relatively constant across societies, the productive contribution of entrepreneurial activity varies because of its allocations between desirable activities, such as innovation, and unproductive activities, such as rent seeking or organized crime. Thus, by setting up the appropriate institutions, government policy can influence the allocation of entrepreneurship more effectively than it can influence its supply (Baumol, 1990).

Within this context, North (1990) provides a framework integrating the emergence of institutions with the development of entrepreneurship. The institutional environment determines the formal and informal rules of the game, places constraints on human action, and, possibly, reduces uncertainty. Thus, institutions (and the policies that shape them) are crucial in determining
entrepreneurial behavior. Entrepreneurship is the mechanism through which economic growth takes place, but institutions (such as the policy environment) are what allocate entrepreneurial efforts toward productive or unproductive activities by influencing the relative incentives and payoffs offered by the economy to such activities. Government policies mould institutional structures for entrepreneurial action, encouraging some activities and discouraging others (Wagner and Sternberg, 2004). It is therefore clear that government policy has the power to influence entrepreneurial activity. It is also clear that such influence is not necessarily desirable as it may steer entrepreneurs toward actions that have negative socioeconomic externalities.

One of the main policy implications of the previous analysis is that "one size does not fit all." In other words, if entrepreneurial efforts are to be allocated to productive activities, policy strategies, with respect to entrepreneurship, need to be tailored to the specific institutional context of each economic region (Wagner and Sternberg, 2004). For example, the environments required for the emergence of productive entrepreneurship are likely to differ significantly between a rural area, a high-technology cluster, and a metropolitan area. Therefore, policy design needs to take account of local differences, and to adapt to the different scale and nature of existing resources, networks, and market capabilities. In spite of this need for diversity, entrepreneurship policies tend to be based on a handful of policy tools. Among them are financing, taxation, regulations on trade, and encouragement of innovation activities.
Many attempts have been made at policies that enhance financing offerings to entrepreneurs (Harrison, Mason, and Girling, 2004). Specifically, governments have tried to reduce financial constraints faced by entrepreneurial ventures by adding instruments like mutual credit guarantee and microfinance schemes to traditional bank loans. Mutual credit guarantees have the advantage of reducing information asymmetries, thereby reducing transaction costs. Microfinance schemes, instead, have the advantage of circumventing the financial risk of the borrowers by selecting collateral requirements that are satisfied by non-monetary accountability based on reputation or small-group enforcement mechanisms (Khoja & Lutafali, 2008). The empirical evidence on the effectiveness of financing support, however, is mixed. While microfinance schemes are usually assessed positively, other forms of financing have been criticized. Li (2002), for example, shows that credit assistance programs in the form of interest subsidies exert strong effects on the allocation of credit to targeted entrepreneurs, but that this comes at the cost of non-targeted entrepreneurs. He also finds that total entrepreneurial activity is reduced and a significant loss of output is incurred.

Some governments have also directed their efforts towards attracting new venture capital. Here, the underlying assumption is that more venture capital allows an increase in successful entrepreneurial activity. The empirical evidence, however, is once again mixed. Cumming (2007), for example, found that the Australian Innovation Investment Fund governmental program, first introduced in 1997, has facilitated investment in start-up, early-stage, and high-tech firms, as well as cost-effective monitoring. Kreft and Sobel (2005), on the other hand, suggested that
the causal relationship between entrepreneurship and venture capital is reversed—in other words, that entrepreneurial activity attracts new venture funding while the reverse is not true. Finally, venture capital has been shown to account for only a very small amount of overall financing to entrepreneurship, and to be of significance only for a relatively small group of high-potential ventures in a limited number of countries (Bygrave and Quill, 2007).

A second common type of entrepreneurship policy includes the manipulation of taxes at various jurisdictional levels; the basic idea being that a taxation system favorable to smaller and entrepreneurial ventures may encourage more people to start businesses. Gentry and Hubbard (2000) studied to what extent progressive marginal tax rates discourage entry by entrepreneurs with the most promising business projects. Their results showed that while the level of the marginal tax rate has a negative effect on entrepreneurial entry, the progressivity of the tax also discourages entrepreneurship, and significantly so for some groups of households. This is consistent with Takii's (2008) argument that, as expansionary fiscal policy partially crowds out private consumption, entrepreneurship is discouraged when profit taxes are high and government expenditure does not reflect changes in consumers' tastes.

On the other hand, using U.S. time series to examine the importance of various taxes on self-employment rates, Bruce and Mohsin (2006) showed that most of these taxes have significant but negligible effects on entrepreneurship. Their results suggest that although taxes can have significant influences on
entrepreneurship, they are not likely to be effective tools for generating appreciable changes in its overall level. Also, Holtz-Eakin (2000) finds little support for asymmetric tax policies favoring entrepreneurial firms, and points out that, at the aggregate level, failure is not necessarily a negative phenomenon and, more important, that not enough is known about how to determine which firms to target for success or failure.

In the wake of strong competition from developing countries, the issue of policies aimed at the internationalization of entrepreneurial ventures has also attracted significant attention from various governments, and many countries regulate or restrict the movement of international business (Djankov et. al, 2002). Most often, these policies consist in the creation of tariffs or tax regimes that avoid penalizing venture capital profits, and in instruments such as export credits and export guarantees. Against such protectionist tendencies, Jones (2007) argued that barriers to trade are particularly costly and detrimental to the entrepreneurial sector. In an economy open to international competition, he argues, entrepreneurs can seek out new market opportunities, while at the same time meeting the highest global standards. Along similar lines, Puia and Minnis (2007) suggested that the regulation of entry, that is, the set of procedures governing the entry of new or international ventures, is particularly important for entrepreneurship, as countries with more entrepreneurship tend to be associated with lower levels of entry regulation. Finally, although traditionally internationalization has been described as a gradual, sequential process, more recent research has shown that firms do not necessarily follow any consistent pattern in their internationalization (McDougall
& Oviatt, 2005; Oviatt & McDougall, 2005). In fact, start-ups emerging in knowledge-based industries are likely to enter international markets directly and, as a result, are more likely to benefit from low trade barriers (De Clercq & Bosma, 2008).

While globalization has expanded the frontier of entrepreneurship, a fourth very common type of entrepreneurship policy has focused on local interventions. Storey (2003), for example, has identified several examples of different types of entrepreneurship policies which are increasingly at the state, regional, and local level. Among the best-known example of such policies are the creations of formal and informal support mechanisms like the chambers of commerce, training programs, publically sponsored incubators, and, most of all, science, technology, and research parks. Entry, growth, survival, and the way firms and industries change over time are linked to innovation. Thus, the performance of regions and even entire economies has been linked to how well the potential from innovation is expressed in the economy. Direct subsidies for R&D, support of linkages between universities and the private sector, response to the needs of specific localities or regions to be effective in encouraging innovation rather than simply importing successful policies from other areas (Jacobides, Knudsen, and Augier, 2006; Langley, Pals, and Ortt, 2005).

While these local entrepreneurial policies are still evolving, they are clearly gaining in importance and impact in the overall portfolio of economic policy instruments. In the last 20 years or so, governments have become increasingly
active in assisting entrepreneurs at the regional level and fostering industrial clusters, technology transfer, and high-tech start-ups under the assumptions that these sectors will be competitive in the future (O'Gorman and Kautonen, 2004).

Within the context of technological innovation, Audretsch and Feldman (1996) provided considerable evidence that knowledge spillovers result in both a geographic clustering of innovative activity, as well as an increase in start-ups across innovative industries, such as semiconductors (Almeida and Kogut, 1997), and biotechnology (Zucker, Darby, and Armstrong, 1998). Audretsch and Feldman (1996) also argued that knowledge is inherently different from traditional factors of production, such as land, labor, and capital in that it is uncertain, asymmetric, associated with greater transactions costs, and, as a result, more difficult to evaluate. While the contribution of innovation policy to entrepreneurship has become a crucial concern for today's policy makers, the implementation and assessment of policy remains problematic as many of these initiatives are still too young to be assessed (Cumming, 2007).

From the review of the literature on entrepreneurship policy, it is already evident that many important issues concerning the types and effectiveness of entrepreneurship policy have not yet been settled. Contributing scholars have a variety of disciplinary backgrounds including economics, organization theory, economic geography, and management. Looking at the development of nanotechnologies, Woolley and Rottner (2001) explore the relationship between innovation policy and new venture creation in the United States. Using an original
data set on the history of commercial nanotechnology, and the related new venture creation at the state level, the authors examine public policy initiatives for economics and for science and technology (S&T). They find a resulting increase in environmental munificence for new ventures and an acceleration of nascent entrepreneurship. Specifically they found out that the US states with both economic and S&T initiatives have six times as many new firms than states without such initiatives. They also find economic initiatives to have a stronger effect than S&T initiatives, probably because of their contribution to entrepreneurial infrastructure and short-term munificence. Finally, they find evidence of first-mover advantages as states with the earliest innovation policies also have higher rates of related firm founding over time. Overall, Woolley and Rottner (2001) contribute to the important debate on innovation policy and suggest that states that are most attractive to entrepreneurs, in addition to encouraging technological innovation also encourage and legitimize commercial development.

Moving from the industry level to the aggregate level, (Minniti, 2004; 2005) focuses on regional issues, looking specifically at the relationship between entrepreneurship policy and regional agglomeration, and to alternative governance systems at the regional level. In recent decades, major economic changes associated with globalization and the decline of traditional industries have generated a significant amount of interest in the role government policy may play in stimulating the entrepreneurial dynamics of local economies (Minniti, 2005).
Desrochers and Sautet (2002) argue that policies enabling entrepreneurs to exploit opportunities in a context of spontaneously evolved industrial diversity are better facilitators of regional development. Following the idea that regional specialization produces external economies of scale, regional policies often emphasize the positive features of industrial environments focusing on concentrated and clustered firms (Porter, 2000). Desrochers and Sautet (2002) contend that a push toward specialization might leave regional economies more vulnerable to cyclical downturns, and less likely to generate innovations such as those made possible by industrial symbiosis and Jacobs externalities.

Noticeably, they suggest that regional specialization and spontaneous industrial diversity should coexist. Within this context, they provide evidence suggesting that spontaneously developed industrial variety generates an environment very conducive to innovation, as proximity and diversity enable entrepreneurs to build on both explicit and tacit knowledge. What matters Desrochers and Sautet (2002) argue, is not the type of industries that develop but, rather, the environment in which entrepreneurship takes place. Finally, the authors speculate that a good regional context for innovation would resemble a diversified city made up of many specialized clusters, as the birth, life, and death of diversified urban centers are essentially part of a spontaneous order that rests on entrepreneurship. They contribute directly to the debate on regional policy, and to that on the role played by entrepreneurship in the propagation of innovations.
Shane (2007) analyzed whether governance models for entrepreneurial economies differ across regions and from governance models for national economies. Parker identifies partnership, state-institutional coordination, and fragmentation as three possible models of governance, and explores each model comparing evidence for the information and communication technology sector from the Limerick (Ireland), Karskrona (Sweden), and Adelaide (Australia) regions. The study finds that regional governance arrangements do, in fact, differ from national varieties in the partnership and in the state-institutional models, but not in the fragmented model. The differences are shown to involve primarily the type of actors participating in governance arrangements. Thus, the study shows that at the regional level, regardless of governance model types, the decision-making actors capable of influencing economic development need to include universities, local and decentralized authorities, and networks of small firms. According to her results, decentralized governance models appear to be more conducive to entrepreneurship.

Stevenson and Lundström (2001) examined how the entrepreneurial activity and level of employment in U.S. service industries respond to changes in the degree of economic freedom among states. Although some work existed on the role of economic freedom on entrepreneurship, empirical tests on service industries were lacking. Gohmann et al (2003) findings suggest that the relationship between entrepreneurial outcomes and economic freedom cannot be univocally determined as it varies significantly by industry. While growth rates and employment in industries such as business and personal services are positively related to
economic freedom, the relationship is reversed in industries such as health, social, and legal services. Thus, evidence from the service industry suggests that the relationship between entrepreneurial outcomes and economic freedom varies significantly by industry. Their study contributes directly to the literature discussing how government policy influences the allocation of entrepreneurship between productive and unproductive activities.

Jeffery et al (2002) and Leslie (1999) used the Heritage Foundation Index of Economic Freedom and Global Entrepreneurship Monitor data to regress opportunity-motivated entrepreneurial activity and necessity-motivated entrepreneurial activity on ten aspects of economic freedom and GDP per capita for 37 nations. The entrepreneurial decision to start a venture is rooted in a set of institutions that influence both the motivation and the uncertainty entrepreneurs experience during their decision-making process. Specifically McMullen and Oviatt (2005) equate increases in economic freedom to reductions in transaction costs, and test for differences in levels of entrepreneurship among countries by assessing the existence of a relationship between policy variables and the motivation to become an entrepreneur.

Regardless of entrepreneurial motivation, their results suggest the existence of a negative association between per capita GDP and entrepreneurial activity, and of a positive association between labor freedom and entrepreneurial activity. All other components of the economic freedom index appear to be uniquely related to either necessity or opportunity-motivated entrepreneurship, but not to both. This
suggests that governmental restrictions on economic freedom may influence entrepreneurial activity differently depending on the particular aspect of freedom restricted (investment freedom, labor freedom, property rights, etc.) and on whether the entrepreneur is motivated by opportunity or by necessity. This work contributes directly to the debate on the effectiveness of alternative institutional settings on entrepreneurship. Drawing on existing research on institutional economics and on entrepreneurship Boettke and Coyne (2007). Examined whether two specific forms of integration policies, namely common market and common currency, affect the level of cross-border venture capital investments made by nations participating in the European Union.

2.2 Youth entrepreneurship policy

A considerable number of youth specific entrepreneurship initiatives have been devised in response to rising levels of youth unemployment (Organization for Economic Co-operation and Development [OECD], 2000; OECD 2001). Some of the initiatives include the Manzini Youth Care in Manzini in Swaziland, established in May 2010. The Yes programme is a sheltered work shop programme where currently 17 young Swazi are operating their businesses. Another example is the Youth SEEN a research in Kampala, Uganda and the YES programmes in Tanzania.
These types of initiatives represent a broad approach to encouraging youth enterprise, i.e. an approach where ‘business start-ups’ are not the desired primary outcome of an initiative, nor the only measure for a programme’s success. These ‘broad’ types of programmes aim to assist the young unemployed people to develop their ideas about themselves and work, and consequently move out of unemployment and into work, or self-employment (Rouse, 1998).

However, in parallel with these broad approaches there has been the setting of policy agendas, and the creation of specific programme initiatives that focus on those young people for whom self-employment or entrepreneurial activity is a choice. As a result, governments and policy makers have tentatively begun to recognize that support should be offered, both to young individuals with entrepreneurial intent and to those already enacting that intent. This is in recognition of the crucial role of the sources of assistance within an entrepreneur’s environment within the business creation process (Bruno and Tyebjee, 1982).

Such a trend also acknowledges that entrepreneurship can be a context-dependent process, and influenced by the entrepreneur’s environment. One component of the entrepreneurship environment is the availability of business assistance. The heterogeneous nature of entrepreneurs as a group implies the inherent difficulty in designing assistance programmes that are effective for all within the group (OECD, 1992). Therefore, broad (i.e. generic) policy solutions may be largely ineffective (Curran, 1993, cited in North, Blackburn and Curran, 1997).
Audretsch et al (2007) states that in practice, entrepreneurship policy presents a significant challenge since, more than for any other type of industrial policy; its effectiveness depends on the establishment of an appropriate trade-off between market concentration and productivity performance. In this trade-off, low degrees of market power, characteristic of highly fragmented industries, yield higher industry performance; but high degrees of market power, characteristic of oligopolies, often yield economies of scale and scope. Baumol (1990) states that government policy on entrepreneurship can influence the allocation of entrepreneurship activities more effectively than it can influence its supply. This implies that youth need to be aware of the existing policy to be able to perform their activities.

Many countries appear to have recognized this with specific policy initiatives targeted at women and ethnic groups. In some countries youth are now also specifically targeted – either as entrepreneurs (i.e. those who have already started a business) or for their potential to establish a business (i.e. nascent entrepreneurs). This targeting facilitates the creation of ‘niche’ entrepreneurship policy aimed at specific groups of the population where opportunities to increase business ownership rates are deemed desirable (Stevenson and Lundström, 2001). These niches can be devised on either demographic grounds or the level of potential inherent in a group for example, the youth.

However, the OECD (2001) observed recently that no single policy model exists for the promotion of entrepreneurial activity among the young, and that as new
programmes develop in different cultural and national settings, they tend to show more rather than less variety in their content and delivery mechanisms. Indeed, the OECD also suggested that gaps in terms of ongoing assistance provision reflect the bias in some official programmes towards addressing short-term labour policy issues. Some commentators argue that tangible support mechanisms need to evolve to parallel the shift in enterprise support policy that has occurred, which has seen the focus move from enhancing the quantity of entrepreneurs to improving the quality of businesses overall (Fraser and Greene, 2001). In Botswana, a similar fund was introduced in 2001 and has been managed by a government body, namely Citizen Entrepreneurship development Agency (CEDA).

2.3 Influence of training on implementation of youth fund

In realization that money is only one of the resources that apply to a business, it is inevitable that entrepreneurship culture and expertise be first inculcated to the youth and the prospective entrepreneurs of this country. This means that skills in entrepreneurship, business planning and financial management must elaborately be imparted before any funds are disbursed. If need be, the prospective applicants should be examined on these all important topics.

Bartlet (1999) in a report on Entrepreneurship needs in South East Europe and other European countries found that lack of training affected entrepreneurship
growth. This is in line with Cantor (1989), who conducted a study in the Federal Republic of Germany and found that vocational and Educational training takes place once the youngsters complete general education. Those that had received training were able to practice entrepreneurship which those that did not had challenges. Shahidur (1988) noted that groups that had not receive youth find were not able to manage their funds in the right way while Reynolds (2000) notes that training is important assets to an individual as it gives the necessary skills required to run a business, proper accounting in any enterprise help one know the progress of the business.

2.4 Influence of funds disbursements in implementation of youth enterprise fund

Most Kenyans, particularly experts feel that the Kshs.1 billion youth entrepreneurship development kitty is a revolving fund, which is meant to help entrepreneurs for a long time to come. To prepare the recipients of these funds, it may be worthwhile considering the experiences of micro financial institutions. Some have vast experience in managing micro enterprises which have graduated into SMEs having originally started from very humble beginnings. Some of the micro-businesses were initially financed through merry go round funds, borrowed from these institutions. The concepts applied had been benchmarked from Asia, particularly Bangladesh, and the origin of the famous Grameen Bank started by Mohamed Yunus. He upon witnessing abject poverty in the rural Bangladesh, in
1974 abandoned lecturing in Economics and got involved in looking for solutions to poverty eradication. Indeed, his concepts have been widely practiced very successfully in Central and Southern America. If the systems and practices of such institutions are adopted in the management and disbursement of the funds, tremendous growth in entrepreneurship in this country will be witness particularly amongst the youth, who are endowed with energy, drive and creativity.

Shahidur (1988) in his study on the influence of funds on youth entrepreneurship fund that not all youth entrepreneurs are able to receive funds in time which hinders the implementation of the youth fund. He further found that benefit from microcredit programs and utilizing loans in productive activities requires entrepreneurial skills that most people lack. This finding shows that the members had not received funds in time which had an impact on their activities. Williams (2000) found that whenever one involves in a business venture, one has to address the issue of whether he or she will generate profits and cash flow. Access to funds therefore played an important part in the entrepreneurial activities. Reynolds (2000) says that funds are important assets to an individual as it gives the necessary skills required to run a business, proper accounting in any enterprise help one know the progress of the business.

The Government's introduction of an entrepreneurship development fund with a view to encouraging the youth to venture into self employment, is a very generous move. It deserves all the support from the various stakeholders. Meanwhile, it is assumed that this is a long term measure to encourage entrepreneurship
development. In this regard therefore, long term measures should be put in place to improve chances of success of the effort. Above all, the government must address the issue of nurturing entrepreneurship culture, both in the short and long run. Various approaches may be used in this respect. In Kenya self-employment is looked at as one way of creating employment for youth. Approximately 500,000 graduates from various tertiary academic institutions enter the job market annually. However, due to low economic growth, rampant corruption, nepotism and demand for experience by potential employees, a majority of youth remain unemployed (National Youth Policy 2009).

2.5 Studies from successful countries

In New Zealand there is currently high interest in the development of a ‘culture of enterprise’, and a number of government policies are designed to develop a strong SME sector and an entrepreneurial workforce. This interest is relatively recent. When a Labour government was elected in 1984 it set about restructuring the economy in an effort to revitalize a state that had grown used to protectionism as the most appropriate ideology for a country of New Zealand’s size. In a series of far-reaching policy decisions that fundamentally affected New Zealand society as well as the economy, a number of interventionist policies and programmes were dismantled. Non-core activities were sold off to the private sector, and redundancies climbed. While for some redundancy offered the opportunity to invest in a new business, the ideological fervor for dismantling state agencies and
leaving it ‘to the market’ to provide appropriate services (Cameron and Massey, 1999).

Ramesh (1997) found that members share which politicians interfered with the youth entrepreneurship, it affected the whole implementation process. These findings are in line with Monnappa (2008) who explains that lack of a positive attitude towards entrepreneurship affects its implementation. Self perception in his opinion seems to contribute to over protectiveness and indifference. This is in line with Monnappa (2008) who states that lack of a positive self perception towards entrepreneurship affects its implementation.

This situation (where the New Zealand environment was characterized by few elements of support for the new or small business) continued until 1994 when the annual budget statement reintroduced ‘small and medium enterprises’ (SMEs) as a particular target. The shift away from a traditional ‘industry policy’ to a policy that explicitly recognized the contributions of the SME sector was almost complete. It was some time before policy makers addressed the broader themes of ‘enterprise’, innovation, and entrepreneurial behaviour, but in 1999 an important policy statement was made.

After consulting with communities and business groups throughout the country, the Bright Future policy document was released (Ministry of Commerce, 1999). Focusing on five ‘steps ahead’ ('lifting our skills and our intellectual base; better focusing the government’s efforts in research and development; improving access to capital; getting rid of the red tape stifling innovation; promoting success, and
supporting creative and innovative New Zealanders’), it presented quite a different set of objectives to that of the business development policy which existed at that time (which focused on SMEs). In fact, Bright Future is consistent with Stevenson and Lundström’s (2001) definition of an entrepreneurship policy. The position taken by Bright Future was echoed by later reports by the Science and Innovation Advisory Council (SIAC, 2001), which outlined a series of strategies for increasing innovative and entrepreneurial behaviours in New Zealand businesses. More recently, the Innovation Framework (SIAC, 2002) again emphasized the commitment of the government to policies and programmes that address the development of ‘enterprise’ in a broad sense (with an expectation that high levels of enterprise will have a positive impact on innovation and also lead to entrepreneurial behaviours – often defined as businesses start-ups).

However, despite these policy statements, little has yet been done to operationalise their objectives. Progress has been particularly slow in relation to the establishment of programmes that develop enterprise (and entrepreneurial behaviours) in youth. Stevenson and Lundström (2001) argue that an effective policy framework has to have a set of programmes that directly address a number of interrelated themes. These include: promoting entrepreneurship as a career objective; providing entrepreneurship education; reducing barriers to entrepreneurial behaviour; providing start-up financial support; offering support to start-up businesses; identifying appropriate target groups). If one compares the situation in New Zealand to this one would have to conclude that while the policy
framework does exist in New Zealand there is an absence of a set of programmes or measures that are integrated with each other.

While in the Republic of New Zealand (2010) there are some moves that are consistent with these recommendations, and some positive indicators, there is no coordinated programme for integrating these measures. Given the anti-interventionist stance of both conservative (National) and Labour governments since 1984, this is not entirely surprising. The consequence of almost twenty years of government where restructuring and privatization have been high on the agenda is that the whole apparatus of support (long-running programmes, institutions, people whose career is business development) is missing.

The country as a whole has to plan how to develop a 'stock' of future entrepreneurs, and make a commitment to addressing the challenges of ensuring that young people are assisted to become more enterprising. The most commonly accepted method for ensuring this occurs is through improving the number of programmes that provide enterprise education. Overseas research postulates that such experience in entrepreneurial activity through schools or other organizations does have an impact upon individual's entrepreneurship aspirations (Gibb, 1993; Kourilsky & Walstad, 1998; Lethbridge, Mortlock, Gibson-Sweet and Ringwald, 2000).

One such scheme that does exist is run by a private organization. The Enterprise New Zealand Trust (ENZT) provides young New Zealanders with exposure to enterprise and entrepreneurship through a range of experiential learning schemes.
The ENZT is part of what the OECD (2001) has described as a growing movement that challenges the orthodox view that enterprise creation is the domain of venture capitalists and seasoned risk-takers. As a charitable trust the ENZT provides courses to school students of varying ages, and its flagship programme is the Young Enterprise Scheme (YES). The YES was established in the early 1980s and is a programme that gives students the opportunity to run their own company within the school environment. At some schools the YES is run as an in-class activity, whilst in others it is an extracurricular option. YES teams are supported by a teacher, a regional coordinator from the ENZT, and generally a mentor sourced from the business community.
2.6 Conceptual framework

The conceptual framework for the study is presented in figure 2.1.

2.1 Figure 1 Conceptual framework

**Independent variables**
- Access to youth funds
- Training of youths
- Awareness of the implementation policies
- Challenges-political, education

**Intervening variables**
- Government policies
  - Reduced rate of unemployment
  - Reduced rate of poverty
  - Reduced rate of crime among youths

**Dependent**
- Effective implementation of youth fund

*Source: Researcher, (2011)*
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology for the study under the following headings: research design, target population, sampling techniques and sample size, research instruments, validity of instruments, reliability of instruments, data collection procedures and data analysis techniques.

3.1 Research design

The study employed both qualitative and quantitative approaches. It was therefore based on descriptive survey method. Descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitudes, behaviour or values (Mugenda and Mugenda, 2003). Descriptive research design is a scientific method which involves observing and describing the behaviour of a subject without influencing it in any way. Descriptive research design is a valid method for researching specific subjects and as a precursor to more quantitative studies. Whilst there are some valid concerns about the statistical validity, as long as the limitations are understood by the researcher, this type of study is an invaluable scientific tool. Whilst the results are always open to question and to different interpretations, there is no doubt that they are preferable to performing no research at all.
3.2 Target population

The target population refers to all members of a real or of set of subjects to which a researcher wishes to generalize results of the research (Borg and Gall, 1989). The target population of this study was all the youth groups who have benefited from YEDFs in Machakos district. There were 43 such youth groups in the district. The groups were composed of 15 to 20 members. As listed in the statistics available at Ministry of youth office in Machakos (2010), the groups are distributed in the following locations namely: - Kimutwa, Mavuti, Machakos central, Mua, Mumbuni, Mutituni, Kitanga, Lubwa, Kalama and Iiyuni. All the groups have 20 members except those in Kimutwa, Machakos central and Kalama. The researcher purposely selected 50% of the groups on the basis of accessibility, affordability and proximity to the researcher’s residence. Thereafter, the researcher used simple lottery method to sample the members to be interviewed and those to fill in the questionnaires. The table below summarizes the locations, clusters, total number of groups targeted and which were sampled in this research.
3.1 Table showing location and number of groups per cluster

<table>
<thead>
<tr>
<th>Location</th>
<th>No. of groups in each cluster</th>
<th>No. of groups</th>
<th>Sampled (50%)</th>
<th>Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trade</td>
<td>ICT</td>
<td>Agriculture</td>
<td>Jua Kali</td>
</tr>
<tr>
<td>Kimutwa</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mavuti</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Machakos central</td>
<td>3</td>
<td>2</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Mua</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Mumbuni</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Mutituni</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Kitanga</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Iiyuni</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>lubwa</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Kalama</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>43</td>
<td>22</td>
<td></td>
<td>400</td>
</tr>
</tbody>
</table>

Source: Ministry of youth- Machakos Office, 2010

3.3 Sampling procedures

Cluster sampling was used since there were several entrepreneurial activities from which respondents were drawn. The clusters of entrepreneurs included those in trade, information technological, agriculture and Jua Kali industry. The above
activities were clustered and samples taken. Stratified random sampling was used to select the youth groups in each cluster and who have benefitted from the youth fund. To sample the respondents, the research took 50% of all the groups (Mugenda and Mugenda, 2003). This meant that out of the 43, the researcher purposely selected 22 groups who were participating in entrepreneurial activities and have benefited from youth enterprise funds in Machakos. In addition, researcher targeted 25% of the total members of the group to participate in the study by allowing them to fill in the questionnaire and 22 leaders from the 22 youth groups to participate on one-on-one interview with either the researcher or her assistant. In order to come out with the number of those who are going to participate in questionnaire filling, the researcher used simple lottery method, where papers representing the number of the members each group were written ‘Y’ for yes and ‘N’ for no. That is, 20% of the papers were written ‘Y’ and others written ‘N’.

3.4 Research Instruments

The researcher designed a questionnaire with both open and closed ended questions on all variables which were used to collect data. Similarly, the researcher interviewed 20% of the target population. The questionnaire were divided into two sections namely section A eliciting demographic information and section B sought to give data on dependent and independent variables. To test the effectiveness of the instruments, the researcher will carry out pilot testing.
3.4.1 Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda and Mugenda, 2003). Test-retest technique was used to determine the reliability of the instruments. The computation of Pearson product moment correlation co-efficient (r) between scores of the two halves was also employed. A reliability coefficient of above 0.7 rendered the instruments reliable.

3.4.2 Validity

According to Mugenda (2003), validity is the degree to which a test measures what it purports to measure. To ensure the validity of the items, the researcher defined the specific contents to be sampled, specific objectives and described how the content was sampled to develop test items as indicated by Orodho (2009). Prior to using the research instruments, the content validity of the instruments was determined by basing the questionnaires and interviews on the objectives, research questions and more importantly by way of pilot testing the research instruments with two groups purposely sampled by the research and her research assistant.
3.5 Data collection procedure

The researcher obtained the necessary permit for the research. She later visited the area of the study, sample respondents. After sampling them she created rapport with them, explained the purpose of the study to them and administered the interview and the questionnaires to them. The researcher used questionnaires and structured interviews. The researcher administered questionnaires to a sample population with the help of research assistant who was well versed with youths who were engaged in entrepreneurial activities in Machakos district. The researcher together with her research assistant arranged for interviews during their monthly meeting. For this reason, the researcher met with youth groups who had benefited from youth funds in each category as shown below.
3.2 Table showing dates and places for interview and distribution of questionnaires

<table>
<thead>
<tr>
<th>Date</th>
<th>Cluster</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>23rd July 2011</td>
<td>Agriculture &amp; ICT</td>
<td>Machakos Technical School</td>
</tr>
<tr>
<td>24th July 2011</td>
<td>ICT &amp; Trade</td>
<td>Mangauni Youth Polytechnic</td>
</tr>
<tr>
<td>30th July 2011</td>
<td>Trade &amp; Agriculture</td>
<td>Machakos Town Hall</td>
</tr>
<tr>
<td>31st July 2011</td>
<td>Jua Kali &amp; Trade</td>
<td>Kimutwa Youth Polytechnic</td>
</tr>
<tr>
<td>6th August 2011</td>
<td>Jua Kali &amp; Agriculture</td>
<td>Athi River- St. Joseph Catholic Church</td>
</tr>
<tr>
<td>7th August 2011</td>
<td>ICT &amp; Trade</td>
<td>Catholic Technical School</td>
</tr>
<tr>
<td>14th August 2011</td>
<td>Jua Kali &amp; ICT</td>
<td>Mavuti Primary School</td>
</tr>
<tr>
<td>21st August 2011</td>
<td>Agriculture &amp; Trade</td>
<td>Iiyuni Primary School</td>
</tr>
</tbody>
</table>

On the same dates, the researcher carried out interviews. These were organized by researcher assistant in collaboration with Ministry of youth in Machakos district.

3.6 Methods of data analysis

Data analysis followed after the data had been collected. The research yielded both qualitative and quantitative data from the structured and the unstructured
items. Coding was done for the structured items. Coding is usually done through which categories of data are transformed into symbols that may be tabulated and counted (Kothari, 2004). The analysis of the coded data was done using the Statistical Package for Social Sciences (SPSS). The programme helped in generating frequencies and percentage which were used in the analysis of the quantitative data. Quantitative and qualitative methods of data analysis were used in which descriptive statistics like frequencies and percentages were applied to summarize quantitative data while the qualitative data was arranged into themes. Quantitative data from the structured interviews were coded and analyzed using numbers which allowed quantitative analysis while qualitative data from open ended questions and from the structured questions for interview were organized into themes and analyzed qualitatively.

3.7 Summary

This section has discussed the methodology that was used in the study. The chapter has presented the research design, target population, sampling techniques and sample size, research instruments, validity of instruments, reliability of instruments. It has also discusses the data collection procedures and data analysis techniques that were used in the study.
CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter focuses on the questionnaire return rate, demographic information of the respondents namely the group members, presentations of and interpretation of findings. The presentations were done based on the research questions. Items addressing the same research question were grouped and discussed together and conclusions drawn.

4.2 Response rate

Response return rate is the rate of the percentage of the questionnaires that were returned to the researcher and which were deemed well completed for the sake of analysis. In this study, out of 120 questionnaires issued 105 (87.5%) filled and returned the questionnaires. This return rate was deemed adequate for data analysis.

4.3 Demographic information

The demographic information of the respondents were based on their gender, age, marital status, number of dependents, level of education, education or training,
number of years in the enterprise. The demographic information of the respondents is presented in this section.

Figure 4.1 Distribution of respondents according to gender

Data shows that majority 67 (63.8%) of the respondents were male while 38 (36.2%) of the respondents were female. The data shows that males were the dominant gender in the youth enterprises in the district. The respondents were further asked to indicate their age. The data is tabulated in table 4.1.
Table 4.1 Distribution of respondents according to age

<table>
<thead>
<tr>
<th>Age</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 15 years</td>
<td>3</td>
<td>2.9</td>
</tr>
<tr>
<td>16 - 25 years</td>
<td>51</td>
<td>48.6</td>
</tr>
<tr>
<td>26 - 35 years</td>
<td>35</td>
<td>33.3</td>
</tr>
<tr>
<td>36 - 40 years</td>
<td>8</td>
<td>7.6</td>
</tr>
<tr>
<td>Above 40 years</td>
<td>8</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>105</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Data on the age of the respondents indicates that 3(2.9%) of the respondents were below 15 years, 51(48.6%) were between 16 and 25 years, 35(33.3%) of the respondents were between 26 and 35 years, 8(7.6%) of the respondents were between 36 and 40 years while 8(7.6%) were above 40 years. The data shows that majority of the youth in the enterprises were in the age bracket of 16 and 35. This is in accordance to the fact that the programme is for the youth and hence will be the majority in the sample. The respondents were further asked to indicate their marital status. The data is presented in figure 4.2.
Findings on marital status revealed that 60 (57.1%) of the respondents were single, 6 (5.7%) of the respondents did not indicate, 3 (2.9%) were widowed while 36 (34.3%) of the respondents were married. The data therefore indicates that majority of the respondents were single. They were also asked to indicate their level of education.
Findings showed that 29 (27.6%) of the respondents had primary education level, 39 (37.1%) of the respondents had secondary education, 26 (24.8%) of the respondents had college education, 8 (7.6%) of the respondents had reached university education level while 3 (2.9%) of the respondents had other levels which were not identified. The data on the level of education of the respondents shows that most of the youth were college graduates and secondary education and hence could occupy the great majority. This further shows that those respondents are able to provide information on the factors influencing the implementation of youth enterprise development fund.

They were also asked to indicate how long they had been members of the youth group. The data is presented in figure 4.3
Data showed that majority had been in the group for duration of between 1 and 5 years which implies they had not attained adequate experience in the entrepreneurship and hence could not provide information on factors influencing the implementation of youth enterprise development fund. They were also asked to indicate the activities that they were involved in. The data is presented in table 4.3.
Table 4.3 activities that youth were involved in

<table>
<thead>
<tr>
<th>Activity</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>54</td>
<td>43.5</td>
</tr>
<tr>
<td>Agriculture</td>
<td>12</td>
<td>11.4</td>
</tr>
<tr>
<td>ICT</td>
<td>24</td>
<td>22.9</td>
</tr>
<tr>
<td>Jua Kali</td>
<td>25</td>
<td>23.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Data indicated that a considerable majority of the respondent were involved in trade as shown by 54 (43.5%) others were involved in agriculture as indicated by 12 (11.4%), ICT as shown by 24 (22.9%) while 25 (23.8%) were involved in Jua kali businesses. These findings imply that the youth were involved in various activities hence their responses on the factors influencing the implementation of youth enterprise development fund could be viewed from various entrepreneurship activities. After presenting the demographic information of the respondents, attention was drawn to the variable of the study. The section below presents the data on the variables of the study that influenced the implementation of the youth development fund.
4.4 Factors that influence the implementation of youth entrepreneurship fund

This section presents the findings on factors that influence the implementation of youth entrepreneurship fund in Machakos district. The variables under investigation were on the extent to which the youth groups are able to access the fund, the training they have received on the use of the funds, their awareness and understanding of the policies for implementation and the challenges that they face in the implementation of the funds.

4.4.1 Access to youth funds and the implementation of youth entrepreneurship fund

To analyze the influence of access to funds on the implementation of the youth enterprise fund, the respondents were supposed to state the extent to which they agreed or disagreed with statements that sought to establish the influence of access to funds on entrepreneurship. For example the respondents were asked to indicate the extent to which they agreed or disagreed with the statement that stated ‘youth do not often receive funds in time for their projects working in enterprise as temporary jobs as they seek permanent employment’ their responses are presented in table 4.7.
Findings shows that 46(43.8%) of the respondents strongly agreed that youth did not receive funds in time, 32(30.5%) of the respondents agreed, 2(1.9%) of the respondents were not decided whether new entrepreneurs often consider working in enterprise as temporary jobs as they seek permanent employment, 13(12.4%) of the respondents disagreed that new entrepreneurs often consider working in enterprise as temporary jobs as they received funds in time. From the above findings it was revealed that youth did not receive funds in time which affected the implementation of youth enterprise development fund. The respondents further indicated that they did not receive the funds they required in time as shown by 80 (64.5%). They were also asked whether they experienced delays in getting the required funds, majority 94 (75.8%) strongly agreed. These findings shows that youth groups did not receive funds in time which affected their projects hence affecting the implementation of the youth fund.
This is in line with Shahidur (1988) who notes that not all youth entrepreneurs are able to receive funds in time which hinders the implementation of the youth fund. He further states that benefit from microcredit programs and utilizing loans in productive activities requires entrepreneurial skills that most people lack. This finding shows that the members had not received funds in time which had an impact on their activities. This supports Williams (2000) who found that whenever one involves in a business venture, one has to address the issue of whether he or she will generate profits and cash flow. Access to funds therefore played an important part in the entrepreneurial activities. Reynolds (2000) says that funds are important assets to an individual as it gives the necessary skills required to run a business, proper accounting in any enterprise help one know the progress of the business.

Asked whether access to youth fund has assisted many youth groups in this area, majority 98 (79%) strongly disagreed. Majority 91 (73.4%) also agreed that there was no clear direction of how the youth fund is to be disbursed with 98 (79%) agreeing that there is no clear cut on how the youth fund is to be used. These factors were seen to affect the implementation of the youth fund.

### 4.4.2 Training and the implementation of youth entrepreneurship fund

To establish the influence of training on the implementation of the youth entrepreneurship fund, the respondents were supposed to respond to items that
sought to establish how training affected the implementation of the youth entrepreneurship fund in Machakos district. For instance, the respondents were asked to indicate the extent to which they agreed or disagreed with the item that new youth entrepreneurs often lacked entrepreneurial spirit. Their responses are presented in table 4.4.

Table 4.4 Responses on whether youth entrepreneurs lack training for entrepreneurial spirit

<table>
<thead>
<tr>
<th>Response</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>72</td>
<td>68.6</td>
</tr>
<tr>
<td>Agree</td>
<td>23</td>
<td>21.9</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>6.7</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>105</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Data revealed that 72(68.6%) of the respondents strongly agreed that new youth entrepreneurs often lack training for entrepreneurial duties, 23(21.9%) of the respondents agreed that new youth entrepreneurs often lack training for entrepreneurial duties, 7 (6.7%) of the respondents disagreed that new youth entrepreneurs often lack training for entrepreneurial duties while 3(2.9%) of the respondents strongly agreed that new youth entrepreneurs often lack training for
entrepreneurial duties. Data therefore showed that new youth entrepreneurs lack training for entrepreneurial duties which affected the implementation of youth development fund. These findings agree with Bartlet (1999) on a report on Entrepreneurship needs in South East Europe and other European countries found that lack of training affected entrepreneurship growth.

The respondents were also asked to indicate the extent to which they agreed or disagreed that their groups received the youth fund. Their responses are presented in figure 4.5

**Figure 4.5 Responses on whether the youth groups received youth fund**

Data showed that majority of the respondents did not receive training upon receiving the funds as indicated by 59 (56.2%) who strongly disagreed and 26
(24.8%) who agreed. These findings indicate that the youth did not receive training once they received funds and hence this affected the implementation of the youth development funds in Machakos district. This is in line with Cantor (1989), who conducted a study in the Federal Republic of Germany and found that vocational and Educational training takes place once the youngsters complete general education. Those that had received training were able to practice entrepreneurship which those that did not had challenges.

The respondents were also asked to indicate whether they were often not confident that they knew their job well is tabulated in table 4.5.

<table>
<thead>
<tr>
<th>Response</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>25</td>
<td>23.8</td>
</tr>
<tr>
<td>Agree</td>
<td>55</td>
<td>52.4</td>
</tr>
<tr>
<td>Not decided</td>
<td>5</td>
<td>4.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>17.1</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>2</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Table 4.5 shows that 25(23.8%) of the respondents strongly agreed that the new entrepreneurs were often not confident that they know their job well, 55(52.4%) of the respondents agreed that the new entrepreneurs were often not confident that they know their job well, 5(4.8%) of the respondents were not decided on whether the new entrepreneurs are often not confident that they know their job well, 18(17.1%) of the respondents disagreed that the new entrepreneurs are often not confident that they know their job well, while 2(1.9%) of the respondents strongly disagreed that the new entrepreneurs are often not confident that they know their job well. The findings showed that the respondents agreed that they were often not confident that they knew their job well. This could be attributed to the fact that they had not received the necessary training and hence hindering the implementation of the youth fund.

Asked to indicate whether they faced challenges in implementing the youth fund, 56 (53.3%) strongly agreed while 49(46.7) agreed. This implied that they youth faced challenges as a group which was as a result of lack of training on the implementation of youth enterprise development fund. The same majority of the youth also agreed that youth needed training in implementing the youth fund. They also disagreed that they received training that was appropriate or enough as indicated by 98 (79%).

The research also sought to indicate the extent to which they agreed to various issues pertaining to training. They were for example asked to indicate whether lack of training had made the most of their enterprises to fail. In this item 86
(81.0%) agreed to the statement. They further indicated that most of the groups faced challenges since they have not been trained as was reported by 37 (35.2%) who strongly agreed and 56 (53.3%) who agreed. Further data showed that lack of education among the youth hinders them from effective implementation of their enterprises as indicted by 99 (94.3%) who agreed. The respondents agreed that lack of education was a hindrance to entrepreneurial activities among youth as indicated by 83 (79%).

The researcher also sought to establish the ideas on whether new youth entrepreneurs often do not keep business records required to help enhances their enterprise performance. Figure 4.6 presents the findings.

**Figure 4.6 Responses on whether new youth entrepreneurs often kept business records required helping enhances their enterprise performance.**
Findings on whether new youth entrepreneurs often do not keep business records required to help enhance their enterprise performance shows that 56 (53.3%) of the respondents strongly agreed that new youth entrepreneurs often do not keep business records required to help enhance their enterprise performance, 29 (27.6%) of the respondents agreed that new youth entrepreneurs often do not keep business records required to help enhance their enterprise performance, 9 (8.6%) of the respondents were not decided on the issue, 8 (7.6%) of the respondents disagreed that new youth entrepreneurs often do not keep business records required to help enhance their enterprise performance, while 3 (2.9%) of the respondents strongly disagreed that new youth entrepreneurs often do not keep business records required to help enhance their enterprise performance. These findings therefore showed that youth entrepreneurs often kept business records required helping enhance their enterprise performance. This positively affected the implementation of youth enterprise development fund.

The researcher further aimed at establishing whether new entrepreneurs needed to be empowered by training in entrepreneurship in order to realize their abilities. The respondents were therefore asked to indicate the extent to which they agreed or disagreed with the statement. The data is presented in table 4.6.
Table 4.6 Responses on whether new entrepreneurs needed to be empowered by training in entrepreneurship in order to realize their abilities

<table>
<thead>
<tr>
<th>Response</th>
<th>F</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>60</td>
<td>57.1</td>
</tr>
<tr>
<td>Agree</td>
<td>30</td>
<td>28.6</td>
</tr>
<tr>
<td>Not decided</td>
<td>7</td>
<td>6.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>6.7</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 4.12 shows that majority 60 (57.1%) of the respondents strongly agreed that new entrepreneurs need to be empowered by training in entrepreneurship in order to realize their abilities, 30 (28.6%) of the respondents agreed that new entrepreneurs need to be empowered by training in entrepreneurship in order to realize their abilities, 7 (6.7%) of the respondents were not decided whether new entrepreneurs need to be empowered by training in entrepreneurship in order to realize their abilities, 7 (6.7%) of the respondents disagreed that new entrepreneurs need to be empowered by training in entrepreneurship in order to realize their abilities while 1(1.0%) of the respondents strongly disagreed that new
entrepreneurs need to be empowered by training in entrepreneurship in order to realize their abilities. The above data therefore indicated that new entrepreneurs needed to be empowered by training in entrepreneurship in order to realize their abilities in the implementation of the youth development fund. The findings that youth had not received training prior to the implementation of the youth fund is in line with Shahidur (1988) who noted that groups that had not receive youth find were not able to manage their funds in the right way. The findings are also in line with Reynolds (2000) says that training is important assets to an individual as it gives the necessary skills required to run a business, proper accounting in any enterprise help one know the progress of the business.

4.4.3 Awareness and understanding of the youth fund implementation policies

The study further sought to establish how awareness and understanding of the youth fund implementation policies affected the implementation of youth enterprise development fund. They were therefore asked to indicate whether youth entrepreneurs are often not familiar with entrepreneurial policies. Data is tabulated in figure 4.7
Data shows that 36 (34.3%) of the respondents strongly agreed that new youth entrepreneurs are often not familiar with entrepreneurial duties, 52(49.5%) of the respondents agreed that new youth entrepreneurs are often not familiar with entrepreneurial duties, 4(3.8%) of the respondents disagreed that new youth entrepreneurs are often not familiar with entrepreneurial spirit while 5(4.8%) of the respondents strongly disagreed that new youth entrepreneurs are often not familiar with entrepreneurial spirit. These findings show that new youth entrepreneurs are often not familiar with entrepreneurial spirit which affected the implementation of youth enterprise development fund. These findings are in line with Audretsch et al (2007) states that in practice, entrepreneurship policy presents a significant challenge since, more than for any other type of industrial policy; its effectiveness depends on the establishment of an appropriate trade-off
between market concentration and productivity performance. In this trade-off, low
degrees of market power, characteristic of highly fragmented industries, yield
higher industry performance; but high degrees of market power, characteristic of
oligopolies, often yield economies of scale and scope.

The respondents were also asked to indicate whether the groups were aware of
implementation policies. Their responses are presented in table 4.7.

Table 4.7 Our group is aware of the implementation policies of the youth
fund

<table>
<thead>
<tr>
<th>Response</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>4</td>
<td>3.8</td>
</tr>
<tr>
<td>Undecided</td>
<td>16</td>
<td>15.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>49</td>
<td>46.7</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>36</td>
<td>34.3</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Data showed that the youth groups were not aware of the implementation of the
policies of the youth fund as indicated by 49 (46.7%) who disagreed and 36
(34.3%) who strongly disagreed. Majority of the respondents also agreed that the
youth fund was implemented in a hurry as indicated by 93 (88%). This affected
the implementation of youth enterprise development fund. Baumol (1990) states
that government policy on entrepreneurship can influence the allocation of entrepreneurship activities more effectively than it can influence its supply. This implies that youth need to be aware of the existing policy to be able to perform their activities.

4.4.4 Other factors that influenced the youth fund implementation

To establish how self perception affected employment creation, the respondents were required to respond to items that sought to find out how self perception affected employment creation. For example, they were asked to indicate the extent to which they agreed to the statement that aspiring entrepreneurs are often unable to identify business opportunities. Their responses are presented in figure 4.8
Figure 4.8 Responses on whether aspiring entrepreneurs are often unable to identify business opportunities

Data revealed that 35(33.3%) of the respondents strongly agreed that aspiring entrepreneurs are often unable to identify business opportunities, 47(44.8%) of the respondents agreed that aspiring entrepreneurs are often unable to identify business opportunities, 5(4.8%) of the respondents were not decided on whether aspiring entrepreneurs are often unable to identify business opportunities, 12(11.4%) of the respondents disagreed that aspiring entrepreneurs are often unable to identify business opportunities while 6(5.7%) of the respondents strongly disagreed that the aspiring entrepreneurs are often unable to identify business opportunities. The findings therefore indicated that aspiring entrepreneurs are often unable to identify business opportunities which affected the implementation of youth enterprise development fund.
The study also sought to establish whether new entrepreneurs are often afraid to risk their savings in trying out new entrepreneurial ventures. The findings are presented in table 4.8

Table 4.8 Responses on whether new entrepreneurs are often afraid to risk their savings in trying out enterprise ventures

<table>
<thead>
<tr>
<th>Response</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>41</td>
<td>39.0</td>
</tr>
<tr>
<td>Agree</td>
<td>50</td>
<td>47.6</td>
</tr>
<tr>
<td>Not decided</td>
<td>4</td>
<td>3.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>6.7</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>3</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Data shows that 41(39.0%) of the respondents strongly agreed that new entrepreneurs are often afraid to risk their savings in trying out enterprise ventures, 50(47.6%) of the respondents agreed that new entrepreneurs are often afraid to risk their savings in trying out new entrepreneurial ventures, 4(3.8%) of the respondents were not decided whether new entrepreneurs are often afraid to risk their savings in trying out enterprise ventures, 7(3.8%) of the respondents disagreed that new entrepreneurs are often afraid to risk their savings in trying out
enterprise ventures while 3(2.9%) of the respondents strongly disagreed that new entrepreneurs are often afraid to risk their savings in trying out enterprise ventures. Data therefore revealed that new entrepreneurs are often afraid to risk their savings in trying out enterprise ventures which affected the implementation of youth enterprise development fund. When asked whether youth development funding is all that the youth require starting enterprise, they responded as figure 4.9.

Figure 4.9 Responses on whether youth development funding is all that the youth require starting enterprise

Data in figure 4.9 shows that 51(48.6%) of the respondents strongly agreed that youth development funding is all that the youth require to start enterprise, 23(21.9%) of the respondents agreed that youth development funding is all that
the youth require to start enterprise, 7(6.7%) of the respondents were not decided whether youth development funding is all that the youth require to start enterprise, 12(11.4%) of the respondents disagreed that youth development funding is all that the youth require to start enterprise while 12(11.4%) of the respondents strongly disagreed that that youth development funding is all that the youth require to start enterprise. The findings therefore showed that youth development funding is all that the youth require starting enterprise which affected the implementation of the youth fund. These findings agrees with Ramesh (1997) who found that members share which politicians interfered with the youth entrepreneurship, it affected the whole implementation process.

The study also sought to establish the respondents’ ideas on whether new entrepreneurs regard their enterprises as temporary measures as they look for better paying employment. Data is tabulated in table 4.9.
Table 4.9 Responses on whether new entrepreneurs regard their enterprise as a temporary measure as they look for better paying employment

<table>
<thead>
<tr>
<th>Response</th>
<th>F</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>48</td>
<td>45.7</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>30.5</td>
</tr>
<tr>
<td>Not decided</td>
<td>7</td>
<td>6.7</td>
</tr>
<tr>
<td>Disagree</td>
<td>13</td>
<td>12.4</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>4.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>105</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Data shows that 48(45.7%) of the respondents strongly agreed that new entrepreneurs regard their enterprises as temporary measures as they look for better paying employment, 32(30.5%) of the respondents agreed that new entrepreneurs regard their enterprises as temporary measures as they look for better paying employment, 7(6.7%) of the respondents were not decided on whether the new entrepreneurs regard their enterprises as temporary measures as they look for better paying employment, 13(12.4%) of the respondents disagreed that new entrepreneurs regard their enterprises as temporary measures as they look for better paying employment while 5(4.8%) of the respondents strongly disagreed that new entrepreneurs regard their enterprises as temporary measures as they look for better paying employment. The above findings therefore revealed that new entrepreneurs regard their enterprises as temporary measures as they...
look for better paying employment which affected the implementation of the youth fund. These findings are in line with Monnappa (2008) who explains that lack of a positive attitude towards entrepreneurship affects its implementation. Self perception in his opinion seems to contribute to over protectiveness and indifference.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of the study, conclusions and recommendations. The chapter also presents the suggestions for further research.

5.2 Summary

The purpose of this study was to analyze the implementation of youth entrepreneurship fund in Machakos district. The study focused on the extent to which the youth groups are able to access the fund, the training they have received on the use of the funds, their awareness and understanding of the policies for implementation and the challenges that they face in the implementation of the funds. Three research objectives were formulated to guide the study. Research objective one sought to determine whether access to youth funds influence the implementation of youth entrepreneurship fund. Research objective two aimed at establishing if training offered by government is enough to influence the successful implementation of YEDFs while research question three sought to establish whether awareness and understanding of the youth fund implementation policies has influenced the implementation of youth entrepreneurship fund. The
study employed both qualitative and quantitative approaches hence were therefore based on descriptive survey method. The sample comprised of 120 respondents drawn from 22 youth groups. Data was collected by use of questionnaire.

Findings indicated that access to youth funds affected the implementation of youth entrepreneurship fund. For example, majority of the respondents 78 (74.2.8%) agreed that youth did not receive funds in time. which affected the implementation of youth enterprise development fund. Majority of them 80 (64.%) further indicated that they did not receive the funds they required in time. The youth further reported that there was no clear direction of how the youth fund is to be disbursed as was indicated by 91 (73.4%). They also agreed that there is no clear cut on how the youth fund is to be used as was shown by 98 (79%). These factors were seen to affect the implementation of the youth fund.

Findings also indicated that lack of or inadequate funding affected the implementation of youth entrepreneurship fund. For instance, 95 (90.5%) of the respondents strongly agreed that new youth entrepreneurs often lack training for entrepreneurial duties. It was also revealed that majority of the respondents 85 (81%) did not receive training upon receiving the funds. These findings indicate that the youth did not receive training once they received funds and hence this affected the implementation of the youth development funds in the district. It was also reported that entrepreneurs were often not confident that they know their job well. Due to lack of training the youth faced challenges in implementing the youth fund as was reported by all the respondents. They respondents indicated that they
needed training in implementing the youth fund. The data also showed that lack of training had made the most of the project to fail as it was reported by 86 (81.0%). They further indicated that most of the groups faced challenges since they have not been trained as was reported by 91 (88.5%).

Findings also revealed that awareness and understanding of the youth fund implementation policies affected the implementation of the youth fund. For example, 88 (83.8%) of the respondents agreed that new youth entrepreneurs are often not familiar with entrepreneurial duties. It was also noted that the youth groups were not aware of the implementation of the policies of the youth fund as indicated by 85 (81.0%) who agreed to the statement. Majority of the respondents also agreed that the youth fund was implemented in a hurry as indicated by 93 (88%). This affected the implementation of youth enterprise development fund.

Other factors that were also revealed as affecting the youth fund implementation were such as aspiring entrepreneurs often unable to identify business opportunities, new entrepreneurs being often afraid to risk their savings in trying out enterprise ventures, and being often afraid to risk their savings in trying out enterprise ventures. The youth entrepreneurs also regarded their enterprises as temporary measures as they look for better paying employment.
5.3 Conclusions

Based on the findings it was concluded that access to youth funds affected the implementation of youth entrepreneurship fund. This was attributed to factors such as youth not receiving adequate funds and in time; having no clear direction of how the youth fund is to be disbursed and having no clear cut on how the youth fund is to be used. The study also concluded that lack of or inadequate funding affected the implementation of youth entrepreneurship fund. For instance, youth entrepreneurs often lacked training for entrepreneurial duties. They did not also receive training upon receiving the funds. The entrepreneurs were often not confident that they knew their job well. Due to lack of training the youth faced challenges in implementing the youth fund as was reported by all the respondents. The study also concluded that awareness and understanding of the youth fund implementation policies affected the implementation of the youth fund. For example, the respondents agreed that youth entrepreneurs are often not familiar with entrepreneurial duties. The youth groups were not aware of the implementation’s policies of the youth funds and consequently, the implementation was hurriedly done which affects its effectiveness. The study also concluded that there were other factors that affected the youth fund’s implementation. These included aspiring entrepreneurs were often unable to identify business opportunities, new entrepreneurs being often afraid to risk their savings in trying out enterprise ventures, and being often afraid to risk their savings in trying out enterprise ventures.
5.4 Recommendations

Based on the findings the following were the recommendations for the study:

1. The parties concerned should assist the groups have proper leadership structures which will facilitate management of micro finance funds.

2. The ministry concerned should provide technical support for example training so that they are able to manage the micro finance funds.

3. The groups should be assisted to come up with realistic and achievable goals and objectives so that finances can be disbursed in the best way possible.

4. The groups should be provided with loans by funders and donors and even the government so that they can achieve their goals and objectives.

5.5 Suggestions for further research

Taking the limitations and delimitations of the study, the following suggestions were made for further research.

1. A study on how formal education affects performance in management of micro economic funds.

2. Since this study was conducted in one administrative district, a similar study could be conducted in other areas to establish if factors are the same.

3. A study on attitude of individual members towards youth groups and how it affects management of their groups should be conducted.
REFERENCES


APPENDICES

APPENDIX I

QUESTIONNAIRE FOR RESPONDENTS

The general objective of this study is to assess the implementation of youth entrepreneurship fund in Kenya a case study of youth groups in Machakos district. You are asked to participate in this study by responding to this questionnaire. Be assured that the responses you give will purely be used for the purpose of this study. Do not indicate your name or any form of identification.

Section A: Demographic information

1. What is your gender

   Male [ ]

   Female [ ]

2. What is your level of education?

   Never been to school [ ]

   Primary education [ ]

   Secondary education [ ]

   College/university [ ]
3. How long have you been a member of the group

a) 1-5 years [  ]
b) 6-10 years [  ]
c) 10 years and above [  ]

Section B: Access to youth fund

4. Does your group receive the funds in time

Yes [  ]
No [  ]

5. Does your group experience delays in getting the youth fund?

a) Strongly agree [  ]
b) agree [  ]
c) disagree [  ]
d) undecided [  ]

6. What are some of the activities that you have as a group?

a) Agriculture [  ]
b) Trade [  ]
7. Indicate your feelings towards the statements below

Key: SA = strongly agree    A = Agree    U = Undecided    D = Disagree    SD = strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
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</thead>
<tbody>
<tr>
<td>Our group received training on the use of youth fund</td>
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<tr>
<td>Our group is aware of the implementation policies of the youth fund</td>
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<tr>
<td>Lack of training has rendered the youth fund useless</td>
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<tr>
<td>We face challenges as a group in implementing the youth fund</td>
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<td>Youth need training in implementing the youth fund</td>
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<td>Training we have received is appropriate/ enough</td>
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<td>Training on the use of the YEDFs promotes entrepreneurial culture</td>
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<td>Lack of training has made most of the projects fail</td>
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<td>The youth fund project was implemented in a hurry</td>
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<td>There is a lot of political interference in the use of the youth fund</td>
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<td>Youth are not aware of the implementation policies</td>
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<tr>
<td>Most of the groups face challenges since they have not been trained</td>
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<td>Youth development funding is all that the youth require starting enterprise</td>
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<td>Youth entrepreneurs were happy with their occupation</td>
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<td>Enterprise employment not as good as formal employment for new entrepreneurs</td>
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<td>Youth entrepreneurs lack training for entrepreneurial duties</td>
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<td>The new entrepreneurs are often not confident that they know their job well</td>
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<td>New entrepreneurs are often afraid to risk their savings in trying out enterprise ventures</td>
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<td>The new entrepreneurs regard their enterprise as a temporary measure as they look for better paying employment</td>
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<tr>
<td>Our group is aware of the implementation policies of the youth fund</td>
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<tr>
<td>Aspiring entrepreneurs are often unable to identify business opportunities</td>
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</table>
8. Does lack of training affect the implementation of the youth fund

Yes [ ]

No [ ]

If yes, explain your answer


9. How you say are the challenges facing the implementation of the youth fund?

Strongly agree

Agree

Undecided

Disagree

Strongly disagree

92
10. Access to youth fund has assisted many youth groups in this area

   Strongly agree [    ]
   Agree [    ]
   Undecided [    ]
   Disagree [    ]
   Strongly disagree [    ]

11. There is no clear direction of how the youth fund is to be disbursed?

   Yes [    ]
   No [    ]

12. Political interference is one of the major challenges facing the youth fund implementation

   Strongly agree [    ]
   Agree [    ]
   Undecided [    ]
   Disagree [    ]
   Strongly disagree [    ]
13. Lack of education among the youth hinders them from effective implementation of their projects

- Strongly agree [ ]
- Agree [ ]
- Undecided [ ]
- Disagree [ ]
- Strongly disagree [ ]

14. Differences in education levels hinders effective implementation of the youth fund

- Strongly agree [ ]
- Agree [ ]
- Undecided [ ]
- Disagree [ ]
- Strongly disagree [ ]

15. There is no clear cut on how the youth fund is to be used?

- Yes [ ]
- No [ ]
16. Does lack of education a hindrance to entrepreneurial activities among youth?

Yes [   ]

No [   ]

17. Does lack of youth empowerment hinder them from venturing into entrepreneurship?

Yes [   ]

No [   ]

18. What suggestions do you give for effective implementation of the youth fund

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

19. What other factors do you think hinder youth fund projects?

________________________________________________________________________

________________________________________________________________________
20. In your own view, what do you think the government can put in place to promote entrepreneurial culture among the youths in Kenya?