

Effect of Youth Enterprise Development Fund Programme on Youth Economic Empowerment in Kenya, Matayos Sub- County in Busia County

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Abstract: The Youth Enterprise Development Fund has made a significant contribution to the livelihood of many youths through provision of financial and supporting services especially in the rural communities in Kenya. However, questions have been raised on the efficiency of the Fund in the economic empowerment of Youth who are unemployed in Kenya. The objective of this study was to assess the effect of YEDF programme and the economic empowerment of Youth Enterprises in Matayos Sub-County in Busia County, Kenya. This study sought to finding out the effect of entrepreneurial education and training on the Youth economic empowerment in Matayos Sub County in Busia County. The sample size for the study comprised 186 Youth groups from where a sample size of 122 was derived. The study was based on the Knowledge Spillover theory. Descriptive survey research design was adopted for the study. Systematic random sampling was used to identify respondents who accessed the Youth Enterprise Development Fund, while snowball sampling was used to identify control group respondents. The analysis of the data was conducted using both descriptive statistics and inferential statistics. The findings showed that the majority of the groups had not been given entrepreneurship training. The study concluded that there was need for Business skills training before disbursement of funds in the Matayos Sub County which was an essential item in the Youth business growth and high turnover in the Sub County.

Keywords: Economic empowerment, Efficiency, Enterprise Development Fund, entrepreneurship training, Youth.

I. INTRODUCTION

Youth enterprise Fund is a 2006 Clinton Global initiative aimed at “building a coalition of partners all over the world to work on creating markets and unleashing entrepreneurship.” This goal will be largely achieved by orchestrating a global training and development program that supports young people to identify business opportunities and participate in a global Competition for “at risk” capital and business development services. YES offers a powerful Youth lead platform to engage their peers in the development efforts of their nation through leadership and entrepreneurship. In recognition of the plight of Youth in business, the Government of the Republic of Kenya in 2007 initiated and lunched the Youth Enterprise Development Fund (YEDF) as a strategy to address poverty reduction through socio economic empowerment of Youth. The fund is a vision 2030 flagship project under the social pillar based on the premise that Youth face largely on access to finance challenges resulting from the high interest rates occasioned by banks and microfinance institution (Republic of Kenya, 2010). The vision of YEDF is to socially and economically empower the Youth for economic development whereas the mission is to mobilize resource and offer access to affordable credit and business support services to Youth entrepreneurs. Youth credit programmes and schemes are two of the important strategies pointed out by the National on Gender and development in Kenya to change mindset of Youth unemployment. However, the progress made so far is studying the extent of implementing these strategies as well as benefits from (YEDF) remain grossly

inadequate. Whereas the outcomes in terms of Youth Enterprises in relation to credit have been mixed and there is no conclusive empirical evidence. This study sets out to add to empirical data on discovering the effects of YEDF on the performance of Youth enterprise in Kenya as well as facilitating increased knowledge about the dynamics of these resources providers for viable future adaptation on a local level in Kenya (Republic of Kenya, 2010).

Statement of the Problem:

According to the YEDF status report (2011) the number of Youth Enterprises Funded in Matayos Sub County was only 186. However, the success rates of these Youth run enterprises that had already been funded in the area remains questionable going by their loan repayment rates. In spite of the youth's efforts to address the issue of youth empowerment, the problem still remains unabated. This study, generates empirical information about the assessment of YEDF programmes and economic empowerment of youth enterprises in Matayos Sub County Busia County, Kenya.

Research Objective:

To evaluate the effect of entrepreneurial education and training on the Youth economic empowerment in Matayos Sub County in Busia County.

Research Hypothesis:

H₀1. Entrepreneurship education and training has no significant effect on Youth economic development.

Conceptual Framework:

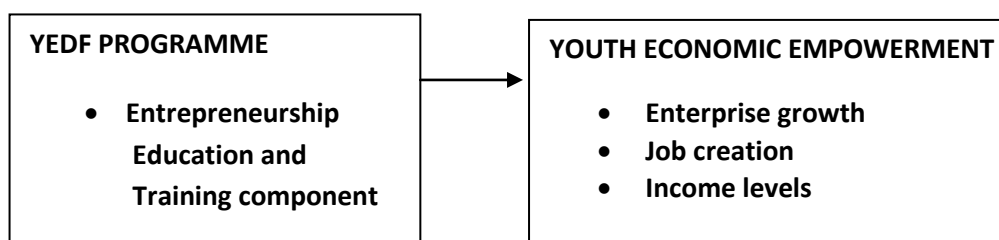


Figure I: Conceptual Framework

II. LITERATURE REVIEW

The Africa Youth Charter (2011) defined young people as individuals between the age of 15- 35 years, this definition views young people within the Africa context and is based on Africa development realities. According to Curtain (2004) in South Africa young people are historically defined as being ages 15 and 35. In Uganda for example the youth are defined as those individuals between 12 to 30 years while in Nigeria, youths are between 18 and 35 years (ILO 2005). The Kenya National Youth policy (2002) has defined Youths as those aged between 15-30 years of age. The background of this definition takes into consideration by real cultural, social, biologically, psychological and political aspects which illustrate the Kenyan Youth. However the legal age start at 18 years and beyond according to Kenyan laws. The Youth Enterprise Development fund was conceived in 2006 June by the government as a strategic move towards curbing unemployment claiming the Youth challenge. The fund targets all forms of Youth owned enterprises seventy five percent (75%) of these unemployed are the Youth. The government set aside Kshs. 1 billion in the 2006/07 financial year to fast-track this noble and timely initiative. The main objectives of the fund is to provide loans for on-leading to Youth enterprises, Attract and facilitate investment in micro enterprise oriented commercial infrastructure that will be beneficial to Youth Enterprises, support Youth oriented enterprise to develop linkage with large enterprise. Facilitate marketing of products and services of Youth Enterprise both in domestic and the international markets as well as provides business development services to Youth Enterprise as well as facilitating employment to Youth in the international labor market (C-YES 2010/06/07).

Knowledge Spillover Theory of Entrepreneurship:

Knowledge spillover is an exchange of ideas among individuals.^[1] In knowledge management economics, knowledge spillovers are non-rival knowledge market costs incurred by a party not agreeing to assume the costs that has a spillover effect of stimulating technological improvements in a neighbor through one's own innovation (Carlino, 2001). Such

innovations often come from specialization within an industry (Romer, 1987). A recent, general example of a knowledge spillover could be the collective growth associated with the research and development of online social networking tools like Facebook, YouTube, and Twitter. Such tools have not only created a positive feedback loop, and a host of originally unintended benefits for their users, but have also created an explosion of new software, programming platforms, and conceptual breakthroughs that have perpetuated the development of the industry as a whole. The advent of online marketplaces, the utilization of user profiles, the widespread democratization of information, and the interconnectivity between tools within the industry have all been products of each tool's individual developments. These developments have since spread outside the industry into the mainstream media as news and entertainment firms have developed their own market feedback applications within the tools themselves, and their own versions of online networking tools (CNN's iReport).

There are two kinds of knowledge spillovers: internal and external. Internal knowledge spillover occurs if there is a positive impact of knowledge between individuals within an organization that produces goods and/or services. An external knowledge spillover occurs when the positive impact of knowledge is between individuals without or outside of a production organization. Marshall-Arrow-Romer (MAR) spillovers, Porter spillovers and Jacobs spillovers are three types of spillovers (Carlino, 2001). MAR spillover has its origins in 1890, where the English economist Alfred Marshall developed a theory of knowledge spillovers (Carlino, Gerald, 2001). Knowledge spillovers later were extended by economists Kenneth Arrow (1962) and Paul Romer (1986). In 1992, Edward Glaeser, Hedi Kallal, José Scheinkman, and Andrei Shleifer pulled together the Marshall-Arrow-Romer views on knowledge spillovers and accordingly named the view MAR spillover in 1992 (Glaeser et al., 1992)

Under the Marshall-Arrow-Romer (MAR) spillover view, the proximity of firms within a common industry often affects how well knowledge travels among firms to facilitate innovation and growth. The closer the firms are to one another, the greater the MAR spillover. The exchange of ideas is largely from employee to employee, in that employees from different firms in an industry exchange ideas about new products and new ways to produce goods. The opportunity to exchange ideas that lead to innovations key to new products and improved production methods (Carlino, Gerald, 2001).

Porter (1990), like MAR, argues that knowledge spillovers in specialized, geographically concentrated industries stimulate growth. He insists, however, that local competition, as opposed to local monopoly, fosters the pursuit and rapid adoption of innovation. He gives examples of Italian ceramics and gold jewellery industries, in which hundreds of firms are located together and fiercely compete to innovate since the alternative to innovation is demise. Porter's externalities are maximized in cities with geographically specialized, competitive industries (Glaeser et al., 1992).

Under the Jacobs spillover view, the proximity of firms from different industries affect how well knowledge travels among firms to facilitate innovation and growth. This is in contrast to MAR spillovers, which focus on firms in a common industry. The diverse proximity of a Jacobs spillover brings together ideas among individuals with different perspectives to encourage an exchange of ideas and foster innovation in an industrially diverse environment (Carlino, Gerald, 2001).

Developed in 1969 by urbanist Jane Jacobs and John Jackson^[6] the concept that Detroit's shipbuilding industry from the 1830s was the critical antecedent leading to the 1890s development of the auto industry in Detroit since the gasoline engine firms easily transitioned from building gasoline engines for ships to building them for automobiles (Carlino, Gerald, 2001).

This is a theory of entrepreneurship in which the creation of new knowledge balloons the technological opportunity packed. The entrepreneurial activity does not indulge simply the arbitrage of opportunities, but the exploitation of knowledge spillovers not appropriated by incumbent firms. Knowledge Spillover Theory of Entrepreneurship shifts the fundamental decision making unit of analysis in the model of economic growth away from exogenously assumed firms to individual agents with endowments of new economic knowledge. Agents with new knowledge endogenously pursue the exploitation of knowledge suggesting that the stock of knowledge yields, knowledge Spillovers and that there is a strong relationship between such spillovers and entrepreneurial activity.

Role of Entrepreneurial Education and Training:

According to Cole (1997) training is a learning activity which is directed towards acquisition of specific knowledge and skills for the purpose of an occupation. The training can be both formal and informal and is usually carried out to assist a person understand and perform his/her job better. Armstrong (1999) concurs with Cole that training is a systematic

modification of behavior through learning this comes as a result of education and instruction. (Mullei 1999) states that “The past research results here consistently found SME training to improve result in better enterprises performance even under cultural settings such as the Netherlands, Spain Highway and China, it is expected that implementation of YEDF-reacted that training will lead to better performance in Youth Enterprise”. Training should be designed to meet the goals of the organization while simultaneously meeting the goals of individual employees (Bemardin, 1998). A properly trained work –force is essential if industrial firms in African are to face the challenge of the failure; therefore identification of training needs to involve in finding out what skills and knowledge present workers have and estimating within the foreseeable future. According to (P.H Turner Tumer, Nyedezor 2008). To achieve high-performance organization one needs to understand some of the imperative developing and effective strategy in an increasingly diverse environment requires a working knowledge and commitment to enterprise wide coalition and collaboration. Leadership styles and practice will largely be affected by work force changes which require new management patterns as well as different leadership skills and qualities. Training and entrepreneurial learning has widely been understood as how people acquire knowledge and enact new behaviors in the process of recognizing and acting on opportunities and of organizing and managing ventures. McClelland theory of acquired needs advocates that increasing level of need achievement in a society through modeling and learning such behavior stimulates entrepreneurship and economic growth, (Islam and Mamun, 2000). Entrepreneurship Education based on a solid learning theory can thus explain the need to develop entrepreneurs by increasing business knowledge and promoting characteristics associated with entrepreneurs, (Leintz and Rea 2012)

Economic Empowerment:

Barney (1986) defines above-normal return as the generated value more than cost. Since normal return refers to return just large enough to survive, above normal return that can be interpreted as profit. Since sales are related to profit measurement; it is included as one of the performance measures too. In addition, according to Coulter (2003) two objectives of entrepreneurship are growth and profit. Performance, viewed as profit in excess of the capital, depends upon the attractiveness of the Youth Enterprises in which environment it operates and the enterprise’s competitive advantage. Baum et al (2001) illustrated that it must be kept in mind that growth cannot be adequately explained from a single perspective, but individual, organizational and environmental research domains predict venture growth better when the web of complex indirect relationships among them is included. Van Vuuren et al (1994) further developed entrepreneurial performance as a construct. According to them, entrepreneurial performance is based on the two pillars of true entrepreneurship, which is the starting of a business or utilization of an opportunity, and the growth of the business idea. The development of a business idea can be linked to “opportunity exploitation” which is the construct identified through content analysis. The business growth construct can be presented as; growth in profitability, productivity, effectiveness, net worth as well as the number of employees employed by the enterprises. An increase in the level of these variables over a period of time with market related customers will be seen as increase in the enterprise performance. Growth leads to management complexity which can be defined as an indicator of the challenge faced by entrepreneurs as a function of the number, variety, and interrelationships among tasks required to administer the operations of the enterprise effectively and efficiently according to Sexton and Smilor (1997). Government need to give particular attention to targeted partnerships with private sector as a basis for job creation (Breathrust paper 2011/08).

III. RESEARCH DESIGN AND METHODOLOGY

The study used descriptive survey design, of which data was collected from designated enterprises and was make generalization for the results to be achieved. The target population consists of Youth enterprise/groups that had benefited from the fund. Because of the large numbers and area coverage it was better to take a sample from the population of 186 groups. (Busia Youth Office Tabulations 2013). To get the desired sample size for Youth Enterprises, Maxwell (2000) formula was applied for survey or experimented design, a coefficient of variation of at most 30% acceptable and a standard error of 0.02. The total sample size for the study was 122 Youth enterprises of which 102 were Youth Enterprise Development funds beneficiaries from Burumba, Mayenje, Busibwabo, Matayos South and Bukhayo west while 20 constitute the control group. This study utilized both primary data and secondary collection instrument carefully designed by the researcher to assess the effects of Youth Enterprise Development Fund Programme as resource to the Youth Enterprises in terms of performance. The respondents to the interviews were YEDF regional credit coordinator and two

programme officers. Key informants interviews were conducted with officials from YEDF including YEDF Regional Credit Coordinator and two programme officers. Data analysis was done with the help of Statistical Package for Social Science (SPSS), IBM version 20.0. Tabulation of raw data and statistical tables was used for further analysis, descriptive statistics and inferential statistics were used to analyse the data by measures of central tendency so as to give the connotation's of the analysis.

IV. ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

Level of Education:

The findings show the level of Education of respondents as shown in Table 1. The findings revealed that majority of the respondents 60% were Certificate holders, 20% were Diploma and 20 % Degree Holders. None had Post graduate qualifications.

Table 1: Level of education

Response	Frequency	Percent
Certificate	60	60.0
Diploma	20	20.0
Bachelor's Degree	20	20.0
Total	100	100.0

Entrepreneurial education and training on the Youth economic empowerment:

The response on whether respondents had received training on entrepreneurship to their businesses was as shown in Table 2. The findings show that the majority of the respondents (60) indicated that their groups had not been given entrepreneurship training, while 40 indicated that their groups had been given entrepreneurship training. These findings contradicted the interview schedules from Youth Officers who indicated that most of the groups had received Entrepreneurship training. These findings implied that there was need for Business skills training before disbursement of funds in the Matayos Sub County.

Table 2: Entrepreneurship Training

Response	Frequency	Percent
Yes	40	40.0
No	60	60.0
Total	100	100.0

Training Organization:

The response on which organization had offered training is as shown in Table 3. The findings revealed that majority of the respondents 60% groups had not been trained while the few who had been trained were 20% were trained by YEDF while the other 20% were trained by ILO.

Table 3: Organizations which Offered Training

Response	Frequency	Percent
YEDF	20	20.0
ILO	20	20.0
None	60	60.0
Total	100	100.0

Particular areas of Training and Mentoring:

The findings on the respondents' specific entrepreneurs training areas are as given in Table 4. The findings on specific areas that the respondents in the group had been trained on indicated that of the trained respondents 20% each had been trained on both marketing and management and accounting. These findings were also emphasized in the interview schedules which indicated that the main areas of training were Marketing and record keeping. This implied that there was

need for comprehensive training on ICT usage in Business for Youths in Matayos Sub County. Leintz and Rea 2012 emphasizes on this fact that Entrepreneurship Education based on a solid learning theory can thus explain the need to develop entrepreneurs by increasing business knowledge and promoting characteristics associated with entrepreneurs.

Table 4: Area of Training

Response	Frequency	Percent
Marketing	20	20.0
Management and Accounting	20	20.0
None	60	60.0
Total	100	100.0

Effect of entrepreneurial Education and training on the Youth economic empowerment

To test the effect of entrepreneurial training and education on the Youth economic empowerment, Simple regression analysis beta (β), this is equivalent to the Karl Pearson correlation coefficient (r) (Sekaram, 2003). Further, partial correlation analysis was used to test the hypothesis presented in the discussion below. The hypothesis was tested at 0.05 % significance level, with 95% confidence, which is acceptable in non-clinical research works.

The following hypothesis was set to guide the study;

H₀1: Entrepreneurship education and training has no affect on Youth economic empowerment in Matayos Sub County in Busia County.

The researcher used the correlation r (beta, β) to test this hypothesis. The test criteria was set such the study rejects the null hypothesis H₀1 if $\beta_1 \neq 0$, otherwise the study will have failed to reject H₀1 if $\beta_1 = 0$. To test the hypothesis, mean of Youth economic empowerment (Y) was correlated with mean of Entrepreneurship education and training (EET). The results are shown in the table 4. The correlation results between the mean Entrepreneurship education and training (EET) and the mean of Youth economic empowerment (Y) had a beta term $\beta_1 = 0.734$ at $p = 0.01$. In the hypothesis criteria, was to reject H₀1 if $\beta_1 \neq 0$. However, from this results, the value of beta $\beta_1 = 0.734$ and yet $0.734 \neq 0$. The study therefore rejected the null hypothesis and concluded that entrepreneurial training and education has a positive significant effect on the Youth economic Empowerment. This correlation results in table 5 show that entrepreneurial training and education had a positive linear effect on Youth economic Empowerment. The results in table below show that 53.9% of the Youth economic empowerment can be explained by entrepreneurial training and education ($r^2 = 0.539$).

Table 5: Correlation results of entrepreneurial training and education on Youth economic Empowerment

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.734 ^a	.539	.538	.46054		
a. Predictors: (Constant), Entrepreneurial training						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	122.093	1	122.093	575.637	.000 ^b
	Residual	104.566	493	.212		
	Total	226.659	494			
a. Dependent Variable: Youth economic empowerment						
b. Predictors: (Constant), Entrepreneurial training						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.887	.100		8.896	.000
	Entrep training.	.713	.030	.734	23.99	.000
a. Dependent Variable: Youth economic empowerment						
Significance level =0.05						

V. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Summary:

The findings show that the majority of the respondents (60) indicated that their groups had not been given entrepreneurship training, while 40 indicated that their groups had been given entrepreneurship training. These findings contradicted the interview schedules from Youth Officers who indicated that most of the groups had received Entrepreneurship training. These findings implied that there was need for Business skills training before disbursement of funds in the Matayos Sub County. The findings on specific areas that the respondents in the group had been trained on indicated that of the trained respondents 20% each had been trained on both marketing and management and accounting. These findings were also emphasized in the interview schedules which indicated that the main areas of training were Marketing and record keeping. This implied that there was need for comprehensive training on ICT usage in Business for Youths in Matayos Sub County. Leintz and Rea 2012 emphasizes on this fact that Entrepreneurship Education based on a solid learning theory can thus explain the need to develop entrepreneurs by increasing business knowledge and promoting characteristics associated with entrepreneurs. To determine the effect of entrepreneurial training and education on the Youth economic empowerment, the hypothesis was tested at 0.05 % significance level, with 95% confidence, which is acceptable in non –clinical research works.

Conclusion:

The study therefore rejected the null hypothesis and concluded that entrepreneurial training and education has a positive effect the on Youth economic Empowerment.

Recommendation:

The Government should ensure that entrepreneurial education and training is done because it has a positive effect on the youth economic empowerment.

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