

Business Support Services and Growth of Youth Owned Enterprises Benefiting From Uwezo Fund in Kitui County, Kenya

Aggrey Nyagaka Nyangweso¹, Philip Wambua, PhD²

Correspondent Author, School of Business, Kenyatta University, Kenya¹

Department of Business Administration, School of Business, Kenyatta University, Kenya²

ABSTRACT

The study sought to examine the influence of business support services on growth of youth owned enterprises benefiting from Uwezo Fund in the larger Kitui County. Business growth through business support services like entrepreneurial skills and financial services has been lauded by many studies as an engine which can tap well the practical and creative business approaches affecting the youth and other disadvantaged groups. In an effort to reduce the ever-increasing high levels of unemployment and poverty amongst the youth, the Government of Kenya has since independence established many affirmative action funds like the Youth Enterprise Development Fund in order to accelerate the growth of youth owned enterprises. However, a large number of youth is still languishing in poverty and unemployment. Youth who venture into their own businesses mostly face the challenge of inadequate skills like the skill of identifying an appropriate business line of investment, poor access to credit and market access. This has become the main reason for high enterprise failure rates with up to 80 percent of new businesses collapsing within their first three years of operation. Uwezo Fund was established in the year 2013 to offer various business support services amongst the vulnerable groups and encourage enterprise growth through the provision of effective business support services like; interest free lending services, business development services, business mentorship services, market and marketing skills and Access to Government Procurement Opportunities (AGPO). The study sought to examine the influence of Uwezo Fund business support services particularly its lending services, business development services and market access on the growth of youth owned enterprises. The study was anchored on the theory of stages of development by Churchill & Lewis. The study adopted a descriptive research design. A sample of beneficiaries' enterprises at the County level formed a study's sample size of 100 groups, a 20% of the total 501 funded youth groups by 2016/2017 financial year, from which one enterprise in each group was selected for study. Stratified random sampling method was used in selecting the respondents. Primary data was collected using questionnaires that were self-administered. The content validity of the research instruments was checked using opinions from the experts while construct validity through consistency in both the conceptual and theoretical reviews during the questionnaire preparation. Reliability of collected data was achieved through a pilot study and a Cronbach's Alpha, with 0.7 ranges. Descriptive and quantitative methods of study were used in data collection, data presentation and data analysis. Quantitative data was analyzed using frequency tables and percentages while qualitative data interpreted through the use of linear regressions. From the findings, all independent variables except market access through AGPO had a significant linear relationship with the dependent variable. Based on the study's findings, the study recommends that Uwezo Fund should strengthen its business support services especially market access through AGPO and scope of business in order to positively influence the growth of youth owned enterprises. The study also recommends for a further research on the causes of ineffectiveness in market access amongst the youth enterprises. The study finally recommends for a further research on Uwezo Fund business support services which are not offered by the fund like infrastructural services, transaction processing, merging the fund with other existing business support service providers and similar studies in other counties since findings from one County is not wide enough to

generalize on the influence of Uwezo Fund support services on the growth of youth owned enterprises in the whole Country.

Key Words: Business Support Services, Youth Owned Enterprises, Uwezo Fund, Kitui County, Kenya

1. BACKGROUND OF THE STUDY

According to Berry, Sweeting and Gotto, (2006), influence of business support services on growth of small and medium enterprises (SMEs) has come out with both positive and negative results. Their study also concurs with another study done by Wiklund and Shepherd, (2005), who found out that regular contact with business support agencies, give a favourable impact on business performance thus leading to enterprise growth and development. However, Curran and Blackburn, (2000), questions government's involvement in SME's activities and assert that government's interventions through business support services only act as a political tool for gaining a political mileage rather than spurring up of enterprise growth. Findings from the above study by Curran and Blackburn, (2000), are similar with another study done by Westhead and Birley, (1995), who found out that government's backed up support services don't give a significant impact on business performance. Their findings are also confirmed by another study done by Robson and Bennet, (2000), who observed that effect of government support services is doubtful. It is therefore true that enterprise growth depends on many factors but not just one or a group of factors. In Malaysia, according to Malaysia Second plan, (1971-1975), business support services are provided in order to assist the Malays whose entrepreneur activities are far much behind other ethnic groups despite negative criticisms on Government involvement. According to the Government of Malaysia, some ethnic groups are seen as novice entrepreneurs, therefore without intervention, it would be quite difficult for them to compete fairly with other established players and survive.

A newly set up business entity for example, has been known to incur difficulties in acquiring credit and other business support services from the private institutions operated on profit making basis hence a need for a conducive business environment for them to be competitive (Brown, Earle, & Lup, 2005). However, other studies reveal that not all enterprises grow as a result of government business support services. For example, according to Brown, Earl & Lup above, despite Malaysian Government's effort in providing a wide range of services, the Malays SMEs were found not to have utilized these services as envisioned in the Government plan. Similarly, international social entrepreneurship organizations like KIVA, Opportunity International, Acumen Fund and Omidyar Network advocate for harnessing of the potential of enterprise growth and development amongst the vulnerable groups like the youth in order to create self-employment and improve their living standards. These organizations as a result lend loans which are geared towards the social impact of the youth and other vulnerable groups and fund youth innovative business oriented ideas with a great success in job and wealth creation (Ashoka, 2004). Hansen, Rand & Tirp (2009), found out in their study that various governments' policy interventions have resulted into the growth and success of many small and medium enterprises in the Asian Continent including Vietnam. According to their study, the removal of regulatory barriers in Vietnam has resulted into the growth of enterprises significantly. The government of Vietnam assists the upcoming SMEs both financially and technically, consequently influencing the growth of young people's enterprises. However, enterprise growth can also be a factor of internal factors like personal factors rather than external factors like government business support services. It is thus hard to determine what influences enterprise growth in general without examining each and every one of business support services provided.

An empowerment program targeting the youth and women through encouraging them to venture into business has also drawn the attention of many governments all over the world (Ashmore, 2000). Business creation and growth nowadays is seen as an avenue of wealth and job creation amongst the youth, women and people living with disabilities in many African countries. A USAID report of 2013, recommends that every Government must ensure that the poor including the youth are not left out in any Development agenda. The concerned governments must therefore provide an enabling environment for growth of micro enterprises in all the sub-sectors of the economy through market development, cheap access to finance, business development services, improved inputs and by involving the youth in public procurement. Elsewhere in Africa, access to credit has been found to be a major factor in the growth of business enterprises. For instance, the government of Botswana has since independence established youth friendly Credit Schemes that have led to availability of accessible credit facilities for enterprise growth (Okurut, 2013). This was done as a result of the discovery that young people's enterprises were finding it hard to access the available institutional credit facilities and lacked the required business skills necessary for the operation and growth of newly startup enterprises.

A study done by Deon Filmer, (2014), revealed that about 11 million youths enter into labour market in Africa annually, a trend which is expected to continue rising up steadily in the next coming decades therefore in dire need of employment. According to him, if suitable drastic interventions are not carried out quickly, the youth and society will suffer both socially and economically. He observed that there was an urgent need for concerned governments and other stakeholders to initiate some specific youth tailored programs in order to boost their ability to start money generating projects and subsequently create wealth and employment opportunities. He further noted that getting formal employment is becoming elusive in many instances, bearing in mind of a large number of young people who graduate and enter into the labour market every year. Deon Filmer above, recommended that, the concerned governments and other non-state-actors should avail the much needed seed capital for the business startups and growth, create a favourable business environment and impart adequate business skills like training of the youth on business development services (BDS) amongst other youth supportive programmes. The ultimate growth of youth enterprises will as a result create jobs, improve their livelihoods and contribute towards the country's general economic growth and social stability. In study done by Kabahanga, (2013), it was observed that Business Development services (BDS) are also an essential ingredient in enterprise growth and development. BDS supports enterprise growth by providing a business with a wide range of services like training, consultancy and advisory services, marketing assistance, information, technological development and transfer, business linkage and operational services like management skills, management of accounts, filling tax records and general compliance with the statutory regulations. According to Karlan & Vildiva, (2010), self-employed groups rarely have any formal training in business skills and development which are crucial in driving enterprise growth and development.

In Kenya, the Government of Kenya has since independence established many affirmative action funds like the Youth Enterprise Development Fund (2007), Women Enterprise Fund (2008), and more recently, Uwezo Fund (2013), in order to accelerate the growth of youth owned enterprises. However, even though Uwezo Fund has gained popularity amongst the youth due to its interest free lending services, business development services and market access, success of its business support services on the growth of youth owned enterprises has not been conclusively studied, hence this study. The Kenya National Human Development report, (2009), reveals that, the major constraints still facing small business success especially amongst the youth are poor access to credit due to institutional collateral requirements, inadequate business skills and unfavorable policies and regulations. According to Article 27 of the constitution of Kenya, (2010), every person including the youth has been accorded with a

right to equality and freedom from discrimination. Similarly, Article 43 grants every person with both economic and social rights while, article 55 of the constitution of Kenya compels the Government of Kenya to take up measures geared towards promoting youth empowerment. In respect to the above demands of the constitution, the Government Kenya has since independence established Uwezo Fund (2013), as an alternative fund with an aim of spurring up enterprise growth through its interest free lending services, business development services, mentorship services and market access. Kenyan youth form the highest number of the unemployed segment of the total population with a percentage of over 60% of the unemployed labour force falling under this group. It is therefore imperative to come up with youth friendly programmes in order to assist the youth to overcome business challenges they are facing (Kenya National Human Development report, 2009).

2. STATEMENT OF THE PROBLEM

Growth of small business enterprises has been recognized by many governments both globally and in Africa as a major driving force behind a country's economic growth and development. The Government of UK for example has thus intentionally created a conducive business environment for young people's business enterprises through supporting of their businesses and formulation of youth friendly policies and programmes (UK Government, 2013). Fajnzylber, (2009), as well posits that business development services and access to credit are other important factors in enterprise growth. Furthermore, Pandya, (2012), observed that market and marketing skills influence business growth and survival. Locally, the government of Kenya has since independence undertaken many steps geared towards the enactment of favourable legal and regulatory frameworks aimed at accelerating the growth of young people's business enterprises (Syeki & Opijah, 2012). These include; the establishment and enactment of the MSE Act, enactment of the National Youth Policy (2007), establishment of Youth enterprise Development Fund (2006), creation of Women Enterprise Development Fund (2007), domestication of the international treaties like the Commonwealth Plan of Action for Empowerment 2007-2015 and rolling out of the Uwezo Fund. Uwezo Fund was established in year 2013 by the Government of Kenya in cognizance with identified challenges facing the young people, notably, poor access to finance, lack of business skills, lack of mentorship programs and difficulties in accessing the market (Uwezo Fund, 2013).

Previous studies indicate that growth of youth owned enterprises and access to funds has not been easy to most of the youth owned enterprises due to financial, technical and operational challenges (Irene, 2009). Similarly, Abor & Quartey (2010) and Amenya, (2011), observed that youth owned enterprises collapse almost immediately after they have been started due to challenges like financial accessibility, inadequate business development services and market access. According to Uwezo Fund Status Report, (2016), youth owned enterprises borrowed less as compared to women owned enterprises and the overall default rate of loan repayment was high as 55% in Kitui County, which was a bit too high for the fund to survive and offer adequate services. Mahinda, (2004), observed that low uptake of loans amongst the youth is attributed to technical and structural challenges that devolved funds are facing, thus making them inaccessible to most of the youth owned enterprises. The creation of Uwezo Fund and challenges young people are facing in business therefore strongly indicate inefficiencies in business support services. Studies like one did by Alfayo, (2015), have also failed to address on how Uwezo Fund business support services are influencing the growth of youth owned enterprises. As much as previous studies conducted indicate the challenges of inaccessibility to the funds, inadequate BDS and lack of capacity building therefore, none of these studies gives detailed information on the influence of Uwezo Fund business support services on growth of youth owned enterprises which can be adopted in order to address the challenges the youth are facing. It is against this background that this study seeks to establish the influence of Uwezo

Fund business support services on the growth of youth owned enterprises in the larger Kitui County in order to give an appropriate suggestions and recommendations.

3. OBJECTIVES OF THE STUDY

The study sought to establish the influence of business support services on growth of youth owned enterprises benefiting from Uwezo Fund in Kitui County, Kenya.

The research specific objectives were.

- i. To establish the influence of lending services on growth of youth owned enterprises.
- ii. To establish the influence of business development services on growth of youth owned enterprises.
- iii. To establish the influence of market access services on growth of youth owned enterprises.

4. THEORETICAL FRAMEWORK

4.1 Stochastic Models

Many models have been established in an attempt to explain the growth of SMEs. These models are varied. According to stochastic models, also referred as random models, there is no single theory that has adequately explained why some businesses grow while others fail. Stochastic models are the earliest models which have attempted to explain the growth of businesses. Stochastic models assume that there are too many factors which affect the growth of a business and therefore there is no specific factor or factors which can adequately explain the growth of a business. Uwezo fund offers three main business support services as a solution towards supporting the growth of youth owned enterprises among other vulnerable groups. These are financial services, business development services and market access. It was after the realization that, enterprises operated by vulnerable groups were challenged by many constraints including accessible credit, lack of business development services and market access services. By use of the stochastic model, this study will examine the influence of each of the Uwezo Fund business support services so as to determine their overall influence on the growth of young people's business enterprises. Stochastic theories posits that business success can be a product of many factors including personal attributes and motivation thence a need for a study of this nature in order to examine if Uwezo Fund support services are enough to enable the fund to achieve its objectives since stochastic theories presume that growth of firms are random and cannot be predicted using any group of variables. The study borrowed heavily from stochastic models through examining of the influence of Uwezo Fund business support services on the growth of youth owned enterprises in Kitui County, taking in mind that, though they can lead to growth, the fund's business support services would not always lead to enterprise growth and development. Growth of business enterprises in the study will be assumed to be a random occurrence and cannot be predicted using any group of variables as propagated by stochastic theories. Stochastic theories assume that the growth of a business is independent of any unique factor or a group of factors, meaning that not all business support services would always lead to an enterprise growth thence prompting a study of this nature. Kihlstrom & Laffon, (1979), being the proponents of this theory proposed that the major determinants of business growth are the differing ability of one to take risks. The theory assumes that entrepreneurs who have got an ability to take risks and the presence of allocated resources in the face of uncertainty produce more and makes one to become more successful. An enterprise and a firm are therefore limited by and entrepreneurs' willingness to take risks.

4.2 Theory of Stages Development

The theory of stages development advocates that, a firm passes through five main stages of development (Churchill & Lewis, 1983). These stages of growth and development are; existence

stages, survival stage, success stage, take off stage and maturity stage in that order. For a firm to survive and grow therefore; it must develop some relevant strategies in order to overcome the incoming obstacles associated with every stage of growth. The model of theory of stages of development was developed by Churchill and Lewis and it depicts four stages that a small business must pass through as it grows towards maturity. During the early stage, a business will face problems in securing customers and thus would rely on a very small base. A business strategy in this stage is therefore to keep the business kicking and avoiding collapsing through seeking of business support services like training and market access. The second stage of business development according to Churchil & Lewis, (1983), is the survival stage. During this stage, a business will suffer from cash flows, inadequate customer base and lack of planning. A business strategy in this stage is for an enterprise to come up with ways helpful in surviving through the increase of sales. The third stage is called success stage which is also known as expansion stage. It is characterized by an increase in financial needs hence financial requirements, proper business planning and adequate managerial skills. Thus, access to finance and business development services are important in this stage. Finally, in the take off stage before a business progresses to maturity stage, a business needs an enormous resources for rapid growth. A lot of risk taking is also needed in the financial needs, restructuring and planning of an enterprise in order to enhance business growth. Uwezo Fund aims at spurring up of the growth of youth owned enterprises through its business support services which are similar with the stages of growth propagated by Churchil & Lewis hence applicable. The fund trains the youth and other vulnerable groups to start their own enterprises like company registration through business development services and how to operate them in the first stage which can be equated to existence stage. In the second stage, enterprises started are funded and mentored in order for them to survive, followed by refinancing and further training for success, take off and finally growth to maturity by offering its lending services, business development services and market access. In this study, youth enterprises therefore were studied bearing in mind the theory of stages of development (Churchil & Lewis, 1983).

This study thus adopted the theory of stages of development for two reasons; first the theory highlights the importance of all the three business support services offered by Uwezo Fund namely business financing, business development services and market access in business growth. Secondly, stages of growth correspond with what Uwezo Fund is doing. For instance the first step the fund does after identification of an enterprise or a group is to train group members on business development services. This stage is followed by step two where an enterprise is financed. Later on they are mentored, refinanced for business growth and trained on market skills in order for them to increase their market base. Youth owned enterprises are assumed to have grown to a success stage in the study by their third year. Theory on stages of development by Churchill & Lewis assumes that all enterprises grow through a predetermined stage of development. In real life, a business can surpass one stage and move to another on its growth path. The theory of stages of development thus is criticized for assuming that all business enterprises follow the same pattern of growth, which cannot be true in all instances.

4.3 Social Change Theory

Theories of change play a more important role in all phases of business growth and development. In the program design, theories of change guide the interventions design by suggesting what sorts of interventions are likely to lead to a desired change. This concept emanated from theory based programs evaluation literature and has evolved throughout the social sciences (Weiss, 1972). Just as development community has increasingly moved towards a more evidence based designs, monitoring and evaluation of programs, so too has the business field gained an interest in making its theories of change explicit (Nan, 2009). According to (Diana, 2005), factors in societal change may be summarized into economic, political and

cultural. Among the political influences, the state or government plays a greater role in the social life and change of its citizens through programs like Uwezo Fund. Cultural influences also play an important part in societal change.

For example, secularization and development of science have had a major effect on the way in which we think, our attitude to legitimacy and authority, social structures, our systems and values which in turn impact on change (Giddens & Duneier, 2000). On the other hand, the themes of organizational change have got parallels in theories of individual and group change. According to Backer, (2001), a behavior is more likely to change if a person forms a strong positive intention, makes a commitment to perform for a behavior to occur. Secondly, behavior can change when a person possesses skills that are necessary for the performance of a desired behavior. Thirdly, when a person perceives that the advantage of performing a certain behavior outweighs the disadvantage. Furthermore, according to Backer, (2001), a behavior is likely to change if a person perceives more pressure to perform a certain behavior than not or a person believes that performance of a behavior is more consistent than being inconsistent with his or her self- image or if it does not violate his or her personal standards as well, if the person's emotional reaction to performing a behavior is more positive than negative. Finally a behavior can change if a person perceives that he or she has got an ability to perform a behavior under a number of different circumstances.

The Government of Kenya through Uwezo Fund is aspiring to make changes in the way the youth are doing business by its business support services. The Governments is therefore intentionally working to reduce the environmental constraints affecting business growth by changing certain behaviours or trying to alter the advantage calculus by strengthening the normative pressures in young people's business life through Uwezo Fund. Shapiro, (2002), has also delineated a multiple of ways in which theories of change can advance practice. According to him mapping of the core assumptions about business growth and change that guide intervention design is helpful in spurring up business growth and enhancing the reflective practice and conscious choice among the practitioners. Advancing practice also involves recognizing shared or complementary elements of programs like marketing and market access, training, enterprise funding and business development services in order to develop a cooperative and coordinated intervention strategy, and to identify the competing assumptions and theories useful in testing the relative validity of different approaches. Uwezo Fund intends to bring out social change in a way that vulnerable groups including the youth are effectively doing business by offering them with an accessible lending services, business development services and market access. This study therefore borrowed heavily from social change theories in studying the influence of Uwezo Fund interventions through its business support services and the intended planned change in business growth. However, social change theories have been criticized for assuming that change can be always controlled. They don't take into account of emerging external and internal environmental factors which can immensely affect an obvious process of business growth to a negative result at any given time.

5. CONCEPTUAL FRAMEWORK

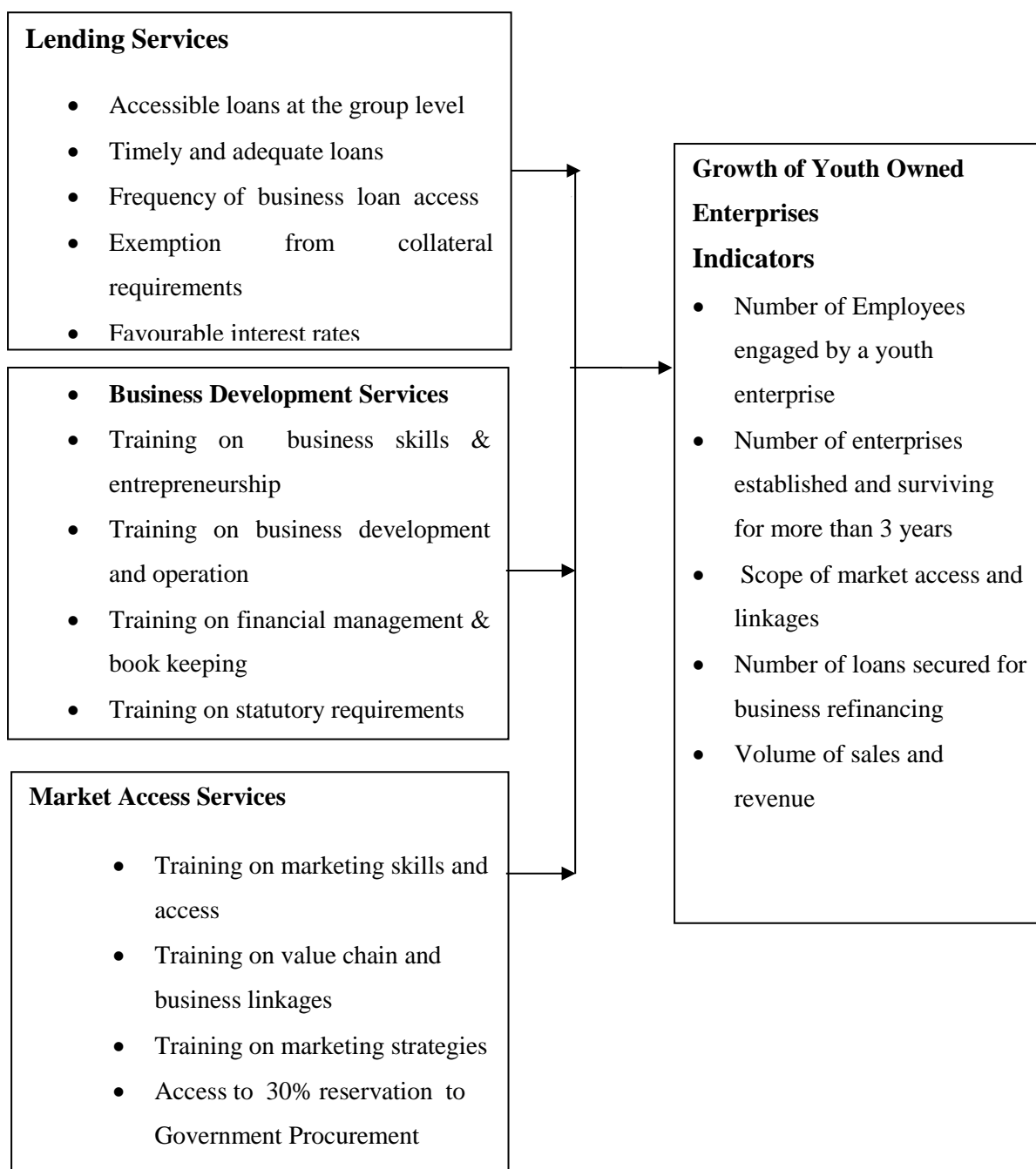


Figure 1: Conceptual Framework

The independent variable in the study is explained by three indicators; lending services, business development services and market access. Lending services are measured in terms of accessible loans at the group level, timely and adequate loans, frequency of business loan access, exemption from collateral requirements and favorable interest rates. Business development services are measured in terms of training on business skills and entrepreneurship, training on business development and operation, training on financial management and record keeping, training on statutory requirements and business counseling and mentorship. Market access services; measured in terms of marketing skills and access, training on value chain and business linkages, access to 30% reservation to Government Procurement opportunities preference (AGPO) and marketing strategies. Growth of youth owned enterprises is the

dependent variable explained by five indicators; namely, number of employees engaged by a youth enterprise, number of youth enterprises established and surviving after 3 years, the scope of market access and linkages, number of loans secured for business refinancing and expansion and volume of sales and revenue.

6. RESEARCH METHODOLOGY

The study adopted a descriptive research design targeting youth groups and individual businesses since it attempted to answer questions concerning the current trends, conditions and status of the subjects under study. Through the use of descriptive design, the researcher was able to have an insight on the whole picture of Uwezo Fund business support services and their influence on business growth. It involved collecting information on the area under study by administering a questionnaire to a selected target population. The study sought to target a population of 501 funded youth groups in all 8 sub-counties found in the larger Kitui County as by 2016/2017, Financial Year. Out of the total target population of 501 funded groups, 100 groups were sampled for study at a rate of 20% of the total target population at the county level. Respondents were drawn from the sampled groups at the constituency level where one individual business enterprise was sampled from each group for study through simple random sampling. These businesses were the ones which had been in existence in the last 3 years or more. The study adopted stratified random sampling to pick the respondents thus giving every beneficiary of Uwezo Fund from the funded groups an equal chance of being selected. At the first stratum, 20% of the groups translating to 100 youth groups funded through Uwezo Fund in the county were selected by the use of a simple random sampling method before later on selecting one business enterprise in each sampled group for study. According to Gay, (2009), a 20 % sample size is more convenient in sampling a small population like the one above with a target population of 501 groups. The researcher therefore, randomly sampled one individual youth owned enterprise for study, translating to 100 respondents. The selected enterprises were the ones which had been in existence in the last three years or above, after being funded by the Uwezo Fund Board. These businesses were also the ones which were youth owned and managed.

Primary data was collected from youth owned enterprises using a questionnaire. They were self-administered. Questionnaires used were also constructed based on the objectives of the study and were later on distributed to 100 earmarked enterprises forming the sample size. The questionnaire were a preferred tool of data collection in this study due to the fact that respondents would be able to fill them anonymously without any assistance from the interviewer and they are cost effective in reaching out a large sample size. The used questionnaires were both open ended and closed ended in structure which led to increased response rate. A five point rating scale where the respondents either agree, strongly agree, neither, disagree or strongly disagree was used to provide a finer classification within the broad options ranging from agree, average and disagree thus enhancing the quality of data. The collected data was analyzed through the use of both quantitative and qualitative methods. The quantitative methods were used to generate descriptive statistics which assisted in analyzing data using frequencies, means and percentages while qualitative measures were analyzed through summarizing of the key findings, explanations, interpretations and in making conclusions. The data was coded, edited and classified so as to present the result of the data analysis in a systematic and clear manner. The researcher used descriptive and inferential statistics, which included measures of central tendency and integrating both qualitative and quantitative techniques in data analysis. The study also made use of computer software called Statistical Package for Social Scientists (SPSS) to analyze the collected data and establish the relationships between the variables. After the data had been analyzed, it was tabulated for presentation using frequency tables, means and standard deviation. The relationships between

the dependent variable, that is, growth of youth owned enterprise and independent variables, that is, business support services which were; lending services, business development services and market access were expressed by the use of a regression in the form of;

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon$$

Where α is the constant, B_i = slopes or change in Y induced by each X, X = the independent variables, X_1 = lending services to youth owned enterprises, X_2 = business development services, X_3 = marketing of youth products and services, Y = growth of youth owned enterprises (dependent variable) and ε = the error term.

7. DATA ANALYSIS

To establish the cause and effect relationships regression analysis was necessary.

Table 1: Multiple Linear Regression Model

Variable		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	129.55	202.0		0.8495	.005
	X1	0.558	22.7	.270	0.5794	.000
	X2	0.254	18.2	.385	0.4785	.036
	X3	1.640	0.98	.303	0.9894	.020

From the model above, the linear regression model can be written as follows; $Y = 129.55 + 0.558X_1 + 0.254X_2 + 1.64X_3 + e$

Where Y = Growth of Youth enterprise, β_0 = constant, X_1 = Lending services, X_2 = Business development services, X_3 = Market access of youth owned products and services and e = Error term. From the linear equation, the beta values for lending services, business development services and market access of youth products and services were 0.558, 0.254 and 1.64 respectively. This meant that a unit increase of in lending services, business development services and market access of youth products and services all from Uwezo Fund will result into 0.558, 0.254 and 1.64 increase on the growth of youth owned enterprises measured in a scale of 1-5. The p-value of all variables was less than 0.05, thus variables in the model were statistically significant and could be used to estimate the growth of youth owned enterprises.

Table 2: ANOVA Analysis

ANOVA ANALYSIS					
	Df	SS	MS	F	Significance F
Regression	4	2.49E+09	6.22E+08	7.631582	0.000
Residual	89	6.28E+09	81550084		
Total	93	8.77E+09			

The P-value of the model is 0.000 which is less than the significance level of 0.05. Thus the model can be used to estimate the growth of youth owned enterprises benefiting from Uwezo Fund. Similarly, the F statistics for the model is 7.63 which is less than the f calculated. This means that the model is statistically significant.

Further regression analysis was done where each independent variable was regressed against youth enterprise performance. Lending services was an independent factor whose influence on the Growth of youth owned enterprise was tested. The key point of interest in this parameter was the accessibility of Uwezo Fund lending services to the youth owned enterprises, the fund effectiveness, collateral requirement, access to refinancing and interest charged for the loans. A regression model for growth of youth enterprises against the lending services gave the model $Y = 343.7 + 0.491 X_1$. The linear relationship between the variables was weak, $R = 0.251$ and R squared = 0.118. Lending services thus only explains 11.8% of the growth in the youth owned enterprises. A beta value of 0.491 implied that an increase in the lending services by a unit will lead to growth in youth enterprises by 49.1%. The p- value of the model was 0.0865 for the intercept which is greater than the significant level of 0.005, thus the constant was not statistically significant. That of the beta coefficient was 0.001 which means that the coefficient was significant. The F statistics value for the model was found to be 9.23 which was significant at 5% significant level. Thus this model can be used to measure the rate at which the dependent variable changes as a result of change in the lending services.

The effect of business development services on the growth of youth owned enterprises produced the model $Y = 2347.1 + 0.351 X_1$. The linear relationship between the variables was weak, $R = 0.341$ and R squared = 0.028. Business development services only explained 2.8% growth in youth enterprise. The p-value of the constant and the variable were less than 0.05 which means that they were both significant. The F- statistics for the model was 7.6 which were significant at 5% significant level. Thus this model can be used to measure the rate at which the dependent variable changes as a result of change in the business development services. Most of the enterprise owners agreed that the market access has seen them grow; however, this wasn't seen in the overall growth that was expected to see the sales volume increase significantly. The regression model was developed was $Y = 5965.8 + 16.72 X_3$. The linear relationship between the variables was very weak, $R = 0.171$ and R squared = 0.029. Market access of the youth owned products and services only explained 2.9% of the total growth in the youth owned enterprises in Kitui County. A beta value of 16.72 implied that an increase in the market access of the youth owned products and services will lead to growth of the said enterprises by 16.72 units. The p- value of the model was 0.001 for the intercept which is less than the significant level of 0.05, thus the constant was statistically significant. That of the beta coefficient was 0.12 which means that the coefficient wasn't significant. The F statistics value for the model was found to be 2.42 which weren't significant at 5% significant level. However, majority of the respondent felt that market access services offered by Uwezo fund was sufficient but the overall effect of the market access on the growth of their enterprises was minimal in Kitui County.

8. CONCLUSION

Uwezo Fund is a flagship programme of Kenya's vision 2030 aimed at enabling the women, youth and persons with disability to access finances easily to their business growth at the constituency level, thereby, enhancing their economic growth and employment creation. The aim of the fund is to offer an accessible lending services at the constituency level, skills in business development services, mentorship services for the vulnerable groups and expansion of the market access through training and promoting 30% government procurement preference. The Fund was established as an avenue for promotion of enterprise growth among the youth, women and PLWDs and create employment. The study's findings show that the fund is actively raising the standards of doing business in Kitui County. More than 80% of the youth groups and individual youth members have been trained by Uwezo Fund through its business development services programmes. However, the rate of enterprise growth has not been that all huge as expected. The study thus reveals that there are other factors that have lead to

enterprise growth. Uwezo fund business support services has only contributed to less than 20% of this growth as revealed in the study.

9. RECOMMENDATIONS

The study makes the following recommendations based on the findings of the study; there is a need to encourage the involvement of other stakeholders in offering more business support services especially the department of trade and industrialization in training the youth on the viable business opportunities and market access beyond the local market instead of having over 80% of entrepreneurs in retail trade. This will increase the probability of sustaining businesses growth and diversification. Working closely with other Devolved funds like the Youth Enterprise Development Fund would also ensure that the amount availed to the youth enterprises is sufficient enough and timely to ensure rapid growth. Alternatively the Government of Kenya can also merge all other devolved funds including relevant state sponsored Micro Financial Institutions like Kenya Industrial Estate (KIE) into a one national bank with branches all over the country to offer efficient and adequate business support services and eliminate duplication and structural ineffectiveness. For instance the study findings show that BDS and the amount availed to the youth enterprises isn't enough for enterprises rapid growth on a short run. Some of the businesses especially in the manufacturing sector require huge sums of money to operate. This explains why the majority of youth owned enterprises are in retail and agriculture.


REFERENCES

- Abor, & Quartey, P. (2010). *Issues in SME Development in Ghana and South Africa*. International Journal of Finance and Ethics, 7 (12), 45-52.
- Amenya (2010). *An Analysis of the Challenges Facing Youth Enterprise Development Fund: A Case Study of Nyaribari Chache Constituency*. Paper presented at the African Institute of Business and Management Conference, University of Nairobi. Kenya.
- Alfayo, Alfonze A. (2015). *Influence of Youth Empowerment Programs on National Development: A Case Study of Uwezo Fund in Vihiga County*, University of Nairobi. Kenya.
- Ashmore, C.M. (1990). "Entrepreneurship in Vocational Education" in Kent C.A. (Eds), *Entrepreneurship Education: Current Developments, Future Directions*. Quorum books, New York, N.Y.
- Ashoka, (2004). *Social Entrepreneurship: New Models of Sustainable Change*. Oxford University press, Amazon.com.
- Backer, T.E. (2001). *Increasing Participation Mean Changing Behavior. What Can be Learned from Behavioural Science?* Grant Makers in the Arts Reader, (12), 18-22.
- Berry, J. A., Sweeting, R., & Goto, J. (2006). *Effect of Business Advice on Performance of SMEs*. Journal of Small Business and Enterprise Development, 13(1), 33-47. <http://dx.doi.org/10.1108/146260>.
- Bof, F., and Previtali, P. (2007). "Organizational Pre-Condition for E- Procurement in Governments". Electronic Journal of e- Government, 5 (1): 1-10.
- Brown, J. d., Earle, J., & Lup, D. (2005). *What Makes Small Firms Grow/ Finance, Human Capital, Technical Assistance, and Business Environment in Romania*. Economic Development and Cultural Change, 54(1), 33-70. <http://dx.doi.org/10.1086/431264>.
- Bryman, A., (2012). *Social Research Methods*. Oxford University Press.
- Chigunta, F., (2001). 'Youth Livelihoods and Enterprise Activities in Zambia'. Report to IDRC, Canada.
- Cooper, D R. & Schindler, P. S. (2003). *Business Research Methods, (8thedn)*. McGraw-Hill: New York.

- Churchill, N.C. (1983). *The Five Stages of Small Business Growth*. Harvard Business Review, May- June 1983
- Deon, F. (2014). *Youth Employment in Sub-Saharan Africa*. World Bank, 2014.
- De Gobbi, M. (2014). *Making Youth Entrepreneurship Work in Sub-Saharan Africa: Some Factors of Success*. Open Journal of Business and Management, 2, 305-313.
- Diana Leat, (2005). *Theories of Social Change Background Paper*. The INSP Theory of change tool Manual.
- Dierickx I., Cool K. (1989). *Asset Stock Accumulation and Sustainability of Competitive Advantage*. Management science, 35: 1504- 11511.
- Fajnzylber, P., Maloney, W. F. & Montes- Rojas, S. V. (2009). *Releasing Constraints to Growth of Pushing a String? Policies and Performance of Mexican Micro firms*. Journal of Development studies. 45 (7), pp. 1027-1047.
- Gakure, R.W. (2001). *Issues Impacting on Growth of Women Owned Enterprises in Kenya*. Paper presented at shifting gears in Women's Enterprises Conference, Durban University, UK, September 2001.
- Galt, L. (2012). *SMEs in Africa Growth despite Constraints, Consultancy*. Africa Intelligence.<http://www.consultancy Africa.com>
- Gay, L.R., Walter Mills, G. E. Airasian, P. (2009). *Educational Research: Competencies for analysis and applications*. Upper Saddle River: NJ.
- Giddens, A. & Duneier, M. (2000). *Introduction to Sociology (3ard edition)*. New York and London: W. W. Norton and Company, Inc., 2000.
- GoK. UK. (2013). *Making it Easier to Set-up and Grow a Business*. Retrieved on 20th September, 2016 at 9pm from <http://www.gov.uk/governmentpolicies/making-it-easier-to-set-up-and-grow-a-business>.
- Kabahanga, P. M. (2013). *Business Development Services: A Critical Ingredient to Sustainable Microfinance Service*.
- Kepha O., Mokoro A., Nyamongo D., Areba J., (2013). *Constraints Facing Women Entrepreneurs in Kenya: A Case Study of Micro and Small Enterprises in Kenya*. Journal of Humanities and Social Science vol. 16 pp. 116-124.
- Karlan, D. & Valdivia M. (2010). *Teaching Entrepreneurship: Impact of Training on Microfinance Clients and Institutions*
- Kunateh M. A. (2009). *Demand for Collateral Security by Financial Institutions Stifles Growth of SMEs*.
- Hansen, H & Rand, J & Tirp, F. (2009). *Enterprise Growth and Survival in Vietnam: Does Government Support Matter?* The journal of Development studies, 45: 7, 1048- 1069 DoI: 1080/00220380902811025.
- Irene, N. K. (2009). *An Investigation into the Factors Influencing the Success of Youth Enterprises in Nyeri Municipality*. University of Nairobi, Nairobi
- International Labour Organization (2010). *ILO Report: Global Employment Trends for Youth*, (2010). [www.ilo.org>wcms-14339>lang--en](http://www.ilo.org/wcms-14339/lang--en).
- International Labour Organization (2011). *Global Employment Trends 2011- International Labour Organization, The Challenge of Jobs Recovery*. 1 Jan 2011. ILO Home, Publications Books and Reports; Global Employment Trends 2011: The Challenge of a Jobs Recovery.
- Kemunto, R.H. (2014). *Impact of Y.E.D.F on the Performance of Youth Owned Enterprise in Kenya, the Case of Ruaraka Constituency*. Nairobi County.
- Kenya National Human Development report 2009. *Youth and Human Development*. UNDP. Kenya, 2010.

- Kihimbo, B. W. (2012). *Collateral Requirements for Financing of Small and Medium Enterprises SMEs in Kakamega Municipality, Kenya*. International Journal of Current Research. Vol 4 Issue 06. Pp 021-026
- Kihstrom, R.E. (1979). *General Equilibrium Entrepreneurship Theory of Firm Formation Based on Risk Aversion*. Journal of Political Economy, 87. 719-748.
- KNBS (2010), *Kenya Population and Housing Census; Volume 1c*, KNBS, Nairobi.
- KNBS (2012), *Kenya Facts and Figures: 2012*. KNBS, Nairobi.
- Mahinda W. (2004). *Paper for Expert Group Meeting on "Strategies for Creating Urban Youth Employment: Solutions for Urban Youth in Africa"* United Nations in Collaboration with UN-HABITAT and the Youth Employment Network, 21-25 June 2004, Nairobi, Kenya.
- Makau P.M. (2010). *Youth And Self-Employment in Developing Countries: A Critical Analysis of Youth Focused Self-Employment Promoting Policy in Kenya*. International Institute of Social Studies. The Hague, Netherlands.
- Malaysia, (1971). *Second Malaysia Plan 1971-1975*. Kuala Lumpur.
- Mugenda, O. M. & Mugenda A.G., (2013). *Research Methods, Quantitative and Qualitative Approaches*. Nairobi. Acts press.
- Nan, S. A. (2009). *Consciousness in Culture Based Conflict and Conflict Resolution*. Paper under review for publication.
- Njonjo, S. K. (2010). *Youth Fat Book: Infinite Possibility or Define Disaster?* Nairobi: Institute of Economic Affairs.
- OECD (2001). *Putting the Young in Business: Policy Challenge for Youth Entrepreneurship, the LEED programme*. Territorial Development Division, Paris.
- Okello, A.M. (2010). *Factors Influencing Growth of SMEs Owned and Managed by Youth in Rachuonyo South District, Kenya*. University of Nairobi: Kenya.
- Okurut, F.N. (2013). *Assessing Factors that Affect Women and Youth Micro enterprises in Botswana*, 'International Journal of Academic Research in Economics and Management Sciences' 2.1 (2013) 306-332.
- Olawale, F & Garwe, D. (2010). *Obstacles to the Growth of New SMEs in South Africa: A Principal Analysis Approach*. African Journal of Business Management Vol, 4 (s), pp 729.
- Osoro K.M. (2013). *The Effects of Financial Institutions Interventions on the Growth of Small Enterprises in Kenya. A Survey of Public Service Transporters in Kisii Municipality*. Interdisciplinary Journal of Contemporary research in Business 159, 2013 Vol. 5 No.1.
- Pandya, K.M. (2012). *Comparative Analysis of Development of SMES in Developed and Developing Countries*. The 2012, International Conference on Business and Management 6-7, September 2012, Thailand.
- Philip, K (2002). *The Quest for Rural Enterprise Support Strategies that Work: The Case of the Mine Workers Development Agency*, 'In Small Enterprise Development Journal' Vol. 13, no. 14.
- Pretorious, M., & Shaw (2012). *Business Plans in Bank Decision- Making when Financing New Ventures in South Africa*. Journal of Economics and Management Science, 7(2), 221-224.
- Rabbani K. (2013). *Best Approaches to Financing SMEs*. Retrieved from <http://www.slideshare>
- Republic of Kenya, 2005 (*Sessional paper No. 2*) on *Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Eradication*. Government printer, Nairobi.
- Robson, P. J. A. & Bennet, R. J. (2009). *SME Growth: The Relationship with Business Advice and External Collaboration*. Small business Economics, 15: 193-208 Sept, 5, 2001.
- Ruffing, L. (2006). *Deepening Development through Business Linkages*. United Nations.

- Saunders, M. L. P. & Thornhill, A. (2009). *Research Methods for Business Students*. Reason education Limited, Harlow England.
- Shelley, A. (2014). *Active Learning Innovations in Knowledge Management Education Generate Higher Quality Learning Outcomes*. Journal of Entrepreneurship, Management and Innovation, 10(1), 129-140.
- Syekei, J., & Opijah, D. (2012). *Kenya Vision 2030: Creating More Dinner Space for SMEs on the IP Table*. Choulson Harney Advocates. Retried from www. Coulsonharney.com.
- Shapiro I. (2002). *Mapping Theories of Practice and Change. A Comparative Analysis of Intervention Programs Addressing Racial and Ethnic Tentions in U.S. Communities*. Fairfax, V A, George Mason University. Doctorial Dissertation
- UNDP (2004). *Business Development Services: How to Guide*, UNDP July 2004.
- USAID, (2013). *Business Development Services (BDS) Rescure Disk, Advancing Knowledge and Practise in the Field of BDS*, Washington DC.
- Uwezo Fund (2013). *Financial Management Act and Regulations (Uwezo Fund)*, Legal Notice No. 21, 2013.
- Uwezo Fund (2016). *Uwezo Fund status Report*. Uwezo Fund Board, Nairobi.
- Westhead, P., & Birley, S. (1995). *Employment Growth in New Independent Owner- Managed Firms in Great Britain*. International Small Business Journal, 13(3), 11-34. <http://dx.doi.org/10.1177/0266242695133001>.
- Wiklund, J., & Shephed, D. (2002). *Entrepreneurial Orientation and Small Business Performance*. Oxford Economic Papers, 54(2),334.<http://dx.doi.org/10.1016/j.jbusvent.2004.01>.
- Weiss C. H. (1972). *Evaluation Research: Methods of Assessing Program Effectiveness*. Englewood Clifts, prentise-Hall.
- World Bank (2008). *World Development Report 2008: Development and the Next Generation*. Washington, D.C.
- World Bank Group (2001). *Business Development Services for Small Entrepreneurs. Guiding Principles for Donor Interventions*. WBG.2002, Edition.

This is an open-access article published and distributed under the terms and conditions of the  [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/) of United States unless otherwise stated. Access, citation and distribution of this article is allowed with full recognition of the authors and the source.

Authors seeking to publish with an International Peer Reviewed Journal should consider www.ijcab.org by writing to the Editor at editor@ijcab.org. List of our Journals are Available at www.ijcab.org/journals

Cite:

Nyangweso, A. & Wambua, P. (2019). Business Support Services and Growth of Youth Owned Enterprises Benefiting From Uwezo Fund in Kitui County, Kenya. *International Journal of Current Aspects*, 3(3), 26-40. Retrieved from <http://journals.ijcab.org/journals/index.php/ijcab/article/view/5>