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Influence of Entrepreneurship Training on Financial Sustainability of Youth Group Projects Funded by Youth Enterprise Development Fund in Imenti South Sub-County of Meru County Kenya

Eric Ndege

Abstract: The global economic crisis has produced a large cohort of unemployed youth, who in 2009, stood at around 181 million worldwide. The global and regional challenges have not spared the Kenyan youth. To address youth challenges, efforts have been made by the Kenyan government to initiate youth development programs such as sessional paper No. 4 of 2005, sessional paper No. 2 of 1992 on small scale and Jua Kali enterprises and poverty eradication plan (1999-2015) among others. These initiatives were met with many challenges. Firstly, there was a high population growth rate which exerted and continues to exert pressure on available resources. Secondly, there was low economic growth rate. An education system that produces graduates who are ill equipped for entry to the Job market did not help matters either. The inadequate financial resources did not provide an enabling environment for the youth to participate in economic activities. To ensure the youth get access to cheap loans, the youth enterprise development fund was created in December 2006 through a legal notice with a sole purpose of advancing loans to Youths for purpose of setting businesses. The objective of the study was to establish the influence of entrepreneurial training on financial sustainability of projects funded by youth enterprise development fundin Imenti South Sub-County, Meru County. The result indicated that the groups had an average current ratio of 2.1 implying that most groups were largely financially sustainable. The study also shows that entrepreneurial training empowers youths to initiate personal ventures that enhance their independence through creation of self-employment. The results show that there was a statistically significant positive correlation between current ratio and groups where entrepreneurial training has enabled them to come up with new innovative projects($r = - 0.432$ at $p = 0.036$). This is because the p-value was less than 0.05. This implies that groups which utilize entrepreneurial training for innovative purposes are likely to be sustainable. In conclusion youth entrepreneurship training is essential for the financial sustainability of youth projects. This is because such training acts as empowerment of youths to initiate personal ventures, encouraging innovation, reduction of dependency on external funding and proper utilization of YEDF

Background

The world is home to 1.2 billion young men and women (UNICEF 2009). These young people have lived all their lives under the millennium declaration, the unprecedented global initiative that has since 2000 sought to make the world a better place for all. Despite creating great potential for economic and social development worldwide, globalization has contributed immensely to heighten social economic inequality and problems associated with rapid urbanization (UNICEF 2009).

UNICEF (2009) further notes that the global economic crisis has produced a large cohort of unemployed youth, who in 2009, stood at around 181 million worldwide. For those who are employed, decent work is scarce. As at 2011, the global economic outlook remained highly uncertain and the possibility of a prolonged economic malaise with negative implications for economic progress in many countries still loomed (UNICEF, 2011). Over the past 10 years, many countries have adopted innovative and successful initiatives to encourage youth participating in development.

According to World Bank (2010), the top three priorities for most youth organizations are increased youth participation, youth empowerment and youth employment. The global and regional challenges have not spared the Kenyan youth. To address youth challenges, efforts have been made by the Kenyan government to initiate youth development programs such as sessional paper No. 4 of 2005, sessional paper No. 2 of 1992 on small scale and Jua Kali enterprises and poverty eradication plan (1999-2015) among others. These initiatives were met with many challenges. Firstly, there was a high population growth rate which exerted and continues to exert pressure on available resources. Secondly, there was low economic growth rate. An education system that produces graduates who are ill equipped for entry to the Job market did not help matters either.

According to GoK (2009), the inadequate financial resources did not provide an enabling environment for the youth to participate in economic activities. There were inadequate resources to implement the programs and the programs themselves were not harmonized. Pursuant to the above, the Kenyan ministry of youth affairs was created in December 2005 with a mandate to fully develop the potential of the youth as well as prepare and engage them in the socio- economic development of Kenya. Specific priority areas include empowering the youth to engage in economic activities through training and funding of youth projects, creating employment opportunities that benefit the youth and providing the youth with necessary financial support and market linkages to their products. To ensure the youth get access to cheap loans, the youth enterprise development fund was created in December 2006 through a legal notice. YEDF (2010) estimated that the youth account for 61% of the unemployed in Kenya and number 13 million. Information available on the YEDF website shows that the Kenyan government has so far released Ksh. 3.8 billion to the fund which has so far financed 157,000 youth enterprises thus helping create over 300,000 jobs in five years. In a country where the number of unemployed youth is estimated at 8million (YEDF, 2010), creation of 300,000 jobs is like a drop in the lake. At this rate, the youth fund may never create the 8 million jobs needed.

The famous quote by Sam Oluko that the poor cannot sleep, because they are hungry and the rich cannot sleep because the poor are hungry and awake imply that that all people are affected by deep disparities in income and wealth (Gachuru & Mwirigi, 2014). In fact, the post-election violence that rocked Kenya in 2007 was largely blamed on idle youth (NPI, 2008). According to Kaberuka (2014), the GINI coefficient, a measure of economic inequality, has been rising for many years in both developing and developed countries. The youth fund was the long awaited medicine to cure the malaise of poverty among the youth (GOK, 2010). However, Gachuru and Mwirigi (2014) reported that the youth enterprise development fund is yet to make a significant impact). According to World Bank (2010), what works to support young people in developing countries is very weak. Many developing countries allegedly continue to spend scarce resources on youth loans that have no proven impact. Simon and Kenyon(2009)concurs and points out that the authorities have not been keen to increase the rate of youth loan absorption and the survival rate of new youth enterprises. It is surprising that in spite the introduction of youth funds, many youths still struggle to get employment. Simon and Kenyon (2009) and Kimando, Njogu and Kihoro, (2012) reported that most of the youth projects funded by YEDF have low survival rates and in most cases the youths are unable to repay the loans. Consequently, the youth continue languishing in poverty (Gachuru & Mwirigi, 2014). However, Simon et al (2009) did not provide answers to the low survival rates of youth enterprises funded by YEDF. Thus, this study was set to establish the influence of entrepreneurial training on financial sustainability of youth projects funded by YEDF in Imenti South Sub-County, Meru County, Kenya.

Statement of the Problem

Kenya has an overwhelmingly large young population, with children and young people under the age of 35 years accounting for 78% of the total population (GOK, 2009). As the country gears towards Vision 2030, the Kenyan youth face some challenges, particularly in the economic context of livelihoods (GOK, 2010). A large population of young people is unemployed and many more are engaged in short-term, low-paid jobs or in the informal economy (Kimando, Njogu & Kihoro, 2012). The Youth Enterprise Development Fund (YEDF) was conceived in 2006 as a strategic move towards addressing youth unemployment in Kenya through enterprise development. The underlying premise of YEDF is that economic development and poverty reduction can be achieved by enhancing access to financial resources to encourage micro, small, and medium enterprise development initiatives.

However, even with these strategies for support, it is apparent that economic development of youth in Kenya has been slower than expected, leading to continuing gross socio-economic disparities between the youth and the rest of the population. It is not clear whether YEDF funded projects are financially sustainable (Simon et al 2009). It is on this premise that this study sought influence of entrepreneurial training on financial sustainability of youth projects funded by YEDF in Imenti South Sub-County, Meru County, Kenya is undertaken.

Objective of the study

The objective of the study was to establish the influence of entrepreneurial training on financial sustainability of projects funded by youth enterprise development fundin Imenti South Sub-County, Meru County, Kenya is undertaken.

Literature Review

Entrepreneurship Training on Sustainability of Projects

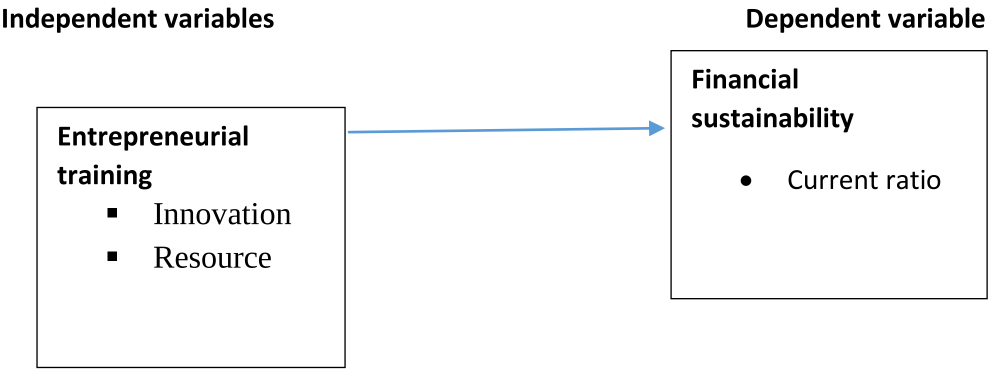
Kanyari and Namusonge (2013) sought to determine the various interventions that influence the youth entrepreneurs towards the Youth Enterprise Development Fund and their role in attracting the youth towards the Youth Enterprise Development Fund. The study focused on youth who have benefitted from the fund either to enhance their existing businesses or to start new businesses. The research utilized personal interviews, questionnaires, and observations to collect data from the respondents. Kanyari and Namusonge (2013) established that provision of entrepreneurship training to sensitize and inculcate entrepreneurial culture among the young people is crucial to identifying emerging business talents. The study also indicated that the provision of continuous and relevant business development services to youth entrepreneurs is key to the success of enterprise development initiatives in creating long term employment. Kanyari and Namusonge (2013) pointed out that most the beneficiaries of these trainings have managed to access financing through the financial intermediaries and the constituency component. Thus, training may be instrumental to sustainability of projects funded by YEDF. Although, Kanyari and Namusonge (2013) established the importance of training, their study did not provide signifant level of the influence of training on sustainability of projects funded by YEDF. The current study however sought to provide evidence as to whether training exerts significant influence on sustainability of projects funded by YEDF by employing inferential statistics.

Awogbenle and Iwuamadi (2010) examined the constraints that impede young people in search of non-existing jobs and the urgent need to orient people of these affected economies particularly Nigerians on imbibing self-employment and entrepreneurship through vocational and entrepreneurial training programs as a short-term intervention mechanism. Awogbenle and Iwuamadi (2010) argued that within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a valuable additional strategy to create jobs and improve livelihoods and economic independence of young people. Regrettably, Awogbenle and Iwuamadi (2010) pointed out that problems of unemployment as experienced by the educated youths and even the uneducated but skilled youths have become more pathetic in many developing economies, despite the neo-liberal strategies in addressing the issue of enhancing human capital. Awogbenle and Iwuamadi (2010) indicated that enterprise education is hinged around three critical areasof development: enterprise education, experiential programs and enterprise development. According to Awogbenle and Iwuamadi (2010) enterprise education involves the creation of programs, seminars and trainings that provide the values and basics of starting and running a business while experiential programs involves the development of a youth-run business that young people participating in the program work in and manage. On the other hand, enterprise development entails the supports and services that incubate and help develop their own businesses. Although these kinds of trainings are essential, it is unclear whether they are offered by YEDF prior to offering the loans to youths.

Alzúa, Cruces and Erazo(2013) documented the effects of a training program for low income youths, which comprised vocational training, life skills and work experience. Results showed that large gains in employment, with effects that remain more than two years after the intervention. The program also resulted in substantial effects on access to credit. Program participants exhibited a higher probability of having requested formal consumer credit, and a higher probability of having bank debts in good standing. This study points out that credit facilities extended to youths can only be effective if they are preceded by appropriate training. It is however, unclear whether YEDF funds granted to youths are preceded by training and if so whether they influence sustainability of the funded projects.

Conceptual Framework

The conceptual framework explains the relationship between the independent variables and the dependent variables. The former is presumed to be the cause of the changes while the former influences the latter (Kothari, 2003). Independent variables are variables that investigator has no control over. In some studies, independent variables might be manipulated by the investigator. However, in descriptive studies the investigator may not be able to manipulate the independent variable like he/she may in experimental studies. It may be something that is already there and is fixed, something you would like to evaluate with respect to how it affects something else. It assumed that factors which influence implementation of YEDF are already in place hence the investigator cannot manipulate them. Thus, the conceptual framework of this study is based on the assumption that entrepreneurial training, determines financial sustainability of projects funded by YEDF. Successful implementation of YEDF projects form the dependent variable while accessibility to YEDF, entrepreneurial training, adequacy of funding and monitoring and evaluation of YEDF funded projects forms the independent variables. A dependent variable is something that depends on another one.



Conceptual framework

Research Methodology

A descriptive survey approach was adopted to obtain information concerning influence of leadership of financial sustainability of projects funded by youth enterprise development fund in Imenti South sub county, Meru County, Kenya. The purpose of descriptive survey is basically to observe, describe and document aspects of situations as it naturally occurs. The fact that it is Entrepreneurial training □ Innovation □ Resource Financial sustainability □ Current ratio not concerned with characteristics of individuals but provides information about population made the preferred research design (Kothari, 2009). A descriptive study was chosen because it enabled generalization of the findings to a larger population.

The Target population for this study was 196 youth group leaders in Imenti South sub county that had been funded. The youth group leaders were targeted because they had the necessary information to answer study objectives. The study also targeted two YEDF officers in the Sub-County. The YEDF officers in the Sub-County were targeted because they were best placed to understand sustainability of projects funded by YEDF and because they are directly involved in monitoring and evaluation of these projects This study used Cochran's (1977) categorical data sample size formula to determine the sample size

Completed questionnaires were edited for completeness and consistency. Data collected was coded using a predetermined coding scheme and analyzed both qualitatively and quantitatively. The researcher used the Statistical Package for Social Sciences (SPSS) version 17 to analyze quantitative data. Quantitative analysis was done using descriptive statistics such as frequency counts, percentages, tables and graphs to describe distributions, per-charts to show differences in frequencies and bar charts to display nominal or ordinal data. The data was presented using graphs, and tables as was found appropriate for each set of data. Thematic data analysis was used to analyse qualitative data. This involved identification and description of both implicit and explicit ideas within the data in form of themes as suggested by Dey (1993). Thematic analysis in this study entails data familiarization, coding, categorization, identification of patterns and interpretation of the patterns. The data was then presented in form of narratives..

Results and Discussion

Financial Sustainability

The study collected data on total current assets and current liabilities. The mean total current assets and mean total liabilities are shown in Table below

Average current assets and current liabilities

	Mean (Ksh)	Standard deviation(STD)
Current assets	582360	2300
Current liabilities	276,000	1670

The results in the table indicated that groups had a mean current asset of Ksh. 582360 (STD=2300) and a mean current liabilities of Ksh. 276,000 (STD=1670). This is an indication that the groups had higher current assets than current liabilities. In order to determine the financial sustainability of the groups, current ratio was computed. The result indicated that the groups had an average current ratio of 2.1 implying that most groups were largely financially sustainable. This finding differs from Kimando, Njogu and Kihoro, (2012) study which reported that most of the youth projects funded by YEDF have low survival rates.

Youth entrepreneurship training and sustainability of projects funded by YDF

The objective of the study sought to establish the influence of youth entrepreneurship training on sustainability of projects funded by YEDF. The study first sought to establish whether the youths had received some kind of entrepreneurial training. The study supports Kanyari and Namusonge (2013) study which established that the provision of continuous and relevant business development services to youth entrepreneurs is key to the success of enterprise development initiatives in creating long term employment. All the youths affirmed that they had received some kind of entrepreneurial training. The youths further indicated that the training had enabled group members to implement their projects. The youths also indicated that the only training they received was from YEDF and not any other financial institution. This implies that YEDF is committed in provision of training to the youths even though not all of them have received funding from YEDF. The results further indicate that the training has been instrumental in the running of youth's projects. However, to ascertain this, the respondents were requested to indicate their level of agreement with various statements related to training. The results are presented in table below

Influence of youth entrepreneurship training on sustainability of projects funded by YEDF

Statement	SA		A		U		D		SD	
	F	%	F	%	F	%	F	%	F	%
Entrepreneurial training has enabled our group to come up with new innovative projects	81	60.7	34	25.5	0	0	0	0	18	13.8
Increased entrepreneurship training has allowed our group to improve our resource utilization Youth enterprise development fund	90	67.6	25	18.6	0	0	0	0	18	13.8
Increased entrepreneurship training has allowed our group to greatly improve repayment of Youth enterprise development fund loans	115	86.2	0	0	0	0	0	0	18	13.8
Increased entrepreneurship training has allowed our group to greatly reduce reliance on external funding	90	67.6	0	0	0	0	0	0	43	32.4
Increased entrepreneurship training has allowed our group members to set up successful individual projects	72	54.5	42	31.7	0	0	0	0	18	13.8

The results in table above indicated that 60.7 percent of the youths strongly agreed and 25.5 percent of them agreed that entrepreneurial training has enabled the group to come up with new innovative projects. This implies that entrepreneurial training spurs innovation among youths. The finding concurs with Awogbenle and Iwuamadi (2010) argument that enterprise education provides the values and basics of starting and running a business. Information in the table also indicated that 67.6 percent of the youths strongly agreed and 18.6 percent of them agreed that increased entrepreneurship training had allowed their group to improve their resource utilization of Youth enterprise development fund. The results support Alzúa, Cruces and Erazo (2013) finding that training increases the ability of an individual or a group to utilize available resources such as credit facilities. This is an indication that training is fundamental for proper utilization of YEDF. It was further established that 67.6 percent of the youths agreed that increased entrepreneurship training had allowed their group to greatly reduce reliance on external funding. This implies that training helps youths to become self-reliant through initiation of successful projects that can earn the group income. The results further showed that

54.5 percent of the youths strongly agreed and 31.7 percent of them agreed that increased entrepreneurship training has allowed our group members to set up successful individual projects. This is an indication that entrepreneurial training empowers youths to initiate personal ventures that enhance their independence through creation of self-employment.

The influence of entrepreneurial training and financial sustainability
Correlation between entrepreneurial training and financial sustainability (current ratio)

		Current ratio
Entrepreneurial training has enabled our group to come up with new innovative projects	Pearson Correlation	0.432
	Sig. (2-tailed)	.036
	N	133
Increased entrepreneurship training has allowed our group to improve our resource utilization of YEDF	Pearson Correlation	.413
	Sig. (2-tailed)	.022
	N	133
Increased entrepreneurship training has allowed our group to greatly improve repayment of YEDF	Pearson Correlation	.555
	Sig. (2-tailed)	.013
	N	133
Increased entrepreneurship training has allowed our group to greatly reduce reliance on external funding	Pearson Correlation	0.433
	Sig. (2-tailed)	.041
	N	133
Increased entrepreneurship training has allowed our group members to set up successful individual projects	Pearson Correlation	.724
	Sig. (2-tailed)	.041
	N	133

The results show that there was a statistically significant positive correlation between current ratio and groups where entrepreneurial training has enabled them to come up with new innovative projects($r = -0.432$ at $p = 0.036$). This is because the p-value was less than 0.05. This implies that groups which utilize entrepreneurial training for innovative purposes are likely to be sustainable. The results also indicated that groups where increased entrepreneurship training has allowed the group to improve their resource utilization of YEDF are positively and significantly correlated with current ratio ($r = 0.413$ at $p = 0.022$). This is because the p-value was less than 0.05. This implies that increased entrepreneurial training is important for group's financial sustainability. The results further indicated that there was a strong positive significant correlation between youth groups where increased entrepreneurship training has allowed the group to greatly improve repayment of YEDF and current ratio ($r = 0.555$ at $p = 0.013$). This implies that entrepreneurship training ensures financial sustainability of a group if the training is capable of allowing the group to repay its debts promptly. The findings also showed that there is a significant positive correlation between groups where increased entrepreneurship training allows the group to greatly reduce reliance on external funding and current ratio ($r = 0.433$ at $p = 0.041$). This implies that entrepreneurship training is vital in reducing reliance on debts and hence increasing sustainability of the group. The results also indicated that there is a significant positive correlation between a group where increased entrepreneurship training has allowed the group members to set up successful individual projects and current ratio ($r = 0.724$ at $p = 0.041$). This is an indication that entrepreneurship training is not only essential for group financial sustainability but also for the success of individual projects.

Summary

The objective of the study sought to establish the influence of youth entrepreneurship training on sustainability of projects funded by YEDF. All the youths affirmed that they had received some kind of entrepreneurial training. The youths further indicated that the training had enabled group members to implement their projects. Nonetheless, the training was only received from YEDF and not any other financial institution. The study further ascertained that entrepreneurial training empowers youths to initiate personal ventures that enhance their independence through creation of self-employment, spurs innovation; reduce external funding and proper utilization of YEDF.

Conclusion

youth entrepreneurship training is essential for the financial sustainability of youth projects. This is because such training acts as empowerment of youths to initiate personal ventures, encouraging innovation, reduction of dependency on external funding and proper utilization of YEDF.

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