

# Influence of Youth Perception on Entrepreneurship in Kenya: A Case of Uasin Gishu County

Mr. Reuben Yegon<sup>1\*</sup>, Mr. Wilfred N. Marangu<sup>1,2</sup>, Mr. Fredric Njehu Kiongera<sup>1,2,3</sup>

1.PhD candidate, School of business and economics Mount Kenya University,

Email: [marssuppliesltd@gmail.com](mailto:marssuppliesltd@gmail.com)

2.PhD candidate, School of business and economics Mount Kenya University, Email: [wmarangu08@yahoo.com](mailto:wmarangu08@yahoo.com)

3.Lecturer / Chairman, Department of Business Management, Masinde Muliro University of Science and Technology,

Email: [fnejhuk@gmail.com](mailto:fnejhuk@gmail.com) \*[wmarangu08@yahoo.com](mailto:wmarangu08@yahoo.com)

## Abstract

Kenya has a population of approximately 40 million with those aged 35 years and below making up over 75% of the population. In 2003 and 2005, when the national unemployment level stood at 40%, the youth accounted for about 78% and 67% of the national unemployment in the two years respectively. Most recent college and university graduates fall in this category and it is becoming increasingly necessary to get more and more of them to engage in self-employment. This requires a concerted effort to change college students' perceptions towards self-employment. The current qualitative study focuses on the role that colleges can play in enhancing entrepreneurial intentions among the youth. The college environments and exposure to entrepreneurship experiences are found to be two malleable antecedents of entrepreneurial intentions working through self-efficacy and perceptions of desirability. It is on this background that this aimed at accessing the influence of the youth perception on entrepreneurship in Uasin Gishu County in Kenya. The finding of the research will add to the knowledge and understanding of the motivation for Kenyan youth to be entrepreneurs in Kenya. This study used descriptive correlational survey design as it sought to describe and establish the relationships among the study variables. This being a census study, all the youth groups in Uasin Gishu County which were registered and licensed by the department youth and social services as at February 2014, and still in operation at the time of data collection were studied. Both primary and secondary data was used in this study. Primary data was collected through the use of key informant method and a self-administered questionnaire. Hence, all the chairmen and secretaries of every youth group was selected to take part in the study as they are perceived to be knowledgeable on the issues under study and for which they are either responsible for their execution or they personally execute them. The regression results shows that entrepreneurship largely depends on the youth perception with 71.1 percent of the County's entrepreneurship being explained by youth perception ( $R^2 = 0.711$ ). The study results show that youth perception (culture, unemployment, leadership and altitude) were found to significantly and positively affect entrepreneurship.

**Key words:** Youth perception, Entrepreneurship, Uasin Gishu County, Kenya

## 1.0 Background Information

In the forefront of commercial debate is whether youth particularly Kenyan Youth are now ready to take a role in the area of entrepreneurship. As such, the study will explore different motivations of the Uasin Gishu-based Kenyan youth to start and operate own businesses despite the presence of risks. Entrepreneurship could be found in the literature basically describing business processes. The term *entrepreneur* originated from the French word *entrepreneur* which literally means 'to undertake'. Within the business context, entrepreneurship means to start a business. In a much simpler sense, entrepreneurship basically means to initiate new commercial enterprises (Kuratko, 2008, p. 5). On the one hand, it means the dynamic process of creating incremental wealth by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. On the other, entrepreneurship is defined as the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

Uasin Gishu County, on the other hand, is one of the largest county in Kenya where informal sector thrives and forms part of the larger economy Classical Economics refers to how economies transition from purely agrarian to dual economies made up of modern and traditional sectors to an equilibrium modern economy when the informal sector is converted into a modern sector. A casual observation of the economies in most developing countries, however, suggests that the dual nature of these economies is likely to persist. The informal sector in these countries is characterized by low technology, labour-intensive outfits requiring little investment and for the most part unable to access formal credit thereby curtailing growth. Despite these characteristics, the Kenyan informal sector has rapidly expanded and now provides numerous opportunities for self employment. In 1997-2002 for example, the formal sector grew by only 1.8% compared to 3.5% growth for the informal sector.

Unfortunately, the sector continues to be unattractive the more educated youth creating a skills gap that curtails its growth. In a study on the impact of education on business cognitive skills, Bosire and Etyang (2000) found majority of small-scale entrepreneurs to be secondary school graduates or lower. Most of the Kenyan college graduates find it demeaning and unattractive to engage in small and micro enterprises in the informal sector. Paradoxically, employment opportunities among Kenyan post-secondary school graduates remain low and for many of these graduates it is very difficult to find formal employment resulting in a negative return on investment in Kenyan

education. One would expect that high unemployment – as is the case in Kenya – would drive many of these graduates to the informal sector where they could start small and micro-enterprises. This problem can be partially attributed to the curriculum orientation of most Kenyan colleges and universities that mainly biased towards preparing graduates for white colour jobs. Kenyan college graduates are trained to be employment seekers instead of employment creators. Stimulating interest in entrepreneurship among college-going students, we believe, is one way the problem of youth unemployment in Kenya could be addressed.

In spite of the paradox, entrepreneurship studies have paid little attention to entrepreneurial attitudes, beliefs and values of the youth in Kenya. Elsewhere studies have linked entrepreneurial intentions to venture creation (Carter et al, 2003; Kolvereid, 1996; Krueger et al., 2000). Most studies on the role of institutions and career development have been typically concerned with career choices and the extent to which institutions prepare students for their chosen careers (Kaufman & Feldman, 2004). This study sought to discover and understand role of college experiences in shaping the entrepreneurial intentions, attitudes and beliefs of college-going students and graduates.

## **2.0 Literature Review**

### **2.1 Motivation for Business Ownership**

Motivations for business ownership exist in different forms and types, but the following are most often cited. Kuratko, Hornsby and Naffziger (1997) and Robichaud, McGraw and Roger (2001) indicate that motivations can be grouped into four categories: 1) extrinsic rewards; 2) independence/autonomy; 3) intrinsic rewards; and 4) family security. Extrinsic rewards are the economic reasons that entrepreneurs work, while intrinsic motives are related to self-fulfillment and growth. Because Kuratko et al. and Robichaud et al. focused on the relationship between motivation and business success, they did not indicate which were the strongest motivations encouraging individuals to become a business owners.

On the other hand, Mann and Thorpe (1998) suggested that Asian entrepreneurs in general indicate "making more money" as the most important force leading them to become business owners. White entrepreneurs, however, were motivated by a desire for independence via business ownership. Ugandan entrepreneurs reported that "making a living" or "making money" is the most important reason for starting a business (Bewayo, 1995). Findings from the study also showed that a majority of entrepreneurs (61%) preferred business ownership over working for a corporation, because of autonomy, freedom, and independence (Bewayo, 1995).

A survey conducted among new business start-ups in 11 countries found six reasons motivating people to become entrepreneurs. They include the need for approval, the perceived wealth, the degree of communitarians, the need for personal development, the need for independence, and the need for escape (Scheinberg & Macmillan, 1988). These findings indicate that business owners in different countries have different motives for business ownership. American entrepreneurs considered need for independence the most important reason for starting a business. Italian business owners, however, ranked communitarians first on the list. In Australia and Great Britain, entrepreneurs cited money as the reason for becoming business owners, while the Scandinavians rated this factor the least significant (Mitchell, 2003). Asked to indicate the reasons for business ownership, Nigerian entrepreneurs ranked monetary rewards and profits as the most important. Assertiveness and personal liberty were also frequently mentioned. Being accountable only to oneself was cited as one of the cherished factors for starting a business (Akande, 1994). Results from a survey of Nigerian women entrepreneurs showed that their main reasons for engaging in business is to reduce poverty and to reverse the deteriorating economic conditions (Woldie & Adersua, 2004). Although rich in natural resources, the majority of Nigeria's population has become poorer. A study of Nigeria by the Centre for the Study of African Economies at Oxford University indicated that per capita gross domestic product (GDP) fell from US \$1,215 in the year of 1980 to US \$706 in 2000 (Mbeki, 2005). Another study showed that the number of Nigerians living below the poverty line went up from 19 million in 1970 to 90 million in 2000, while the income gap rapidly expanded. It was reported that in 1970 the top 2 percent of the population earned the same income as the bottom 17 percent. But by 2000, the income of top 2 percent was equal to that of the bottom 55 percent (Birdsall & Subramanian, 2004).

Results from previous studies indicate a strong link between entrepreneurship and economic development. The findings further suggest an urgent need for Kenyan policy makers to undertake more positive steps to encourage enterprise establishment. Results of this changing policy would be a reduction of the gap between the rich and the poor which would lead to a more prosperous and stable Kenya

#### **2.1.1 Business Success Factors**

Factors contributing to business success are varied, but a few sets of factors seem to be more commonly agreed upon by researchers. These factors may be grouped into the following categories: 1) the psychological and behavioural traits of entrepreneurs, 2) the managerial skills and training of entrepreneurs, and 3) the external environment. This study concentrates on the managerial skills, training, and the external environmental conditions that promote business success. These factors are selected because they are more easily affected by policymakers. In his study of South Pacific entrepreneurs, Yusuf (1995) found that the most critical factors contributing to business success consist of good management skills, access to financing, personal qualities, and satisfactory government support. Jamaican business owners consider the marketing factor the most critical ingredient for the success of a business (Huck and McEwen, 1991). From the results of a study among 25 Kenyan entrepreneurs, Neshamba (2000) indicated that the owner-manager's previous experience and skills acquired on the job are important factors to business success and growth. Other critical factors include knowing

the market and understanding the needs of customers, access to capital, assistance from family members, and networking with friends from former schools and colleges. Finally, hard work, as evidenced by long working hours contributes to the success of entrepreneurs. In another study of Kenyan entrepreneurs, Pratt (2001) found that the availability of capital, possession of business skills, previous experience, and support of family members are essential for business success.

Understanding conditions required for successful entrepreneurs, Kenyan policymakers may be able to provide them with appropriate tools to allow them more success in their business ventures.

### **2.1.2 Problems Encountered**

The challenges faced by entrepreneurs in developing countries are monumental and quite similar. Commonly found among these is the unstable and highly bureaucratic business environment. The laws governing private enterprise, especially business registration and taxation systems, are believed to be overly complex and difficult to understand. Uasin Gishu County entrepreneurs have reported that they were frequently harassed by government officials who extorted money from their businesses. Poor infrastructure including bad roads, water shortage, erratic electric supply, and poor telecommunication system represent additional challenges faced by small business owners (Busienei, 2013).

## **3. Methodology**

### **3.1 Research design**

This study used descriptive correlational survey design as it sought to describe and establish the relationships among the study variables. A research design is the arrangement of conditions for collection, measurement and analysis of data in that aims to combine relevance to the research purpose Kothari (2010). Descriptive correlational survey design allows the researcher to describe and evaluate the relationship between the study variables which are associated with the problem. Correlational survey design also allows a researcher to measure the research variables by asking questions to the respondents and then examining their relationship ((Kombo and Tromp, 2006)).

### **3.2 Population of the Study**

This being a census study, all the youth groups in Uasin Gishu County which were registered and licensed by the department youth and social services as at February 2014, and still in operation at the time of data collection were studied.

### **3.3 Data Collection instruments and Procedures**

Both primary and secondary data was used in this study. Primary data was collected through the use of key informant method and a self-administered questionnaire. Hence, all the chairmen and secretaries of every youth group was selected to take part in the study as they are perceived to be knowledgeable on the issues under study and for which they are either responsible for their execution or they personally execute them. Only two respondents were interviewed in each youth group and the questionnaire had both the open and closed ended questions and 'drop and pick' technique was used. Primary data was used in this study because the selected respondents are able to evaluate the study variables. Secondary data on the other hand, was obtained from the already written literature on the sugar firms which was used to cross-validate and check the consistency of the questionnaire responses. The researcher synthesized existing knowledge from a comprehensive desk-based literature from valid sources such as published works, manuals, policy position papers and reports relevant to study topic and the specific period under investigation. Documentary analysis was also used to gather background information by reviewing literature relevant to the study. This involved a review of secondary data sources such as books and journals, publications and other relevant documents from authoritative sources on the topic under study.

### **3.4 Validity and reliability of research instruments**

According to Marangu W. (2014) Validity is the accuracy and meaningfulness of inferences, which are based on research results and it is the measure of how well a data collection instrument measures what it is supposed to. In other words, validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Both the questionnaire and the measurement process were guided by the conceptual framework in order to measure the key elements of the study variables. Reviews of the measures used to measure the study variables were also used to construct the questionnaire in order to ensure face and construct validity. The questionnaire was pre-tested on pilot respondents who were not part of the study respondents but knowledgeable in the study aspects in order to ensure their validity and relevance.

Reliability on the other hand refers to the measure of the degree to which a research instrument yields consistent results on across time and across the various items of the instrument (Sekaran, 2003). Reliability is the extent to which an instrument is predictable, stable, accurate and dependable to yield the same results every time it is administered. Cronbach's alpha coefficient was used to measure the reliability of the scale, which was also used to assess the interval consistency among the research instrument items and the research instruments were found to be highly reliable in that they had Cronbach's alpha coefficient higher than 0.70.. This is because it is strong in determining the inter consistency or average correlation of items in a survey instrument to gauge its reliability

(Santos, 1999).

### 3.5 Data Analysis and Presentation Techniques

The data collection instruments were administered to all the youth groups in Uasi Gishu County. After the data had been collected, the researcher edited them to ensure their completeness and consistency, Coding and classification then followed to ensure sufficient analysis. The data was then entered and analyzed by simple descriptive analysis using statistical package for social scientists (SPSS) computer software. The software package was chosen because it is the most used package for analyzing survey data. Besides being the most used package, the software has the advantage of being user friendly (Mugenda, 2003). It is also easily used to analyze multi-response questions, cross section and time series analysis and cross tabulation; (relate two sets of variables) and it can also be used alongside Microsoft Excel and Word packages.

Both descriptive and inferential statistics were used in the analysis then presented using frequency and contingency tables. Descriptive statistics were used to deduce any patterns, averages and dispersions in the variables. They include measure of locations (mean) and measure of dispersions (standard error mean). These measures were used to describe the characteristics of the collected data. Inferential statistics were used to determine the relationship between the study variables and these inferential statistics included correlation and regression analysis. The primary association among the study variables were assessed using correlation which were tested at 95 percent confidence level (level of significance,  $\alpha = 0.05$ ) and the hypothesis was tested at 95 percent confidence level (level of significance,  $\alpha = 0.05$ ).

To be able to determine the strength and the direction of the relationship between youth perception and entrepreneurship, the researcher used multi regression analysis. The relationship between youth perception and entrepreneurship was expected to follow a regression model of the nature  $E = \alpha + \beta_1 C + \beta_2 U + \beta_3 L + \beta_4 A + \varepsilon$   
Where;

E= entrepreneurship

$\alpha$  = Intercept term

$\beta_1, \beta_2, \beta_3,$  and  $\beta_4$  = Beta coefficients

C= Culture

U =Unemployment

L= Leadership

A= Altitude

$\varepsilon$  = Error term

### 4. Findings

In order to determine the effect of youth perception on entrepreneurship, the youth perception measures were regressed against the aggregate mean score entrepreneurship and the results are shown in Table 4.1 below. From the Table, the regression results reveal that youth perception overall effect on entrepreneurship is statistically significant (overall p-value = 0.006). At the individual level, all the youth perception measures had positive and significant effect on entrepreneurship as follows, culture had positively influence on entrepreneurship ( $\beta = 0.540$  and p-value = 0.037). Unemployment also positively affected entrepreneurship ( $\beta = 0.365$ , p-value = 0.028). Leadership on the other hand had a positive effect on entrepreneurship ( $\beta = 0.250$ , p-value = 0.040) and finally altitude had also positive effect on entrepreneurship.

From the table bellow, the regression results shows that the regression of youth perception against the mean of entrepreneurship measures had a beta term,  $\beta = 0.540$ . Since the hypothesis criteria was that the null hypothesis  $H_{03}$  should be rejected if  $\beta_1 = \beta_2 \dots = \beta_5 = 0$  and p-value  $\leq \alpha$  (otherwise the study fail to reject  $H_0$  if at least one of the  $\beta_i$ 's  $\neq 0$  and p-value  $> \alpha$ ), then based on the above regression results none of the  $\beta_i$ 's = 0 and p-value= 0.006 ( $0.006 \leq \alpha$ ) then the study rejects  $H_0$  and concluded therefore that youth perception significantly affected entrepreneurship in Uasi Gishu County. The regression results shows that entrepreneurship largely depends on the youth perception with 71.1 percent of the County's entrepreneurship being explained by youth perception (R squared = 0.711).

Arising from the research results in Table 4.1, a simple regression equation that may be used to estimate sugar firm competitiveness in Kenya given its existing diversification strategies is stated as follows;

$$E = 1.340 + 0.640C + 0.641U + 0.641L + 0.640A + \varepsilon$$

Where:

1.340 = the y- intercept constant ( $\alpha = 1.340$ ),

0.641 = an estimate of the expected increase in firm entrepreneurship corresponding to an increase in use of youth perception.

E= entrepreneurship

$\alpha$  = Intercept term

$\beta_1, \beta_2, \beta_3,$  and  $\beta_4$  = Beta coefficients

C= Culture

U =Unemployment

L= Leadership

A= Altitude

$\epsilon$ = the slandered error term random- variation due to other unmeasured factors.

Regression results in Table 4.1 show that a unit change in culture results in 38.1 percent ( $\beta=0.381$ ) change in entrepreneurship while a unit change in unemployment results in 26.6 percent ( $\beta=0.266$ ) change in entrepreneurship. On the other hand, a unit change in leadership results in 13.5 percent ( $\beta=0.135$ ) change in entrepreneurship and youth perception if implemented will affect County entrepreneurship by 51.1 percent

**Table 4.1: Regression Results of Youth Perception against Entrepreneurship**

Goodness of fit Analysis					
Sample size	R (Beta)	R Square	Adjusted R Square	Std. Error of the Estimate	
240	0.540	0.711	0.316	0.040	
Predictors: (Constant), Youth perception					
Overall significance ANOVA (F-test)					
	Sum of Squares	Degrees of Freedom	Mean Square	F	Significance (p-value)
Regression	1.081	2	1.018	2.162	0.006
Residual	2.230	13	0.112		
Total	3.311	15			
Predictors: (Constant), Youth perception					
Dependent Variable: entrepreneurship.					
Individual significance (T-test)					
	Unstandardized Coefficients		Standardized Coefficients		Significance (p-value)
	Beta	Std. Error	(r)	T	
(Constant)	1.340	1.299		2.412	0.042
Culture	0.540	0.187	0.381	2.421	0.037
Unemployment	0.365	0.779	0.266	2.289	0.028
Leadership	0.250	0.633	0.135	0.333	0.040
Altitude	0.132	0.234	0.123	1.241	0.034
Dependent Variable: Aggregate means of entrepreneurship.					
• Lever of significance, $\alpha = 0.05$					

Source; Research data, 2014

### 5.1 Summary and Key Findings

The study had the objective establishing the effect of youth engagement on entrepreneurship with the entrepreneurship dimensions being culture, unemployment, leadership and altitude. The study found out that youth perception significantly and positively affected entrepreneurship with 71.1 percent of the entrepreneurship ( $R^2 = 0.711$ ) being explained by youth perception.

### 5.2 Conclusions

The study was based on the premise that youth perception influence youth engagement in entrepreneurship and the study results supported this premise in that youth perception (culture, unemployment, leadership and altitude) were found to significantly and positively affect entrepreneurship.

### References

- Abdel-Halim, A.A. (1982). Social support and managerial effective responses to job stress. *Journal of Occupational Behavior*, 3, 281-295.
- Akande, A. (1994). Coping with entrepreneurial stress: Evidence from Nigeria. *Journal of Small Business Management*, 32, 83-87.
- Anomo, Y. (2007). Nigeria: unemployment in Nigeria-lessons from abroad. *Daily Champion*. Retrieved June 20, 2007, from <http://allafrica.com/stories/200706200751.html>.
- Ariyo, D. (2005). Small firms are the backbone of the Nigerian economy. Retrieved Nov. 8, 2005, from <http://www.africaneconomicanalysis.org>
- Benzing, C., Chu, H.M., & Szabo, B. (2005). Hungarian and Romanian entrepreneurs in Romania-motivations, problems, and differences. *Journal of Global Business*, 16, 77- 87.
- Benzing, C., Chu, H.M., & Callanan, G. (2005). Regional comparison of the motivation and problems of Vietnamese entrepreneurs. *Journal of Developmental Entrepreneurship*, 10, 3-27.
- Bewayo, E. D. (1995). Uganda entrepreneurs : why are they in business? *Journal of Business Strategy*, 6, 67-78.
- Birdsall, N. & Subramanian, A. (2004). Saving Iraq from its oil. *Foreign Affairs*, July-August, 83, 77-89.
- Boyd, D.P., & Gumpert, D.E. (1983). Coping with entrepreneurial stress. *Harvard Business Review*, March/April, 58-63.
- Brockhaus, R. H. (1982). The psychology of entrepreneur. In C.A. Kent, D.L. Sexton, and K.H. Vesper (Eds), *Encyclopedia Entrepreneurship*, 39-71. Englewood Cliffs, N.J : Prentice- Hall.
- Chamlee-Wright, E. (1997). The cultural foundations of economic development : urban female entrepreneurship in Ghana. *Foundations of the Market Economy series*. London & NY: Routledge.
- Chay, Y. W. (1993). Social support, individual differences and well-being: a study of small business entrepreneurs and employees. *Journal of Occupational and Organizational Psychology*, 66, 285-302.
- Chu, H.M., & Katsioloudes, M.I. (2001). Cultural context in the Vietnamese-American entrepreneurial experience. *Journal of Transnational Management*, 7, 37-46.
- Chu, H.M., Benzing, C., & McGee, C. (2007). Ghanaian and Kenyan entrepreneurs: a comparative analysis of their motivations, success characteristics, and problems. *Journal of Developmental Entrepreneurship*, September, 2007.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:  
<http://www.iiste.org>

## CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

**Prospective authors of journals can find the submission instruction on the following page:** <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

## MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Recent conferences: <http://www.iiste.org/conference/>

## IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

