



**FACTORS AFFECTING GROWTH OF YOUTH-OWNED AGRO BASED SMALL BUSINESS IN KENYA: A SURVEY
OF YOUTH-OWNED SMALL AGRIBUSINESS IN YATTA SUB COUNTY**

JAMES TEMBUR KIPSIELE

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OF YOUTH-OWNED SMALL AGRIBUSINESS IN YATTA SUB COUNTY**

Kipsiele, J., Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

Waiganjo, E., Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

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ABSTRACT

The mobilization of youth in Kenya and growth of youth group enterprise projects took centre stage from the year 2008 with the creation of Ministry of youth affairs and sports. The Department of Youth development was established in January 2007 with an aim of spearheading the general empowerment of the youths. The study aimed at broadening understanding about the factors affecting growth of youth-owned agro based small business in Yatta Sub County, Kenya. The objectives included determining the influence of managerial skills on growth of youth owned agro based small business; identifying the influence of access to markets on growth of youth owned agro based small business; on growth of youth owned agro based small business in Yatta Sub-County. The study was limited to registered youth groups in Yatta Sub County. Descriptive survey design was used where questionnaires was the tool of collecting data. Data was analyzed using both qualitative and quantitative methods. Qualitative data was analyzed manually followed by categorization and coding into emerging themes and presented in a narrative form. Quantitative data was organized, coded, and standardized then descriptive statistics used to analysis aided by statistical package for social scientists (SPSS). Reliability test was conducted and all factors had cronbach alphas of 0.7 and therefore measures were internally consistent. Managerial skills had the best correlation of 0.849 which is a strong correlation to the growth of youth owned agro based small business. This implied that possession of business management skills among youthful entrepreneurs is very important in guaranteeing success and growth of enterprises. Access to markets was the second best with a moderate positive correlation of $r=0.456$ with growth of youth owned agro based small business. This implied that with ready markets, youth entrepreneurs have the motivation to put effort in their enterprises to succeed and expand. The study concluded that managerial skills evolved as the best measure of explaining growth of youth enterprises. The future of youth entrepreneurship in Kenya is through fostering managerial strengths among the youth entrepreneurs. Access to markets is important for the growth of enterprises. Lack of ready markets for youth entrepreneurs is a stressor that leads to collapse of enterprises. Entrepreneurship training had an average relationship with growth of enterprises. The conclusion is that entrepreneurship training is vital in explaining success in youth enterprises. The study recommended that another study be conducted on the youth enterprises in other counties to allow for generalization of findings among all youth enterprises in Kenya. It also recommended for another study focusing on the other variables key to enterprise growth.

Key Words: Youth Owned Business, Agribusiness

INTRODUCTION

Youth unemployment around the globe has become a major challenge in the 21st Century. According to the World Youth Report (WYR), (2010) approximately 88 million youth around the world are unemployed and underemployed. In Africa, the Sub-Sahara is one of the regions highly affected by youth unemployment. According to the International Labour Office (2009) projection, youth unemployment is estimated to be more than 21 percent, and that Sub-Saharan Africa will witness substantial growth in additional labour force of 28 million to 30 million between 2003 and 2015.

While youth unemployment is a widespread phenomenon in the world, the case is much worse in Kenya. Today, Kenya's youth unemployment rate stands at 67 percent, among the highest in the world (Youth Employment Marshall Plan, 2009). According to ILO, quoted in Schoof, (2010) three in five unemployed Kenyans are youth, aged between 15 and 35 years. This clearly indicates that unemployment in Kenya is a youth problem (Youth Employment Marshall Plan, 2009). According to the Waki Report (2008) into atrocities were committed at the hands of youth. The Post-Election Violence, during Kenya's disputed 2007 elections approximately 1,133 people were left dead, 3561 injured, 350,000 displaced from their homes and 117,216 private and 491 Government property destroyed.

Despite high unemployment rate amongst the youth, very few venture into agri-business. In Kenya, the average age of a farmer is 55 years (Mengo, 2011) which clearly shows that the youth population has opted to abandon agriculture in pursuit of white collar job opportunities in urban centres and cities. The few who have formed

groups and started agri-businesses are successful and are able to grow their businesses. If the agro based enterprises grow in size, they would contribute to economic growth and poverty reduction among the youth. Many youths do not consider entrepreneurship as genuine career path with financial reward and work satisfaction but as an alternative to joblessness (Schoof, 2010).

Problems still face potential young entrepreneurs with recent statistics showing that three out of five youth owned start-ups in Kenya fail within the first few months of operation (Kenya National Bureau of Statistics, 2010). The high casualty rate facing the youth enterprises results from a myriad of documented challenges. Such challenges include identification of business opportunities and negative view of SMEs, poor management, lack of entrepreneurial skills, competition, access to markets and financial problems (Naidu & Chand, 2012).

Yatta sub county covers an area of 2469.1km². drought affects productivity of major crops and livestock. This poses the greatest danger to food security and the livelihood of the inhabitants. The population is 299,435 and comprise 143,736 males and 155,699 females with annual growth rate of 2.8 per cent (GoK, 2008-2012). The absolute poverty level in the subcounty is 66 percent. This is caused by erratic rainfall patterns leading to prolonged drought conditions which result to food scarcity. Unemployment rate is high with only 11 percent of the population employed (GoK, 2008-2012). Despite the Government giving loans to youth groups to do businesses so as to alleviate poverty, the performance of most of the groups is poor.

Statement of the problem

To mitigate the problem of youth unemployment, the Government of Kenya in 2006 established the Youth Enterprise Development Fund (YEDF). The concept was based on the premise that micro, small, and medium enterprise development initiatives are likely to have the biggest impact on job creation among the youth. According to Kiberenge (2013) the government has gone ahead and established the Kshs 6 billion Uwezo fund launched by President Uhuru Kenyatta recently in an attempt to uplift the youth through enterprise financing.

Despite the huge government funding and high unemployment rate amongst the youth, very few venture into agri-business. In Kenya, the average age of a farmer is 55 years (Mengo, 2011) which clearly shows that the youth population has opted to abandon agriculture in pursuit of white collar job opportunities in urban centres and cities. Recent statistics indicate that three out of five youth owned start-ups in Kenya fail within the first few months of operation (Kenya National Bureau of Statistics, 2010). The high casualty rate facing the youth enterprises results from a myriad of documented challenges like access to financing and entrepreneurial skills (Naidu & Chand, 2012).

In Yatta Sub County, there are 198 registered youth groups and all of them are in agribusiness 70 of them have accessed the youth fund to start their own businesses. Out the 70 active groups, only 10 are successful and repay their loans on regular basis (Karongo, 2009). This represent 14% of the groups which have shown growth in their business. 86% have stagnated or collapsed. Given the importance of small business to the people and their economies in the developing countries, research effort

should be directed towards understanding the factors that foster the creation, growth and survival of successful small business activities among youths. Consequently, the scope of this study is to analyze the factors that influence the growth of youth own SMEs in Yatta Sub County.

Youth unemployment is one of the underlying causes behind the political upheaval across North Africa, which began in the middle of December 2010 (Melik, 2010) and in Kenya's 2007/2008 post-election violence (CIPEV, 2008). The rapid growth of youthful populations combined with high levels of unemployment, economic stagnation and poverty will lead into violent activities in Kenya. The country will experience food shortage and it will rely on imports. All these will affect the economy of the country. In the long run people will not invest in the country. Youth in Kenya or any other country in the world engage in armed conflict and violence if subjected to social and economic marginalization, this will lead to unstable governments, poverty, insecurity, and development challenges (UNDP, 2007).

Despite a number of studies having been done in the past on youth unemployment, (e.g. Wachira et Al, 2013), determinants of growth of Juakali enterprises in Kenya, Kimando (2012) factors influencing the sustainability of cooperative societies in Murang'a, these studies have focused on youth unemployment in service and manufacturing sectors. Few studies have been done to find out the factors that affect growth of youth owned agro based business in Kenya hence the research gap this study aims to address.

General objective

The general objective of this study was to investigate factors affecting growth of youth-owned agro based small business in Kenya; a survey of youth owned agribusiness in Yatta Sub County. This was supported by the specific objectives which were to determine the effect of managerial skills and accessing markets on growth of youth owned agro based small business in Yatta Sub- County.

Research questions

The study was guided by the following questions:

1. What is the effect of managerial skills on growth of youth owned agro based business start-ups in Yatta Sub- County?
2. What is the effect of accessing markets on growth of youth owned agro based small business in Yatta Sub- County?

Scope of the study

The study was carried out in Yatta Sub County in Kenya. The focus of the study was the registered youth agro based small business in terms of their managerial levels, access to markets and finance plus the competition these enterprises face.

THEORETICAL FRAMEWORK

a) Firm growth theory

The development of any enterprise, large or small, tends to follow a predictable pattern that is usually characterized by sequential progressive phases. According to Churchill and Lewis in Perenyi (2007) who examined the problems and challenges of the firm as it grows, the owner-manager needs to display different managerial talents and skills when dealing with challenges. In order for a small

business to grow successfully, the owner-manager must develop the requisite competencies to enable the business to progress to the next phase. A number of organizational lifecycle models exist which serve to illustrate the change a firm progresses from initial concept to the decline stage. This study used the Churchill and Lewis model as it is widely used model covering the most common phases of a typical life cycle model.

The model developed by Churchill and Lewis has five stages existence, survival, success, and take-off and resource maturity. In the existence stage, a key focus is obtaining customers and as such, the extent of formal systems is minimal and in some cases, non-existent. In addition, the organizational structure is flat and therefore, the owner-manager adopts a management style where there is direct supervision of employees. As a business progresses to the survival stage, it begins to employ formal systems as the organizational structure develops more levels; hence the owner-manager begins to delegate some responsibilities to employees. The success stage is characterized by the owner-manager deciding to either keep the business at its current operational level or to launch into some form of growth. The decision will be driven by the owner-manager's motivation, opportunity recognition and resources.

The business begins to employ basic systems such as finance, marketing and operations. In the fourth stage, the take-off stage, key management issues confronting the owner-manager include determining the rate of growth and financing of the desired growth. The owner-manager has allowed for even greater delegation to improve organizational effectiveness. In the final stage, resource maturity, the main concern for the owner-

manager includes managing the financial gains resulting from growth and maintaining the benefits associated with small business such as responsiveness to changing customer needs and entrepreneurial behaviour. The business would typically have well established organizational systems. The model is ideal for this study since it addresses needs for the youth entrepreneurs to develop requisite capacity and skills to enable their agro based business to progress to the next phase.

b) Hanks, Watson, Jansen and Chandler (1993) life-cycle model

Hanks et al. (1993) derive a life-cycle model with four development stages and two disengagement (or arrested development) stages. They further describe the various development configurations or stages in their taxonomic life-cycle model as follows: Start-up – young, small enterprises with simple organizational structures and levels. The organisation is highly centralised and quite informal. Product development appears to be the focal priority. Mean sales revenues growth is 91 per cent per annum, and mean employment growth is 29 per cent per annum. Expansion; slightly older and larger enterprises with more complex organisational structures and levels. The organisation is still much centralised and is a little more formal than in the start-up stage. Product commercialisation appears to be the focal priority. Mean sales revenues growth is 297 per cent per annum, and mean employment growth is 94 per cent per annum.

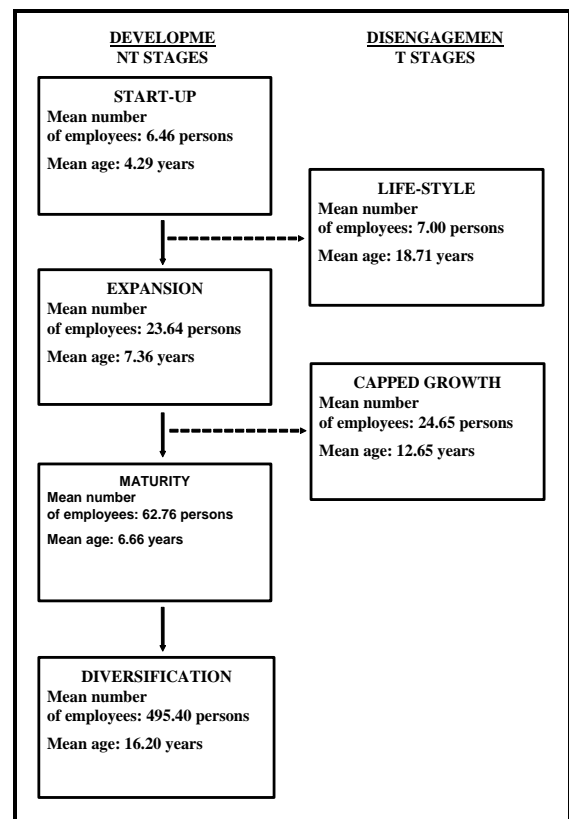


Figure 1. Hanks et al. (1993) life-cycle model

Maturity; although not necessarily older, on average, than in the expansion stage, enterprises in this stage are typically more than twice as large. Organisational structures are more complex. Centralisation is declining and formalisation increasing. Mean sales revenues growth is 99 per cent per annum, and mean employment growth is 28 per cent per annum.

Diversification; enterprises are generally medium-sized with increasing tendency to have divisionalised structures. Centralisation is low, and formality is highest for any stage in the life-cycle model. Mean sales revenues growth is 37 per cent per annum, and mean employment growth is 57 per cent per annum. Particularly note that generally increasing size and age of enterprises when

reading down this list of life-cycle stages provides some evidence that businesses may, in some sense, progress sequentially through the stages as they evolve and develop. Hanks *et al.* (1993) further describe the two apparently stable and sustainable disengagement configurations or stages in their taxonomic life-cycle model as follows:

Life-style – these enterprises are slightly larger than those in the start-up stage, but are generally much older. In most other respects, they are organisationally like start-up businesses. Mean sales revenues growth is 34 per cent per annum, but there is no growth in employment. These enterprises appear to have disengaged from the growth process after establishing their viability at relatively small size following start-up. Hanks *et al.* (1993) observe: Perhaps they represent life-style firms, where owners have consciously chosen to keep their firms small. Capped growth; these enterprises are slightly larger than those in the expansion stage, but are generally much older. Organisationally, they are somewhat less complex than typical businesses in the expansion stage. Mean sales revenues growth is 44 per cent per annum, but mean employment growth is only 4 per cent per annum. These enterprises appear to have disengaged from the growth process after successfully expanding to modest size following start-up.

Conceptual framework

This study was guided by the independent variables; managerial skills and access to markets.

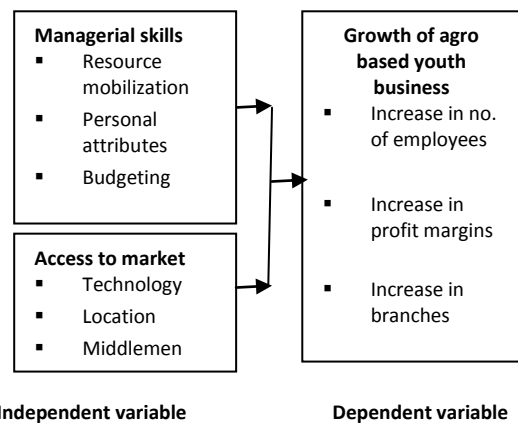


Figure 2. Conceptual framework adopted from Simmons (2007)

a) Managerial skills

Recent studies of survival rates for small Canadian firms found that a lack of managerial skills is among the key factors contributing to failure, and that many small firms fail as a result of a deficiency in their internal functioning rather than as a result of externally generated circumstances. Poor managerial skills are also identified in a recent Canadian Imperial Bank of Commerce (CIBC) World Markets Report as one of four key weaknesses impacting the success of small businesses in Canada (Odeng, 2007). Accordingly, it is the owner-manager's lack of management skills that negatively impacts their ability to adequately address strategic small business problems in the areas of finance, marketing, human resource management and the implementation of formal control systems. Similarly, in the first comprehensive examination of the internal barriers to growth facing Canadian SMEs, weak management is identified as the main obstacle to building a successful business (Giroux, 2007).

Managing an enterprise may be the most critical tactic for its future success. Individuals with higher managerial ability become successful entrepreneurs and

promote firm growth while marginal managers close down their firms and become workers (Variyam & Kraybill, 1994). After initiation of a new venture, the entrepreneur needs to develop an understanding of management change. According to Giroux, (2007), one of the primary ingredients in small business success must be the managerial competence of the owner-manager. There is a tendency to categorize the management skills required to manage a small business into functional areas. Such a categorization is supported by the intrinsic belief that small businesses increase their chances of success when managers are competent in core functional areas such as strategic planning, marketing, finance, operations and human resource management (Giroux, 2007). Thus the survival and growth of a new venture require that the entrepreneur possess strategic management skills and abilities and shift from an entrepreneur to a managerial style. In so doing however, certain entrepreneurial characteristics must be retained in order to encourage creativity and innovation like value addition in the agricultural products. Remaining entrepreneurial while making the transition to some of the more managerial traits is vital for the successful growth of a new venture (Kuratko & Hodgetts, 2001).

Many youth owned small enterprises fail within the first year of operation. In a study carried out among women entrepreneurs in Nairobi for ILO in 2008, many women cited lack of managerial skills to run their businesses as a major challenge facing their businesses. Generally speaking, businesses that are managed properly tend to make profits while those that are poorly managed usually make losses or don't survive. Reasons behind business failure are numerous. Bad management, lack of planning, poor product quality, bad public

relations, inadequate financing and weak marketing are among the leading causes of business failure (Ondeng, 2007), but the ability of the entrepreneur to manage the venture is paramount. Many new ventures are created without the requisite planning. Frequently, those who start new ventures do not possess the managerial skills and understanding to make them work (Kirby, 2003).

b) Access to market

Marketing of a product or service is a central activity for a successful business; it is concerned with identifying, anticipating and meeting the needs of customers in such a way as to make a profit for the business. Without a market no business would survive. Markets in the developing countries are characterized to a large extent by the very limited purchasing power of the average consumer. Basically, enterprises compete to produce at the lowest cost in the market, sacrificing the quality aspect (Lukács, 2005).

The result is a market that views domestic products as vastly inferior to foreign-made ones. Faced with this disadvantage and despite import controls imposed by the government, the micro and small firms find themselves always on the defensive side; Kenyon, (2007). They have to prove that the quality of the products is, at least, comparable to that of the imported competing agricultural products. In recent years the small firm has to contend with the shift from import controls to import liberalization in many developing countries.

Bwisa and Ngugi (2013) observed that Sessional Paper No.2 of 2005 on Development of SMEs for Wealth and Employment Creation for Poverty Reduction has recognized the access to markets as a constraint faced by the SME sector. The constraints are: Lack of access to information

on the existing market opportunities and in exports, poor quality products and poor product design and differentiation, and lack of promotional activities, both locally and internationally. Overall, aggregate demand is low, markets are saturated due to dumping and overproduction, and in many cases markets do not function well due to lack of information and high transaction costs (GOK, 2005). Most SMEs lack the access to sufficient market information since most of the information is designated for the large and well – established businesses. This makes the SMEs unable to plan their sales since the market turn up is unpredictable. It is important that businesses look beyond their local catchment area (Ronge et al., 2008).

c) Growth of youth based agro based small business

The growth of entrepreneurship in Kenya has led to an increase in number of viable SMEs. Thanks to entrepreneurship, the SMEs sector plays a key role in the economic development and contributes to a large extent to employment and poverty reduction in the country. According to the Sector Plan for Manufacturing 2008-2012 of the Kenya Vision 2030, the SME is among the key productive sectors identified for economic growth and development because of its immense potential for wealth and employment creation as well as poverty alleviation (GoK, 2007). According to Sessional Paper No.2 of 2005 on Development of SMEs cut across all sectors of the country's economy and provide one of the most prolific sources of employment, not to mention the breeding ground for entrepreneurs in medium and large industries, which are critical for industrialization.

While agro based small scale and micro enterprises undoubtedly make important contributions to the country's growth, they generally face limits in terms of growth. This is attributable to different factors. According to Murphy (2001), only 20 percent of micro enterprise actually experience growth. Statistics indicate that three out of five businesses fail within the first few months of operation in Kenya (KNBS, 2010). The survival of MSEs is not optimistic around the world. Accordingly, various researches show that, 68% of all SMEs in the United States made their exit from business within 5 years. Only 19% survived from 6 to 10 years and merely 13% percent for more than 10 years (World Bank, 2009). In Europe only 65% of MSEs survived for more than 3 years and 50% survived for more than 3 years and 50% survived for more than 5 years (Abdesselam, 2004). In the literature review the focuses was on factors influencing the growth of youth owned agro businesses.

Empirical review

Ngugi and Bwisa (2013) studied on the factors influencing growth of group owned MSEs. The variables studied were the influence of technology, product quality, access to finance and markets on growth of group owned OVOP enterprises. Mwangombe (2013) studied the factors that influence performance of various youth group income generating projects in Taita district. The variables studied include youth group management/leadership skills, nature of project activities, planning and control of funds and support given by the government and other organizations and their effects on the performance of youth group projects. Wanjiru (2013) investigated the factors influencing the performance of youth owned micro and small enterprises. The variables studied include: socio-cultural factors, education, training and skills, access to

credit, access to market, entrepreneurship skills and their influences on the performance of youth enterprises. Odhiambo (2013) studied factors that affect the performance of youth owned micro, small and medium enterprises (MSMEs) in Kenya. The variables studied were entrepreneurship training, leadership style used, use of social networks and the business owner or leader's managerial skills.

Critique of existing literature relevant to the study

The firm life-cycle theory has been criticised and re-thought in light of empirical evidence, as also indicated in the reviews of Levie and Lichtenstein (2010). Levie and Lichtenstein (2010) provide an overview of firm life-cycle literature published between 1962 and 2006, and emphasise their finding that the empirical validation of firm life-cycle theory is not rigorous and its application delivers ambiguous results. The firm life-cycle theory requires further rigorous empirical validation (Levie & Lichtenstein 2010). The applicability of firm life-cycle theory on youth SMEs can be criticised in four points, which can be formulated by reviewing empirical research into the firm life-cycle model. The four major points of criticism identified regarding the firm life-cycle theory are: empirical validation, the nature of the life-cycle model (focuses on symptoms and not explanations), life-cycle models consider one-way development and regression is not considered, the developmental models depict a linear pathway and branching off this pathway. Specifically for SMEs, a further limitation can be identified. This would either indicate a reduction of the number of firm life-cycle stages, or reverse transition (regression) in the firm life-cycle.

Research gaps

Existing literature on SMEs in Kenya focusses on the effect of Government policies and regulations on small business (Keter, 2012). Boosting employment through small enterprise development has also been studied (ILO, 2003). The variables commonly studied are the role of training, motivational factors, entrepreneurial skills, government support and leadership skills. However, few studies undertaken on growth of youth enterprises focuses mainly on service and manufacturing sectors and not on agro based sector. The literature reviewed has left a relative gap in growth of youth enterprises particularly in the context of agro based SMEs in Yatta Sub County. As a consequence, the motivation of this study is: what are the factors affecting the growth of youth owned agro based business in Yatta Sub County? This study will bridge this gap by looking at dependent variable being growth of youth agro based business and their effect on the independent variable, managerial skills, access to finances, access to markets and competition.

RESEARCH METHODOLOGY

Research design

In this study, descriptive survey design was used. This is because it is best suited for the study since it provides an excellent vehicle for generalization. Descriptive survey design is flexible enough to provide opportunity for considering different aspects of a problem being studied (Kothari,2004). The study was descriptive in nature and was conducted through self administered questionnaires. Both qualitative and quantitative analysis tools were used.

Target population

The target population was 198 registered youth owned agro based small business in

Sample and sampling techniques

The list of registered youth businesses in agro based sector from Ministry of Devolution and Planning was used to identify the 198 registered youth small businesses which were operating at the time of the study. The youth businesses were then clustered into three clusters according to the nature of their growth. Stratified random sampling was done within each cluster to sample a total of 20 youth SMEs which were the units of analysis. The sample size consisted of 20 youth small business (10% of the 198 registered agro based youth small business operating in Yatta Sub County). Five respondents were randomly sampled from each of the youth small business giving a total of 100 respondents for the study. This sample size was considered adequate based on Cooper and Schindler, (2003) proposition that statistically, in order for generalization to take place, a sample of at least 30 must exist.

Table 1. Sample size of the study

Stratum	No. of youth small business	Stratified sample	Sample size
Not accessing loan	128	13	65
Accessing loan	60	6	30
Repaying loan	10	1	5
Total	198	20	100

Data collection instruments

Self-administered questionnaires incorporating both open-ended and closed-ended questions items were used to collect data from 100 respondents.

Data collection procedure

Primary data was collected and used in the study. The researcher personally

administered the questionnaires and collected the filled-in questionnaire before leaving each of the selected youth respondents and this took a period of one week.

Data analysis and presentation

The data obtained from research instruments was analysed by use of descriptive statistics and inferential statistics. The study adopted regression analysis to determine the strength of relationship between the independent variables and the growth of agro based SMEs. ANOVA was used to analyse the degree of relationship the variables in the study.

FINDINGS AND DISCUSSION

Response rate

Data was collected from the 100 youth-owned agro based small business in Yatta Sub County, Kenya. The targeted sample size was 100 respondents. A total of 77 out of 100 self-administered questionnaires were filled and returned yielding a response rate of 77%.

4.3.1 Reliability test

Cronbach's coefficient alpha which is one of the most common methods in gauging reliability (Bryman, 2011) for each variable was done.

4.3.1.1 Reliability test of the study variables

The study found that overall cronbach's alpha for access to markets (0.793), and managerial skills (0.712) as indicated in table 2.

Table 1 Summary of reliability test of study variables

Constructs	Composite reliability
Access to markets	0.793
Managerial Skills	0.712

Sector of activity

On being asked about the sector of activity in the agro based sector, the respondents indicated that, majority of the youth entrepreneurs (56%) were in the agro retail/kiosk sector. A few (30%) of the respondents had businesses in agro produce and dealership sector. This supports GoK (2008-2012) finding that majority of youth entrepreneurs in Yatta Sub County are in agro based sector.

Comfort with location of the business

The level of comfort faced by the respondents in their business location was assessed and the findings of the study indicated that majority of the youth entrepreneurs (97%) were comfortable with their business location and only a few (3%) were uncomfortable. This implies that majority of the youth entrepreneurs in Yatta Sub County are motivated to operate in their current business localities. This may be due to the presence of a tarmac road which connects the Sub County with major towns like Kitui, Machakos and Thika and which makes the businesses readily accessible.

Length of business operation

The study further sought to find out the duration of time they had been in operation. Most of the respondents 49% indicated they have had businesses for 6-12 months, 33% for 1.5-2 years, and 16% for 1-1.5 years while 6% indicated they had operated business for less than 6 months.

Ownership of other business prior to current one

The study sought to find out from the youth entrepreneurs whether they had prior business before current one. From the study majority of the respondents (75%) had prior business before current one and 25% had no prior business. This shows that most of the youth had previous experience of running a business and this may be the reason why they are mostly particular with the agro based sector due to prior knowledge and experience.

What happened to the prior business

The study was to find out what was the progress of the previous business. The findings indicated (54%) of businesses collapsed, (33%) improved and (13%) made loss. The finding agreed with (Naidu & Chand, 2012) assertion that there is high casualty rate facing youth enterprises resulting from a myriad of documented challenges like access to financing and entrepreneurial skills. The findings imply that youth enterprises in Yatta Sub County face similar problems like in the rest of the country.

Duration of running the previous business

The respondents were asked to state the length of time they had operated the previous business and the findings showed that (38%) had run their business for about 6-12 months as well as for over 2 years. (13%) had run their businesses for less than 6 months and (9%) for exactly 2 years. The statement agrees with KNBS (2010) report that three out of five youth owned start-ups in Kenya fail within the first few months of operation.

Business registration statuses

The study further sought to find out whether the youth entrepreneurs had their

businesses registered. Majority of the business owned by the youth in Yatta sub-county (86%) are registered while a few (14%) of the businesses are not registered. This implies that majority of the youth entrepreneurs had registered their enterprises to conform to the county by-laws.

Correlation of study variables

This section outlines the correlation of the independent and dependent variables as explained in table 3 below.

Correlation analysis on the determinants of growth in enterprises

Table 3 Correlation matrix variables

		GRT H	AM	MS
GRTH	Pearson Correlation	1	-.165	.027
	Sig. (2-tailed)		.456	.849
	N	52	52	52
AM	Pearson Correlation	-.165	1	.187
	Sig. (2-tailed)	.456		.185
	N	52	52	52
MS	Pearson Correlation	.027	.187	1
	Sig. (2-tailed)	.849	.185	
	N	52	52	52

** Correlation is significant at the 0.05 level (2-tailed)

The raw inter-correlation among the variables is presented in table 3 Correlations among variables is used to explore the relationship among group of variables (Pallant, 2010), in turn helping in testing multicollinearity. Based on the table, it was found that all the variables namely; managerial skills and access to markets,

were positively significant correlated to the growth of enterprises. Managerial skills (MS) had the best correlation of 0.849 which is a strong positive correlation.

Descriptive and qualitative analysis of the study variables

The descriptive study was anchored under two independent variables, namely managerial skills and access to markets, against the dependent variable which was the growth of agro based enterprises. The analysis is described beneath.

a) Effects of managerial skills on growth of youth owned agro based small business

The effect of managerial skills on growth of agro based small business is discussed in this section.

Managerial skills helpful in running business

The study sought to find out from the respondents the kind of managerial skills helpful in running businesses. The findings are presented in the table 4.

Table 4 Managerial skills of running business

	Frequency	Percent
Technical	17	22
Management	35	46
Entrepreneurship	10	13
None	15	24
Total	63	100

From the findings of the study table 4, 46% of respondents said that management skills have been very helpful in the running their businesses. 24% of the respondents indicated they had not received any training. (22%) indicated that technical skill and (13%) said that entrepreneurship skill have been helpful in running their businesses. The findings supports Naidu and Chand (2012)

statement that lack of management skills, competition, access to markets and financial problems are common challenges among young entrepreneurs in the developing world.

Future status of the enterprise

The study sought to find out the future status of the youth enterprises in two years' time. The findings indicated that the respondents (84%) said that their businesses will be growing, (8%) said their businesses will be stable, (6%) indicated their businesses might be struggling and a very small proportion (2%) indicated that their businesses may be at critical state. The statement supports KNBS (2010) report that three out of five youth owned start-ups in Kenya fail within the first few months of operation. It can be deduced that most of the youth in Yatta Sub County have enterprises that are not experiencing growth due to absence of managerial skills and entrepreneurial training.

Maintenance of books of accounting by youth entrepreneurs

The study sought to find out whether the respondents involved in youth owned agro based business in Yatta Sub County, maintains accounting records. The indicated that majorities of the respondents (90%) indicated they maintain accounting records and a small proportion (10%) indicated that they do not maintain their accounting records. This is contrary to Tucker and Lean (2003) who noted that one of the problems faced by the SMEs when attempting to raise finance is lack of accounting records on performance and inability to prove the quality of investments to the provider of the finance.

Types of books of account kept by youth entrepreneurs

The study further sought to find out the kind of books of account maintained by the youth. The findings indicated that Majority of the businesses owners (85%) maintains basic accounting books, (13%) of the youth agro business owners do not maintain any accounting books. The others (21%) maintain ledger books. This implies that the youth entrepreneurs in Yatta Sub County understand the importance of maintaining business performance records.

Ways of making financial decisions for the enterprise

The study sought to establish how the youth agro business owners make financial decisions pertaining to enterprises and the findings indicated that majority of the respondents (56%) relied on themselves, (37%) sought friends advice while making their decisions. Equal proportion of (4%) made decision from family or partners advice. The findings agrees with Chigunta (2001) assertion that one third of the young entrepreneurs in eastern Africa express a desire to start their own businesses and each year about 50,000 of them actually do it.

b) Effects of accessing markets on growth of youth owned agro based small business

The effect of accessing markets on growth of agro based small business is discussed in this section.

Challenges experienced in marketing agriculture products

The respondents were asked to state the challenges they experienced when marketing agriculture products. The findings showed majority of the respondents (58%) faces stiff competition in running their businesses, (26%) of the respondents

indicated that low demand. (15%) indicated unfair tender allocation and a small proportion (2%) said poor location is a challenge. The findings support Bwisa and Ngugi (2013) observation that access to markets, lack of access to information on the existing market opportunities and competition, poor quality products and poor product design and differentiation and lack of promotional activities, both locally and internationally as constraints to youth SMEs.

Presence of business connections

The respondents were asked to state whether they had business connections to rely on in order to market agriculture products and the findings showed that (61%) of the respondents have business connections that they rely on marketing their agricultural products. The findings supports Ronge et al. (2008) argument that most SMEs lack the access to sufficient market connection since most of the information is designated for the large and well - established businesses. This makes the SMEs unable to plan their sales since the market turn up is unpredictable.

Organization assisting to market agriculture products

The study sought to find out which organisations have been assisting the youth owned agro based business in Yatta Sub County and the findings indicated that majority of the respondents (89%) said non-government organisation has been assisting them to market their products. (9%) of the respondents indicated that market associations assists them in marketing while (2%) indicated government organisation. The findings support Street and Sykes (2003) who stated that mostly the private sector comes through in support of SMEs in the absence of government provision of the necessary assistance.

Market support for agricultural products from youth enterprise

This section of the study sought to find out the market support that the youth owned agro-based business in Yatta sub-county would recommend and the findings indicate that Majority of the respondents (60%) said they would propose training on management, (21%): processing plant, (16%) indicated marketing while a small proportion proposed tax reduction. The findings agrees with Street and Sykes (2003) assertion that many business firms do not have the internal support resources to adequately address their demands of the market, the government or the private sector through industry should come in to provide the necessary assistance.

Access to the current market

The method of accessing the current market by the respondents is indicated that (51%) of the respondents indicated that the customers visits their point of sale while (49%) indicated that they take their agriculture goods to the people.

Marketing strategies employed to counter stiff competition

This section of the study sought to find out strategies used by youth owned agro based business in Yatta Sub County in countering stiff competition while marketing their products. The findings indicated that (39%) of the respondents indicated that their strategy is charging fair prices, (35%) said is stocking high quality products. (19%) of the respondents said is nice packaging while (13%) indicated is offering home deliveries.

Awareness of e-marketing concept

The awareness of the concept of e-marketing was sought from the respondents as the findings indicated that majority of the respondents (54%) indicated that they are

not aware of e-marketing concept. (46%) of the owners of youth based agro-based business indicated they are aware of e-marketing concept.

Ways e-marketing has eased access the market

The influence of e-marketing to ease the access to market information was sought from the respondents as findings indicated that majority of the respondents (59%) felt that e-marketing has not assisted them in market access while 41% of the respondent indicated that e-marketing platform has helped them in market access.

Improvement of market accessibility by e-marketing

This section of the study sought to establish if the youth agro-based owners in Yatta Sub-County accesses e-marketing and how has it improved their market accessibility. The findings showed that (38%) of the respondents indicated that they got more customers after training as well improved sales. (24%) of the respondents said that e-marketing made them to create new trends in marketing.

c) Growth of agro based small business is discussed in this section.

Growth of agro based small business is discussed in this section.

Performance of the enterprise presently

The study sought to find out the respondents their perception on the current performance of their enterprises. The findings of the study indicated that, majority (83%) of the respondents stated that their enterprises are doing well in terms of performance with a (12%) of the respondents stating that their businesses are not doing well.

Future plans for the business in 5 years' time

On respondent's opinion of the future plans for their enterprise, the findings of the study indicated that, most (50%) of the respondents stated that they planned to expand the enterprise and even opening new branches. A few (31%) had plans operating a whole sale business in the future. It can be deduced that most of the youth have vision for their business.

Improving youth entrepreneurship for acceptances in the society

The study sought to find out the respondents perception on ways of improving youth entrepreneurship to gain more acceptances in the society. The findings of the study indicated that, majority (87%) of the respondents were on the opinion that availing more funds for enterprise growth would make youth entrepreneurship acceptable in the society. The other (6%), (5%) and (2%) pointed at availing more space for business expansion, enhanced learning and reduction of collateral as the other ways of ensuring acceptance of youth entrepreneurship by the society.

Major problems youths face in running their agribusiness

On the major problems the respondents faced in operating their businesses, the findings indicated that majority (63%) of the respondents lacked sufficient funds to operate their enterprises. The other (21%) of the respondents had insufficient management and (16%) of the respondents had limited training to operate their enterprises.

Have you increased the number of employees since you started your business?

On growth of enterprise through increase in the number of employees, the respondents gave their views where the findings of the study indicated that majority (80%) of the respondents stated that they had not increased the number of employees in the business since inception. A few (20%) had increased the employee's numbers.

Have you expanded your business into other centres?

The study sought to find out the respondents perception on expansion of their business into other centres/ towns in the Sub County. the study found out that Majority (78%) of the respondents stated that they had not expanded their enterprises in terms of opening new branches in other towns. A few (22%) had opened new branches.plans operating a whole sale business in the future.

Testing Regression Model Assumption

Regression analysis

Table 5 Summary of overall model

M	R	R	Adjust	Std. Error	Durbin-
odel		Sq	ed R	of the	Watson
el		uar	Sqwar	Estimate	
		e	e		
	.	.54	.502	.52686	1.668
	7	0			
1	3				
	5				
	a				

a. Predictors: (Constant), MS, AM

b. Dependent Variable: Growth of agro based business

The four independent variables that were studied, explains only 54% of the determinants of agro based business growth in Yatta Sub County as represented by the R². This therefore means that other factors of agro based business growth not studied in this study contribute 46% of the growth.

Therefore, further research should be conducted to investigate the other factors (46%) that affect growth of agro based business in Yatta Sub County.

Analysis of Variance (ANOVA)

Table 6. Analysis of variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
1	15.639	2	3.910	14.085	.000 ^b
	13.324	50	.278		
	28.962	52			
Total					

a. Dependent Variable: GROWTH

b. Predictors: (Constant), MS, AM

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how managerial skills and access to markets as determinants of growth of agro based business in Yatta Sub County. Since F calculated is greater than the F critical (value = 14.085), this shows that the overall model was significant.

Coefficients^a

The coefficient of the study is discussed in this section.

Table 7 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
(Constant)	.157	.073		2.14	.037
	.137	.071	.192	1.91	.060
	.793	.075	.396	10.56	<.001
MS				0.001	

Dependent Variable: Growth of agro based business

Based on the table 4.30, the regression equation for the growth of agro based business (G) is

$$G = 0.157 + 0.137x_1 + 0.793x_2$$

Based on the above equation, managerial skills and access to markets are positively correlated with growth of agro based business.

SUMMARY OF THE FINDINGS

This study aimed at investigating the factors affecting growth of youth-owned agro based small business in Yatta Sub County. The study sought to answer the question why are the causes of high failure in youth enterprises. Recent statistics indicate that three out of five youth owned start-ups in Kenya fail within the first few months of operation. The high casualty rate facing the youth enterprises results from a myriad of documented challenges like access to financing and entrepreneurial skills.

A response rate of 77% was obtained from the study participants with male as the majority of the respondents. Majority of youth entrepreneurs in Yatta Sub County were in agro based sector, not married, came from families of different sizes and were between 31-35 years old. They were comfortable with their business location and they have had businesses for 6-12 months. Most of the youth had previous experience of running a business and this may be the reason why they were particularly in the agro based sector due to prior knowledge and experience as they had at one time had a business that collapsed.

The first objective of this study was to determine the effect of managerial skills on growth of youth owned agro based small business. Managerial skills had the best correlation of 0.849 which is a strong correlation to the growth of youth owned agro based small business. Majority of the respondents agreed with questionnaire items. Managerial skills had a strong significant relationship with growth of youth owned agro based small business. This implied that possession of business management skills among youthful entrepreneurs is very important in guaranteeing success and growth of enterprises.

The second objective of this study was to establish the effect of access to markets on growth of youth owned agro based small business. Access to markets (AM) was the second best with a moderate positive correlation of $r=0.456$ with growth of youth owned agro based small business. Majority of the respondents agreed with questionnaire items. The weak moderate correlation of access to markets with growth of youth owned agro based small business implied that with ready markets, youth entrepreneurs have the motivation to put

effort in their enterprises to succeed and expand.

Conclusions

This study investigated the factors affecting growth of youth-owned agro based small business in Yatta Sub County. Two predictor variables namely; managerial skills, and access to markets were studied against their effect on growth of youth owned agro based small business.

The study concluded that managerial skills had a strong relationship to the growth of youth small business. Managerial skills evolved as the best measure of explaining growth of youth enterprises. The ability to manage the enterprise operations prudently is a strong predictor of success in business ventures. The results convey the message that success in enterprise creation, survival and growth heavily depends on the entrepreneur's managerial prowess. The future of youth entrepreneurship in Kenya is through fostering managerial strengths among the youth entrepreneurs.

Access to markets was the second best predictor of growth of youth enterprises. It can be concluded that the ability to access ready, guaranteed and competitive markets for youth entrepreneurs is important for the growth of enterprises. Lack of ready markets for youth entrepreneurs is a stressor that leads to collapse of enterprises. Availability of markets has the ability to spur growth in youth enterprises. It is therefore important for stakeholders to develop marketing channels for youth enterprises to grow in Kenya.

Recommendations

The Government should put more emphasis on training youth on managerial skills. The variable has a positive effect on

the growth of SMEs in agrobased subsector. Once they have undergone the training they will be able plan, organize, direct and control activities in their businesses leading to growth of SMEs.

Marketing has positive and significance influence on the growth of SMEs in agrobased subsector therefore, there is need for the youth to maintain a close and direct contact with their customers. The Government can assist the youth by encouraging them to form co-operatives to market their farm produce and this will eliminate the middlemen who exploit them. Youth should be encouraged to add value and come up with new products in order to have a competitive edge over their competitors.

Areas for further research

This study focused on factors affecting growth of youth-owned agro based small business in Kenya. However, youth enterprises across the country face different challenges in their business operations. This study therefore recommends that another study be conducted in other counties to allow for generalization of findings among all youth enterprises in Kenya.

This study only focused on two variables namely; managerial skills and access to markets and their effect on enterprise growth. Since there are other variables affecting enterprise growth, the study recommends for another study focusing on the other variables key to enterprise growth.

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