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# CRITICAL SUCCESS FACTORS OF PERFORMANCE OF GOVERNMENT FUNDED YOUTH ENTERPRISES IN KAKAMEGA COUNTY KENYA

**Bruno Edu [1], Dr. James Gichana [2]**

[1] Masters Student, Jomo Kenyatta University of Agriculture and Technology

[2] Lecturer, Jomo Kenyatta University of Agriculture and Technology

## ABSTRACT

The current study sought to establish the critical success factors of performance of government funded youth enterprises with a focus of Kakamega County. The study was guided by the following specific objectives: To assess the influence of leadership skills on performance of government funded youth enterprises in Kakamega County Kenya, and To analyze the influence of capital accessibility on performance of government funded youth enterprises in Kakamega County Kenya. The theories that supported the study included Empowerment theory, and Resource dependency theory. The target population of the study comprised of 1270 government funded youth enterprises in the County and distributed across six sub counties (Matungu, Kakamega south, Mumias, Lugari, Butere and Kakamega central Sub-counties). Fishers sampling formula was adopted to derive a sample of 295 respondents. The study adopted a stratified random sampling method in distributing the sample across the sub-counties. The unit of analysis was chairpersons, treasurers or secretaries of the youth enterprises. The study used quantitative data that was collected from respondents using questionnaire with closed ended questions. A pilot test was conducted to detect weaknesses in design and instrumentation. Cronbach's alpha was used to test for internal reliability of each variable that were used in the study. Data was analyzed using Statistical Package for Social Sciences (SPSS) version 22. Both descriptive and inferential statistics were used. The study findings were presented in form of tables and figures for easier interpretation. The study findings, supported by beta coefficients, underscore the significant impact of critical success factors on the performance of government-funded youth enterprises in Kakamega County. Notably, leadership skills ($\beta = 0.272$, $p < 0.05$), and capital accessibility ($\beta = 0.409$, $p < 0.05$) demonstrate substantial influence on enterprise performance. These coefficients highlight the importance of fostering a culture of innovation, effective leadership, entrepreneurial skills development, and improved access to capital to enhance the success and sustainability of youth enterprises. Thus, investing in initiatives that address these critical factors could significantly contribute to the growth and success of government-funded youth enterprises in the region.

**Key words:** Leadership Skills, Capital Accessibility, Performance

## Background of the Study

Youth unemployment remains a significant challenge in many developing countries, including Kenya, where it is intricately linked with poverty and economic instability. In Kenya, poverty and unemployment disproportionately affect the youth population, with over 55% of unemployed individuals being young people (The Kenya National Bureau of Statistics, 2019). The high rates of poverty and unemployment underscore the urgent need for effective strategies to create sustainable employment opportunities for the youth (Amenya, Onsogo, & Guyo, 2021).

In response to the pressing issue of youth unemployment, the Kenyan government has recognized the potential of entrepreneurship as a means to alleviate poverty and stimulate economic growth. The government has implemented various initiatives, including the Youth Enterprise Development Fund (YEDF), to support youth entrepreneurship and provide young individuals with the necessary resources and opportunities to start and sustain their businesses (Kimando, Njogu, & Kihoro, 2018). Launched as part of the broader Kenya Vision 2030 development blueprint, the YEDF aims to empower youth entrepreneurs by providing accessible funds through partnerships with financial intermediaries (Kenya Vision 2030: A Globally Competitive and Prosperous Kenya, 2017).

Government-funded youth enterprise programs represent a strategic response to the challenges of youth unemployment and economic marginalization. These initiatives provide financial support, training, mentorship, and access to resources tailored specifically for young entrepreneurs. By offering various forms of assistance, such as grants, loans, and business development services, these programs seek to equip youth with the necessary tools and opportunities to succeed in entrepreneurship (Koster et al., 2020).

Despite the availability of government support programs, many young people in Kenya still face barriers to formal employment and often resort to informal sector activities for livelihoods. Informal employment opportunities, such as those in the 'Jua Kali' sector, provide viable options due to low entry barriers, but they also come with inherent risks such as insecurity and lack of stability (Nebe & Mang'eni, 2018; Muiya, 2018).

Critical Success Factors (CSFs) play a pivotal role in shaping the outcomes of government-funded youth enterprises. These factors include access to finance, entrepreneurial skills development, mentorship, policy environment, and market access. Understanding and addressing these CSFs are essential for designing effective support mechanisms and policies that enhance the performance and sustainability of youth-led ventures (Sá & Dávila, 2020).

As the Kenyan government continues to invest in youth entrepreneurship initiatives like the YEDF, it is crucial to evaluate the impact of these programs on youth employment and economic development. Monitoring the disbursement and repayment of funds, as well as assessing job creation and business sustainability, will provide insights into the effectiveness of government interventions in promoting youth entrepreneurship and reducing unemployment rates (YEDF, 2018).

Government funding initiatives targeting youth entrepreneurship have garnered attention for their potential to stimulate economic growth and alleviate unemployment. In developed economies such as the United States and the United Kingdom, government-funded initiatives have made significant strides in supporting youth entrepreneurship. These initiatives often involve a mix of financial support, mentorship programs, and access to networking opportunities. For instance, in the United States, the Small Business Administration (SBA) offers loans and grants specifically targeted at young entrepreneurs, while organizations like Young Enterprise in the UK provide educational programs and mentoring to foster entrepreneurial skills among youth (Binks & Starkey, 2018).

Across Africa, government-funded initiatives aimed at supporting youth entrepreneurship have gained traction in recent years. These initiatives are often motivated by the need to address high youth unemployment rates and foster economic growth. However, the effectiveness of such programs varies significantly across countries and regions. In Nigeria, the Youth Entrepreneurship Support (YES) program launched by the government aims to provide funding, training, and mentorship to young entrepreneurs. Studies by Adegbite et al. (2019) underscore the importance of such initiatives in addressing youth unemployment and fostering economic development. However, issues related to fund disbursement delays, inadequate training, and lack of access to markets remain significant hurdles faced by participants in the YES program.

In South Africa, government-funded youth entrepreneurship programs have also gained prominence, particularly in the wake of efforts to address historical inequalities and empower disadvantaged youth. The National Youth Development Agency (NYDA) plays a central role in facilitating access to funding and support services for young entrepreneurs. However, research by Hlatywayo et al. (2018) highlights the need for greater coordination between government agencies and private sector stakeholders to enhance the effectiveness of youth entrepreneurship initiatives in South Africa.

The YEDF in Kenya was established in 2017 with the main purpose of providing financing to youth startups and providing the youth with adequate skills to promote self-employment and entrepreneurship (YEDF, 2018). Considering the above, YEDF does not only provide capital to young entrepreneurs, but also provide business support services, facilitate linkage to markets and creates markets from within the government for the products and services of youth enterprises. In 5 years of implementation, the programme gave loans of Ksh. 5.9 billion to over 158,000 youth enterprises resulting to jobs for over 300,000, trained more than 200,000 youths in entrepreneurship and supported 1,800 to market their products and services in trade fairs locally and internationally (YEDF, 2018)

However, Gachuru and Mwirigi (2018) argue that there is no significant impact from YEDF. Considering the unemployment population of 5million youths recorded before the beginning of the project, the creation of 300,000 jobs in 5years barely seems like a success. Additionally, the study is not aware of any study that has been conducted that shows how many of those jobs were retained or destructed after a year. Several studies show the undesirable state of the YEDF implementation. A study on the implementation of YEDF in Westlands constituency, Nairobi, (Ng'ang'a, 2023) shows a poor performance of the fund characterized by; poor fund management; non-involvement of youth in addressing the programme's management challenges, and; lack of sufficient business skills directly reflecting on loan repayment. These results were consistent with Wamoto, Ayuma, and Chege (2019), who carried out a similar study in Turbo, Uasin Gishu, and found that the YEDF beneficiaries do not have the appropriate entrepreneurial vision and skills for optimal business performance.

Despite the consistent findings in the studies above, study recommend more studies to be conducted in different regions and using different methodologies. An accumulation of findings from various counties would be beneficial in giving a summative report on the status of YEDF performance (Ndege, Mohamed, & Rukangu, 2018). Furthermore, different methodologies and conceptualization of the problem will assist in determining the best practices and success factors to be considered in the future implementation of government funding programmes.

## Statement of the Problem

Government-funded youth enterprises play a crucial role in fostering economic development and addressing youth unemployment (Amenya, Onsogo, & Guyo, 2021). However, Despite concerted efforts to promote youth entrepreneurship, Kakamega County in Kenya continues to grapple with high levels of youth unemployment and a concerning failure rate of youth-led enterprises. According to data from the Kenya National Bureau of Statistics (KNBS), the youth unemployment rate in Kenya stood at 22.2% in 2019, signaling a pressing need for effective interventions at the local level (KNBS, 2019). In Kakamega County specifically, the situation is exacerbated by various factors, including limited job opportunities, skills mismatch, and systemic challenges within the entrepreneurship ecosystem. Further compounding this issue is the high failure rate of youth-led enterprises in Kakamega County. Statistics from the Kakamega County Department of Youth Affairs suggest that a significant proportion of such enterprises fail within their first few years of operation, potentially reaching a rate of 50% or more (Kakamega County Department of Youth Affairs, 2020). These enterprises encounter numerous obstacles, including limited access to finance, challenges in establishing market linkages, and inadequate support structures.

Access to finance remains a critical challenge for youth entrepreneurs in Kakamega County, with over 70% of youth-owned businesses struggling to secure funding from formal financial institutions due to stringent requirements and high interest rates (Kakamega County Chamber of Commerce and Industry, 2021). Additionally, many youth-led enterprises face difficulties in accessing markets for their products or services, hindering their growth and profitability (Kakamega County Department of Trade and Industry, 2020).

Despite several existing studies on the performance of youth enterprises funded by various programs, there remains a notable gap that this study aims to address. For instance, Matianyi (2019) explored factors influencing the performance of youth enterprises funded by the Youth Enterprise Development Funds, emphasizing planning factors, project control, and government policies as crucial determinants. Meanwhile, Kimando et al. (2022) focused on sustainability factors affecting enterprises funded by youth funds in Kigumo District, centering on financing and entrepreneurial training but overlooking the performance aspect. Similarly, Muthoni (2022) delved into factors influencing the implementation of youth enterprises funded by youth development funds, while Mburu and Makori (2017) examined management challenges in the successful implementation of youth-funded enterprises in Kenya. In Tanzania, Nkonoki (2020) investigated the factors limiting the growth and success of small businesses initiated by university students. Despite these valuable contributions, each study focused on different concepts and contexts, leaving conceptual and contextual gaps that the current study aimed to fill.

## General objectives

The general objective of the study is to establish the critical success factors on performance of government funded youth enterprises in Kakamega County Kenya.

## Specific Objectives

The study was guided by the following specific objectives;

i. To assess the influence of leadership styles on performance of government funded youth enterprises in Kakamega County Kenya
ii. To analyze the influence of capital accessibility on performance of government funded youth enterprises in Kakamega County Kenya

## Theoretical Review

The current study was anchored on Empowerment theory, and Resource dependency theory.

## Empowerment Theory

According to Roger A. Hart (2023). Empowerment theory focuses on processes that enable participation, enhance control through shared decision making, and create opportunities to learn, practice, and to increase skills. This theory suggests that engaging youth in pro-social, meaningful, and community-enhancing activities that the youth themselves define and control, thus helping the youth gain vital skills, responsibilities, and confidence necessary to become productive and healthy adults (Perkins 1999). The development of empowerment theory also helps advance the construct beyond a passing fad and political manipulation towards the youth enterprises development. The value orientation of empowerment suggests goals, aims, and strategies for implementing change. Empowerment theory provides principles and a framework for organizing our knowledge. The development of empowerment theory also helps advance the construct beyond a passing fad and political manipulation. (Rappaport, 1981).

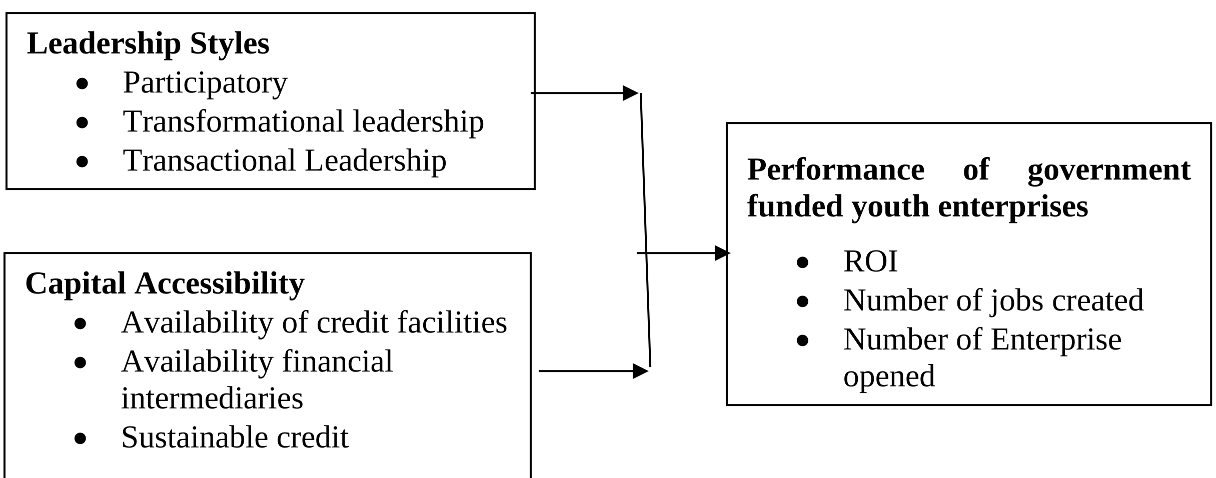
**Resource Based Theory**

This borrows the company's function of relating with the market to meet the consumer's needs, and to develop and sustain innovation of the given youth enterprises, as a process that leads to the satisfaction of human needs, whether explicit, latent or unconscious Drucker (1973), The theory is based on the premise that organizations acquire power when they possess resources that are valued by other organizations. The resource dependency theory draws attention to the firm's internal environment as a driver for competitive advantage and emphasizes the resources that firms have developed to compete in the environment. Furrer *et al.* (2018)

The theory treats the individual youth as an important unique resource to the project, resources that money cannot buy. Youth entrepreneurs themselves have a lot of energy, an enthusiasm which is a great resource to their enterprises. As the resource based theory indicates the youth by virtue of their age, creativity is a resource to their businesses. The Resource based theory holds that Sustainable Competitive Advantage (SCA) is created when firms possess and employ recourses that are valuable because they exploit some environment opportunity, (Dollinger (1999)

**Conceptual Framework**

The independent variables of the study are leadership and capita financing while the dependent variable is perfomance of government funded youth enterprise.




**Independent Variables** **Dependent Variable**

**Figure 1: Conceptual Framework**

Leadership styles comprise of abilities and strengths demonstrated by individuals and helps them in overseeing processes, guiding initiatives and steering junior employees towards realizing set goals. Leadership studies have produced theories involving traits, situational interaction, function, behavior, power, vision and values, charisma, and intelligence, among others (Olowu & Sako 2022). Asserted that governance implies a complexity of activities, pluralistic in nature Participatory in decision-making, set in a multi-institutional organizational context, empowering the weaker sections of society, and geared to achieve the generally accepted common good. Finally, it is founded on the four pillars of legitimacy, transparency, accountability, and morality/spirituality

According to ILO (2020) funding is a key barrier that would prevent youth entrepreneurs to starta business, particularly since they are less likely to have a strong credit history. Most tap into personal savings, in addition to obtaining money from family and friends, to finance their early operations. Often, this limits initial business offerings, at least until more substantial capital can support a broader range of products or services. Amenya (2021) assetrs that YEDF could be a preferred source of sustainable credit among the youth, accessing it remained a great challenge, there was lack of monitoring and evaluation affected its implementation. The purposes of youth empowerment are threefold to build their capacity to realize their aspirations and boost their self-motivation and awareness, facilitate youth to forge partnerships with other groups in society, and instill a sense of ownership in the efforts to improve their wellbeing. (GoK, 2018),

## RESEARCH METHODOLOGY

The current study adopted a descriptive research design. Descriptive research determines both qualitative and quantitative and reports the way things are and it attempts to describe such things as possible behavior, attitudes, values and characteristics.

The target population comprised of 1270 registered government funded youth enterprises in Kakamega County. According to Kakamega County Development plan (2023), the county had 1270 registered youth enterprises distributed across 6 sub counties. Table 1 shows the distribution of the target population in the county.

**Table 1: Target Population**

| Target Population | Number of youth enterprises | Percentage |
|---|---|---|
| Matungu Sub-county | 106 | 8.5% |
| Kakamega south Sub-county | 292 | 22.9% |
| Mumias Sub-county | 124 | 9.7% |
| Lugari Sub-county | 233 | 18.3% |
| Butere Sub-county | 195 | 15.4% |
| Kakamega central Sub-county | 320 | 25.2% |
| **Total** | **1270** | **100%** |

This study applied Fishers sampling formula (Mugenda & Mugenda, 2023) in determining the sample size of the study. The formula is:

$$nf = \frac{z^2pq}{e}$$

Where;

nf =Fishers's value

z = 1.96 (Critical standard score from the cumulative standard normal table)

p = probability of success

q = (1-p) probability of failure.

e = allowed error (in this study was 0.05)

$$nf = \frac{(1.96)^2 * (0.5) * (.05)}{0.05}$$

$$nf = 384$$

In a population of less than 10,000 units, Zikmund (2020); Mugenda and Mugenda (2023) asserts that a sample size (n) can be calculated as follows:

$$n = \frac{nf}{1 + \frac{(nf-1)}{N}}$$

Where

nf: Fishers's value

N= Target population.

$$n = \frac{384}{1 + \frac{(384-1)}{1270}}$$

$$n = 295$$

Stratified random sampling technique was adopted in this study. According to Creswell (2023), stratified proportionate sampling technique is probability from where the population under study is divided into strata followed by a random sampling of target units according to the defined proportions from the diverse study strata. In this study, the strata comprised of sub-counties that make up Kakamega County. The sample size was selected as follows:

**Table 2: Sample Size**

| Target Population | Number of youth enterprises | Sample Size | Percentage |
|---|---|---|---|
| Matungu Sub-county | 106 | 25 | 8.5% |
| Kakamega south Sub-county | 292 | 68 | 22.9% |
| Mumias Sub-county | 124 | 29 | 9.7% |
| Lugari Sub-county | 233 | 54 | 18.3% |
| Butere Sub-county | 195 | 45 | 15.4% |
| Kakamega central Sub-county | 320 | 74 | 25.2% |
| **Total** | **1270** | **295** | **100%** |

The study relied mainly on primary data. The researcher used questionnaire as the research instrument. The study utilized a questionnaire with close ended questions since according to Mugenda (2018), for the purpose of obtaining quantitative data, the researcher needs to use close and open-ended questions developed for generating information on key variables of interest from the targeted respondents in the study. The study used questionnaires whose administration was by the help of research assistants. Commencement of data collection was after the approval of proposal and issuance of letter by the university. Drop and pick data collection procedure was applied.

A pilot study of 5% (15 questionnaires) of the target population was used for pre-testing. Respondents in the pilot testing were not part of final study. The study applied reliability analysis to assess internal consistency of the study variables. Cronbach's Alpha coefficient was computed on all components of questionnaire and their assessment given. Alpha of 0.7 was used in this study as a threshold. A content validity test was used to measure instrument validity. To enhance content validity, an expert in the field of entrepreneurship were given the instruments to assess the degree to which the tools measured and answered the questions being sought. The pilot study assisted in identifying items in the instrument which are ambiguous and inappropriate in order to improve its quality and validity.

Descriptive statistics such as percentages, means and standard deviations were applied in summarizing and relating variables from administered questionnaires. Data analysis was done quantitatively and qualitatively through SPSS (Statistical Package for Social Scientist) V22 programme. The programme also refined data using a multiple regression analysis that links dependent and independent variables. Regression analysis was applied when the study aims at establishing if a variable(independent) predicts another variable (dependent) (Saunders *et al*, 2019). The model for this study is as illustrated below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \mathcal{E}$$

Where:

Y = Performance of Government Funded Youth Enterprises

$X_1$ = Leadership Skills

$X_2$ = Capital Accessibility

$\beta_0$= Regression Constant or Intercept

$\beta_1, \beta_2$,= coefficients of various independent variables

$\mathcal{E}$ =error term assumed to be normally distributed with a zero variance.

The analyzed data was presented in form of tables and figures to enhance easier interpretation and understanding of the research findings.

## RESEARCH FINDINGS AND DISCUSSION

### Pilot Test Results

The pilot study aimed at examining whether the selected aspects and procedures of research perform as intended.

A content validity test was used to measure instrument validity. To enhance content validity, expert in the field of entrepreneurship were given the instruments to assess the degree to which the tools measured and answered the questions being sought. The pilot study assisted in identifying items in the instrument which are ambiguous and inappropriate in order to improve its quality and validity.

The study used content and construct validity. The researcher enhanced the content validity of the study by consulting the university supervisor and other professionals and experts monitoring and evaluation. Construct validity was measured using factor loadings. The study used a factor loading threshold of 0.4.

**Table 3: Average Variance Explained for the Constructs**

| Variable | Variance Extracted |
|---|---|
| Leadership Styles | 0.684 |
| Capital Accessibility | 0.689 |

Results show that leadership styles, and capital accessibility had an average variance extracted (AVE) of 0.684, and 0.689 respectively. Therefore, the constructs for study variables were considered valid since the AVE is greater than the recommended threshold of 0.4.

The study applied reliability analysis to assess internal consistency of the study variables. Cronbach’s Alpha coefficient was computed on all components of questionnaire and their assessment given. Alpha of 0.7 was used in this study as a threshold. The reliability threshold was an alpha value of more than 0.7. Reliability results are presented in Tables 4.

**Table 4: Summary of Reliability Statistics**

| Variables | Cronbach’s alpha | Items | Comment |
|---|---|---|---|
| Leadership Styles | .834 | 9 | Reliable |
| Capital Accessibility | .824 | 7 | Reliable |
| **Scale Combination** | **.829** | **28** | Reliable |

Results show that Leadership Styles .834,.853, and Capital Accessibility .824. Therefore, the instrument for measuring critical success factors on performance of government youth funded enterprises in Kakamega County Kenya is considered reliable for actual data collection.

## Response Rate

The sample size for the study was 295 respondents of government funded youth enterprises in Kakamega County. The selected sample was issued with questionnaires the revised questionnaire. The returned questionnaires were crosschecked for accuracy and completeness and 247 were found to be valid and reliable and could be used for further analysis and reporting. The returned questionnaires formed a response rate of 83.7%.

## Descriptive Analysis

### Leadership Styles

The specific objective was to assess the influence of leadership styles on performance of government funded youth enterprises in Kakamega County Kenya. Respondents were therefore asked to indicate their level of agreement relating to the statements on leadership styles. Table 5 presents summary of the findings obtained.

**Table 5: Descriptive Statistics on Leadership Styles**

| Statement | Mean | Std. Dev. |
|---|---|---|
| Leaders of the enterprise rewards junior employees on good performance | 3.974 | 0.85 |
| Collaboration with junior staff is done in consideration to their individuals strengths and weaknesses | 3.828 | 0.079 |
| Leaders help junior staffs enjoy their work as part of self-development | 3.795 | 0.895 |
| Leaders are keen to create a sense of joint mission and ownership of enterprise goals and objectives. | 3.743 | 0.903 |
| There is full involvement in the leadership of the enterprise | 3.729 | 1.051 |
| Leaders are willing to sacrifice their time and gain so as to empower juniors staff | 3.696 | 0.188 |
| Leaders takes time to convince junior employees that they have the ability to surpass set goals | 3.67 | 0.611 |
| Leaders shows an interest in the willingness of junior staffs to give their best | 3.641 | 0.302 |
| Leaders considers subordinates when making decisions | 3.622 | 0.815 |
| **Aggregate Score** | **3.744** | **0.633** |

The findings show that the respondents agreed on average that leaders of the enterprise rewards junior employees on good performance (M= 3.974, SD= 0.85); that collaboration with junior staff is done in consideration to their individuals strengths and weaknesses (M= 3.828, SD= 0.079); and that leaders help junior staffs enjoy their work as part of self-development (M= 3.795, SD= 0.895). They further agreed that leaders are keen to create a sense of joint mission and ownership of enterprise goals and objectives (M= 3.743, SD= 0.903); that there is full involvement in the leadership of the enterprise (M= 3.729, SD= 1.051); and that leaders are willing to sacrifice their time and gain so as to empower juniors staff (M= 3.696, SD= 0.188). They were also in agreement that leaders takes time to convince junior employees that they have the ability to surpass set goals (M= 3.67, SD= 0.611); that leaders shows an interest in the willingness of junior staffs to give their best (M= 3.641, SD= 0.302); and that leaders considers subordinates when making decisions (M= 3.622, SD= 0.815). The findings highlighting the significant impact of leadership styles on the performance of government-funded youth enterprises in Kakamega County, Kenya, resonate with the empirical literature examined. Ongeri (2018) underscores the pivotal role of leadership attributes in ensuring the sustainability of youth projects, emphasizing the importance of effective leadership in project management.

### Capital Accessibility

The specific objective of the study ad to analyze the influence of capital accessibility on performance of government funded youth enterprises in Kakamega County Kenya. Respondents were therefore asked to indicate their level of agreement relating to the statements on capital accessibility. Table 6 presents summary of the findings obtained.

**Table 6: Descriptive Statistics on Capital Accessibility**

| **Statement** | **Mean** | **Std. Dev.** |
|---|---|---|
| Our ability to repay loans increases the amount in the next borrowing | 3.834 | 0.086 |
| Our enterprise rely on personal savings, family and friends finance start-up funding and expansion | 3.832 | 0.313 |
| Our enterprise borrows manageable loans from creditors | 3.797 | 0.174 |
| Our enterprise have access to credit facilities | 3.795 | 0.512 |
| Loans are offered to our enterprise with few requirements | 3.750 | 0.260 |
| Having accessible financial credit facilities contributes to efficiencies in operations | 3.746 | 1.205 |
| The credit facility offered is of low interest | 3.665 | 0.613 |
| **Aggregate Score** | **3.774** | **0.452** |

The finding in Table 6 show that the respondents agreed on average that their ability to repay loans increases the amount in the next borrowing (M= 3.834, SD= 0.086); that their enterprise rely on personal savings, family and friends finance start-up funding and expansion (M= 3.832, SD= 0.313); and that their enterprise borrows manageable loans from creditors (M= 3.797, SD= 0.174). They were also in agreement that their enterprise have access to credit facilities (M= 3.795, SD= 0.512); that loans are offered to their enterprise with few requirements (M= 3.75, SD= 0.26); that having accessible financial credit facilities contributes to efficiencies in operations (M= 3.746, SD= 1.205); and that the credit facility offered is of low interest (M= 3.665, SD= 0.613). The findings revealing that capital accessibility significantly influences the performance of government-funded youth enterprises in Kakamega County, Kenya, are strongly supported by the empirical literature examined.

**Performance of Government Youth Fund Enterprises**

The general objective of the study was to establish the critical success factors on performance of government funded youth enterprises in Kakamega County Kenya. The study therefore collected data on performance of government funded youth enterprises in Kakamega County Kenya. Table 7.

**Table 7: Performance of Government Youth Fund Enterprises**

| **ROI** | **2018** | **2019** | **2020** | **2021** | **2022** |
|---|---|---|---|---|---|
| Below Ksh.50,000 | 15.2% | 12.5% | 14.8% | 13.1% | 11.9% |
| Ksh.50,000- Ksh.100,000 | 21.3% | 18.9% | 19.7% | 20.5% | 17.8% |
| Ksh.100,001- Ksh.200,000 | 28.6% | 25.4% | 26.2% | 27.9% | 24.6% |
| Over Ksh.200,000 | 34.9% | 43.2% | 39.3% | 38.5% | 45.7% |
| **EMPLOYMENT CREATED** | | | | | |
| Below 100 | 10.8% | 9.5% | 11.2% | 10.3% | 9.9% |
| 100-200 | 18.3% | 16.7% | 17.9% | 18.7% | 16.5% |
| 201-300 | 25.6% | 23.9% | 24.8% | 23.4% | 22.1% |
| Over 300 | 45.3% | 49.9% | 46.1% | 47.6% | 51.5% |
| **NO OF ENTERPRISE CREATED** | | | | | |
| Below 10 | 12.1% | 10.6% | 12.3% | 11.9% | 10.8% |
| 10-20 | 20.4% | 18.9% | 19.7% | 20.2% | 18.5% |
| 21-30 | 27.8% | 25.6% | 26.2% | 25.8% | 24.3% |
| Over 30 | 39.7% | 44.9% | 41.8% | 42.1% | 46.4% |

The data shows varying returns on investment across different financial brackets over the years. Notably, the percentage of enterprises generating over Ksh.200,000 in ROI has increased steadily from 34.9% in 2017 to 45.7% in 2021, indicating a positive trend in profitability for higher-income enterprises. Conversely, the percentage of enterprises with ROI below Ksh.50,000 has seen a slight decrease, suggesting potential challenges faced by smaller-scale ventures in achieving significant returns. This trend highlights the importance of supporting enterprises to scale up their operations and increase profitability over time.

Regarding employment creation, the data indicates a positive trend in the number of enterprises generating higher levels of employment. Enterprises creating over 300 jobs have consistently increased from 45.3% in 2017 to 51.5% in 2021, demonstrating the potential of government-funded youth enterprises to contribute significantly to job creation and economic growth in Kakamega County. However, the percentage of enterprises creating fewer than 100 jobs has remained relatively stable, suggesting potential challenges in expanding employment opportunities for smaller-scale enterprises. Addressing barriers to job creation, such as access to capital, market opportunities, and skills development, could further enhance the impact of youth enterprises on employment generation in the region.

The data on the number of enterprises created reveals a mixed picture of growth and stability in the youth enterprise landscape. While the percentage of enterprises creating over 30 ventures has increased steadily from 39.7% in 2017 to 46.4% in 2021, indicating a positive trend in entrepreneurial activity and expansion, there is also a significant proportion of enterprises creating fewer ventures. This suggests potential challenges or constraints faced by some entrepreneurs in scaling up their businesses or starting new ventures. Enhancing support mechanisms, such as access to mentorship, training, and financing, could encourage more youth to engage in entrepreneurship and contribute to the diversification and resilience of Kakamega County's economy.

**Correlation Analysis**

The study computed Correlation analysis to determine the strength and the direction of the relationship between the variables being studied. Table 8 presents the findings obtained.

**Table 8: Correlations**

| | | Performance | Leadership Skills | Capital Accessibility |
|---|---|---|---|---|
| Performance of Government Funded Youth Enterprises | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | | | |
| | N | 247 | | |
| Leadership Skills | Pearson Correlation | .757** | 1 | |
| | Sig. (2-tailed) | .000 | | |
| | N | 247 | 247 | |
| Capital Accessibility | Pearson Correlation | .803** | .336 | 1 |
| | Sig. (2-tailed) | .000 | .574 | |
| | N | 247 | 247 | 247 |

The correlation analysis reveals a strong positive correlation between leadership skills and performance ($r = 0.757$, $p < 0.05$). This suggests that as leadership skills improve, the performance of youth enterprises also tends to improve. The p-value (0.000) is significant at the 0.05 level, the correlation coefficient indicates a strong relationship between the variables. This finding aligns with Ongeri's (2018) and Karanja's (2018) studies, which highlight the critical role of effective leadership in ensuring project sustainability and influencing project performance.

The correlation analysis reveals a strong positive correlation between capital accessibility and performance ($r = 0.803$, $p < 0.05$). This suggests that as capital accessibility increases, the performance of youth enterprises also tends to increase. The p-value (0.000) is significant at the 0.05 level, the correlation coefficient indicates a strong relationship between the variables. This finding is consistent with King and Levine's (2019) and Law and Singh's (2018) studies, which highlight the importance of capital accessibility in driving economic growth and influencing organizational performance.

**Multiple Regression Analysis**

The study used model summary to test the amount of variation in the dependent variable as a result of changes in the independent variables. The study tested the amount of variation in performance of government funded youth enterprises in Kakamega County in Kenya as a result of changes in leadership styles, and capital accessibility.

**Table 9: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .840[a] | .706 | .701 | .44370 |

The coefficient of determination (R Square) is 0.706, indicating that approximately 70.6% of the variance in the performance of youth enterprises can be accounted for by the predictors included in the model. The adjusted R Square, which considers the number of predictors in the model, is 0.701, suggesting that this model's explanatory power remains robust even after adjusting for the number of predictors. Overall, these findings suggest that the combination of Capital Accessibility, and Leadership Skills serves as significant predictors of the performance of government-funded youth enterprises in Kakamega County, Kenya.

The study used analysis of variance to test the significance of the model Significance was tested at 95% confidence interval.

**Table 10: Analysis of Variance**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 114.347 | 2 | 28.587 | 145.209 | .000[b] |
| | Residual | 47.642 | 244 | .197 | | |
| | Total | 161.989 | 246 | | | |

The regression model accounts for a significant amount of variance in the dependent variable, as indicated by the large F-value of 145.209, with a corresponding p-value (Sig.) of .000, which is less than the conventional significance level of 0.05. This suggests that the regression model is statistically significant. These results provide strong support for the hypothesis that the combination of predictors—Capital Accessibility, and Leadership Skills—has a significant impact on the performance of government-funded youth enterprises in Kakamega County, Kenya.

The coefficients show the influence of each predictor variable on dependent variable.

**Table 11: Beta Coefficients of Study Variables**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .285 | .067 | | 4.254 | .000 |
| | Leadership Skills | .272 | .062 | .274 | 4.359 | .000 |
| | Capital Accessibility | .409 | .058 | .448 | 7.090 | .000 |

a. Dependent Variable: Performance of Government Funded Youth Enterprises

From the coefficients in Table 4.12, the following regression model was fitted;

$$Y = 0.285 + 0.272\,X_1 + 0.409\,X_2$$

The beta coefficient for Leadership Skills is 0.272 and is significant at .000, indicating a strong positive relationship between leadership skills and the performance of government-funded youth enterprises. This suggests that youth enterprises with effective leadership tend to perform better.

This finding is consistent with Ongeri's (2018) and Karanja's (2018) studies, which highlight the critical role of effective leadership in ensuring project sustainability and influencing project performance.

The beta coefficient for Capital Accessibility is 0.409 which is significant at .000, suggesting a strong positive relationship between capital accessibility and the performance of youth enterprises. This implies that youth enterprises with better access to capital resources tend to perform better. This finding is consistent with King and Levine's (2019) and Law and Singh's (2018) studies, which highlight the importance of capital accessibility in driving economic growth and organizational performance. Overall, the regression analysis underscores the significance of each predictor variable in influencing the performance of government-funded youth enterprises, providing empirical support for the literature reviewed.

## Conclusions

Regarding the second research question, "How does leadership styles influence the performance of government-funded youth enterprises in Kakamega County, Kenya?", the study explored the impact of leadership styles on enterprise performance. The findings indicate a strong positive correlation between leadership skills and performance, with respondents acknowledging effective leadership practices such as rewards for good performance, collaboration, and empowerment. Hence, it is concluded that leadership styles significantly influence the performance of government-funded youth enterprises in Kakamega County, Kenya.

Finally, addressing the research question, "How does capital accessibility influence the performance of government-funded youth enterprises in Kakamega County, Kenya?", the study investigated the impact of capital accessibility on enterprise participation and performance. The findings reveal a strong positive correlation between capital accessibility and performance, with respondents highlighting the importance of access to credit facilities and manageable loans. Consequently, it is concluded that capital accessibility significantly influences the performance of government-funded youth enterprises in Kakamega County, Kenya.

## Recommendations

Regarding leadership styles, the study suggests that government-funded youth enterprises should invest in developing effective leadership practices to drive performance. Leaders should adopt strategies such as rewarding good performance, collaborating with junior staff, and empowering employees to foster a sense of joint mission and ownership of enterprise goals. Furthermore, leaders should be willing to sacrifice time and resources to empower junior staff and demonstrate an interest in their development. By fostering a supportive and empowering leadership environment, these enterprises can enhance employee motivation, productivity, and overall performance.

Regarding capital accessibility, the study suggests that government-funded youth enterprises should advocate for improved access to credit facilities and manageable loans. Enterprises should explore options such as relying on personal savings, family, and friends for start-up funding and expansion, while also seeking out accessible financial credit facilities with low-interest rates. Furthermore, enterprises should focus on building their ability to repay loans, which can increase their credibility and access to future borrowing opportunities. By improving capital accessibility, these enterprises can overcome financial barriers, stimulate investment, and facilitate sustainable growth and development in Kakamega County.

## Suggestions for Future Studies

For future studies, comparative studies across different counties or regions could offer comparative perspectives on the impact of contextual factors such as regulatory environments, market dynamics, and socio-economic conditions on enterprise performance. Furthermore, qualitative research approaches such as case studies or in-depth interviews with stakeholders could provide deeper insights into the specific challenges and opportunities faced by youth entrepreneurs in accessing capital, implementing innovative practices, and developing effective leadership styles.

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