

FACTORS AFFECTING JOB CREATION IN NAIROBI COUNTY: CASE STUDY OF KAMUKUNJI MARKET

Millie-Jacqueline Wangari Kabungo, Joseph Ntale, Thomas Katua Ngui

The Catholic University of Eastern Africa

Abstract

The purpose of the study was to establish the factors affecting job creation in Nairobi County: case study of Kamukunji Market. The study was guided by the following objectives; to establish the effect of education and skills on job creation at Kamukunji market, to establish the effect of on-the-job experience on job creation at Kamukunji market, to assess the effect of personality traits on job creation at Kamukunji market and to establish the effect of access to finance on job creation at Kamukunji market. The study used descriptive research design. The target population were the members of Kamukunji Jua Kali Association with a total number of 600 members. The study used both stratified sampling and simple random to select a sample of 120. Questionnaires were used as the research instrument. For validity the supervisors appraised the instrument and a pilot study was also carried out to identify items in the instrument which were ambiguous and inappropriate in order to improve their validity and reliability. The data was analyzed using both descriptive statistics and inferential statistics establish the factors affecting job creation at Kamukunji market. The study revealed that there was a relationship between the independent variables – education and skills, on-the-job experience, personality traits, access to finance and the dependent variable – job creation. Education and skills was the most significant independent variable followed by personality traits and access to finance. The study concludes that there is a relationship between entrepreneurship and job creation. The study recommends that the Kenya Institute of Curriculum Development should be encouraged to introduce a varied curriculum that builds on insights and practical experience from a range of different functions and roles in order to development entrepreneurial skills. It is also recommended that entrepreneurs and those aspiring to be entrepreneurs should be encouraged to get some on-the-job experience which will assist them in gaining the appropriate knowledge and skills to make them gain entrepreneurial skills. It is further recommended that entrepreneurs should be encouraged before selection to receive a personality test so that individuals can receive appropriate interface to assist them become better in teamwork. It is also recommended that a number of legal, regulatory and institutional reforms be taken by the government to help uplift the financial constraints that entrepreneurs face and ultimately enable them to diversify and grow.

Keywords: Entrepreneurship, education and skills, on-the-job experience, personality traits, access to finance, job creation

INTRODUCTION

According to Fernandes (2018), an entrepreneur is a person who identifies a need and starts a business to fill that void. Roxarzade (2018) defines entrepreneurship as the persistent

progression towards an innovative solution to a key problem. Entrepreneurship is believed to provide an important avenue for individuals to advance up the income ladder. For some, it may provide a better route than paid employment, while for others, who may be disadvantaged when pursuing paid employment; it may provide the only route. Entrepreneurs are charged with the responsibility of innovating new products, better production method, creation of markets and managing the production process. They are in a nutshell engaged in wealth creation. Financing therefore is needed by entrepreneurs to enable them carry out their function effectively (Muktar, 2013).

Entrepreneurship is one of the most important solutions to unemployment and poverty (Ekpe, 2011). This is because entrepreneurial activities drive economic growth and job creation. Entrepreneurial ventures create employment and economic growth (Nieman and Pretorius, 2004). Thus, national and sub-national governments worldwide have increasingly focused on engaging more people based on the understanding that markets play a critical role in attaining sustained increases in living standards (Van Stel & Storey, 2002).

There are at least three clear conceptions of entrepreneurship. One focuses on the individual or entrepreneurship as a human attribute, such as the propensity to take risks and pursue achievement; the other emphasizes macro-economic and environmental factors that motivate and enable entrepreneurial activity, such as the availability of credit, ease of doing business, friendly legal regime and the presence of incentives such as tax breaks; finally, the third factor is linked to the functioning of institutions, culture and societal values. It is important to note that these approaches are not exclusive (Eckhardt and Shane, 2003).

In the United States, start-ups create 39.75% of new jobs annually, adding 6.54 jobs per new establishment on average (Spletzer, 2000). However, 40% of these firms shut down within the first three years, indicating a very high rate of entrepreneurial infant mortality. These estimates are broadly similar to other estimates in the literature. Data released by the U.S. Census Bureau's Business Dynamics Statistics (BDS) reiterate that firms aged one to five years old generate approximately 43% of new jobs. However, many of these young firms experience employment loss due to nearly 20% job destruction in their first year (Haltiwanger, Jarmin, & Miranda, 2009). The high exit rate of young firms suggests they need additional support in the early years of their foundation (Global Entrepreneurship Monitor, 2005).

In Africa, 22 percent of working-age population are starting new businesses, which is the highest rate of any region in the world. (Copley, 2017). Meanwhile small and medium enterprises (SMEs) – those with fewer than 20 employees and less than 5 years' experience – now constitute the largest providers of formal sectors jobs in sub-Saharan Africa. As 29 million youths join the region's labour force every year between 2015 and 2030, countries will need to hasten the pace of employment creation across the continent. At the same time, African governments are devising and implementing strategies to promote economic transformation through industrialization. Innovative industrialization strategies could better target high-potential entrepreneurial activities to accelerate industrialization. However, a number of constraints currently stifle entrepreneurship in Africa, for example, limited access to finance, costly and unstable electricity supply, and political instability. The African Economic Outlook Report recommends that African governments pursue policies that facilitate business for entrepreneurs

by improving their skills, supporting opportunities for firm clustering, and expanding firms' access to finance (African Economic Outlook Report, 2017).

Kenya has been witnessing major growth in entrepreneurship and innovation, led by a rising interest towards new technologies and mobile connectivity. Today, Kenya is leading the way in terms of digital technology development in Africa. Some of the initiatives led by the Kenyan government to increase the citizen's approach to entrepreneurship are represented in several public sources of funds for entrepreneurs. These funds target different parts of the population, such as funds dedicated to increasing entrepreneurial access to young people and women as well as sector dedicated funds (Malit (2016). The Kenyan government has also put a lot of emphasis on new technologies, through extensive investments in internet infrastructure. In 2014, nine Kenyans were among Forbes publication on the 30 most promising entrepreneurs in Africa (Nsehe, 2014). In 2016, 75 Kenyans were among the 1,000 startup entrepreneurs in Africa that benefited from the Tony Elumulu Foundation Entrepreneurship Program (TEEP), a program that grants an overall \$100 million to 1,000 entrepreneurs selected from a pool of 45,000 applicants in 54 countries (Capital Business, 2016). In addition to that, the attractiveness of Kenya in terms of entrepreneurial development led the way to the country hosting the 6th edition of the Global Entrepreneurship Summit in 2016 (The United States Agency for International Development, 2015).

Employment creation can include a range of interventions ranging from direct short- or long-term job creation, by state or non-state actors, to policies to promote self-employment, for example through the creation of micro-, small- and medium-sized enterprises, to macro-level policy measures to stimulate employment growth, for example improving the quality of labour supply through skills development, assisting the poor to access employment through state employment agencies, providing job subsidies or instituting tax incentives to promote investment in sectors with high employment elasticity. The quality of employment created by such interventions varies considerably across sectors, in terms of duration, wage rate, terms of employment and scale of employment (Holmes, McCord, Hagen-Zanker, Bergh and Zanker, 2013).

Studies from developed countries are clear on the role of SMEs as the major source of employment. Using panel data from Ireland from 1972 to 2010, Lawless (2014), have shown that firms with at least 50 employees account for less than one third of total employment while those with 250 or fewer employees constitute approximately two-thirds of the total workforce. Further, in a comprehensive study of census data from 18 (mostly OECD) countries, Criscuolo, Gal and Menon (2014) find that SMEs, defined as those with 250 or fewer employees, account for over 50% of total employment in all 18 countries except the US. In fact, in six of the countries (Brazil, Japan, Italy, New Zealand, Portugal, and Spain) firms with fewer than 50 employees account for the majority of employment. According to Hijzen et al (2010) firms with 250 or more employees accounted for about 53% of the total employment. Similarly, in Japan, firms with fewer than 100 employees account for over 65% of the total, non-agricultural labor force. In fact, Japan SMEs play such a much larger role among OECD countries, in that the contribution of firms with fewer than 250 employees at about 85% of the total Japanese labor force (Criscuolo et al, 2014).

In the developing countries, available literature shows that SMEs are the majority source of private sector employment (Ayyagari 2014). Similarly, Arrow et al (2014), using quarterly survey data from South Africa between 2005 and 2011, report that firms with 250 or fewer employees account for over 50% of total employment. Underscoring these findings is the well-documented and often-discussed dominance of very small (often self-employed and unregistered) enterprises in these economies (Tybout, 2000). Similar results reported for Egypt and the West Bank and Gaza find that firms with 5 or fewer employees account for over half of the total workforce in the private sector (World Bank 2015).

UNCTAD (2013) has analyzed the African enterprise structure in terms of five distinctive features of namely, high and rising informality, small size, weak inter-firm linkages, low level of competitiveness, and the lack of innovation capabilities. Yet Africa and low-income countries in general show the largest employment shares in the small enterprise category. Furthermore, in Africa and low income countries generally, the share of employment attributable to SMEs equals or exceeds that for large firms. SMEs account for 48.7 percent of employment in Africa, compared with 48.3 percent for large African firms (Ayyagari et al., 2014).

In Kenya, the economy is characterized by a heavy concentration of micro-sized enterprises with very small workforces (typically 1- 3 people) the so called ‘jua kali’ sector. These small enterprises make up over 80% of Kenyan enterprise by employment. The sector has potential for enhancing job creation through establishment of industries and initiation of commercial enterprises (GOK, 2001).

Kamukunji market is situated at the east of the Nairobi Central District and occupies about 10 hectares. The market has a population of 5,000 artisans (Kinyanjui, 2009). The market is home to informal artisans who engage in the production of goods. It is also home to business men and women who operate wholesale retail shops for various household goods, furniture and clothing.

The market caters for low and middle income consumer markets in Nairobi and outside the city (Kinyanjui, 2009). The market’s close proximity to a major bus station makes it possible for the entrepreneurs to make linkages with customers outside Nairobi. Kamukunji market is also the main metal working cluster in the city. Beyond the makers and business owners, the cluster includes association officers, input suppliers, trainees and brokers who bring together producers and buyers (Bull, Daniel, Kinyanjui and Barrett, 2014).

Statement of the Problem

In Africa, 22 percent of working-age population are starting new businesses, which is the highest rate of any region in the world (Copley, 2017). However, due to civil wars, structural, political and civil violence, the youth of Africa have been labelled a ‘lost generation’ (ACORD, 2007). The study conducted in Zambia concludes that the youth are often victims of the inability of the educational system and the job-market to deliver as well as of the overall institutional deficiencies of society. Kenya National Youth Policy (RoK, 2007) identifies employment creation as a priority strategic area. Yet, as studies have shown entrepreneurship is an eminent source of job creation (Momani, 2017; Hakobyan, 2017; Ayyagari, et al, 2014; Crisuolo, & Menon, 2014; Lawless, 2014; World Bank 2015),.

In Kenya, the SME sector is considered as one of the major contributors to the economy by providing income and employment to a significant proportion of the population (Ngugi & Bwisa, 2013). According to McIntyre (2017), three out of five businesses fail within the first three years of operation. The failure of SMEs lead to loss of jobs and consequently increased insecurity, low liquidity in the economy, and decline in economic growth (Wangui, 2017). Thus whereas entrepreneurship, mainly spearheaded by SMEs show promise in tackling unemployment in Nairobi County, this needs to be accompanied by robust support initiatives. Therefore, this study set out to explore the wider context of how entrepreneurship may best be used to positively impact job creation prospects in Kamukunji Market, Nairobi County.

Objectives of the Study

The general objective of this study was to establish the factors affecting job creation in Nairobi County, case of Kamukunji Market, whereas its specific objectives of the study were:

- a) To establish the effect of education and skills on job creation at Kamukunji Market, Nairobi County
- b) To establish the effect of on-the job experience on job creation at Kamukunji Market, Nairobi County
- c) To assess the effect of personality traits on job creation at Kamukunji Market, Nairobi County
- d) To establish the effect of access to finance on job creation at Kamukunji Market, Nairobi County

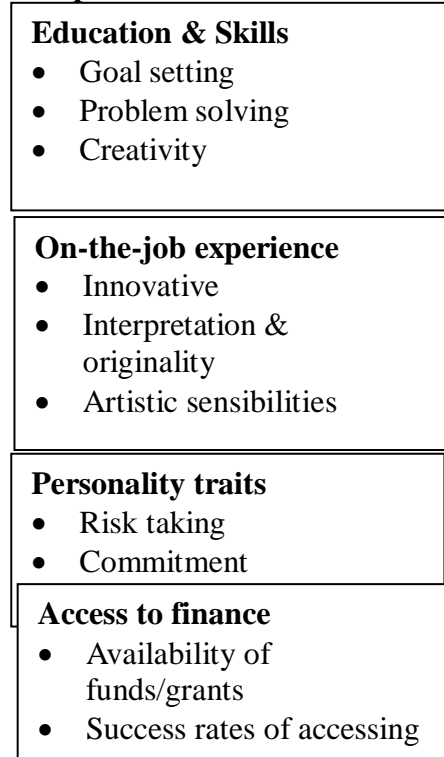
1.5 Significance of the Study

The finding of this will be of great use to diverse stakeholder like the government and policymakers as they can be used for informing their decisions on regulation of new venture creation. The findings will also be of significance to political leaders, to inform their manifestoes and decisions regarding initiatives for employment creation. It is the conviction of this research that the findings will be significant to administrators and managers of public resources and other players in the entrepreneurship support sub sector, including banks and other funding agencies, to broaden their understanding of the field and its needs. The findings will also be of great use to researchers and academicians, for providing helpful leads in the current state of entrepreneurship and possible pathways for further research.

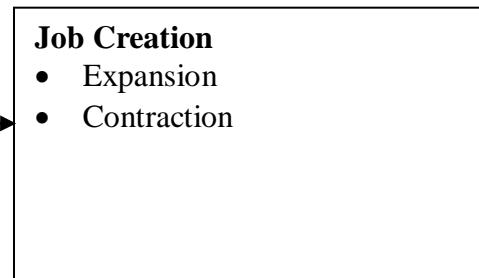
Conceptual Framework

This study was guided by the following conceptual framework;

Independent Variables



Dependent Variable



Source: Adopted from literature review

From the framework above, entrepreneurship is explained by four elements, namely: education and skills which involve goal setting, problem solving and creativity; on-the-job experience which involves innovative, interpretation and originality and artistic sensibilities; personality traits under the parameters risk taking, commitment and initiatives; access to finance under the parameters availability of funds/grants and success rates of accessing. By the means of arrows, these entrepreneurship elements are capable of affecting job creation through indicators such as the rate of business expansion and the rate of contraction by the business owner's to others where they sub-contract some of the work as they are overwhelmed with.

LITERATURE REVIEW

Theoretical Framework

Schumpeter's Theory of Entrepreneurship

Schumpeter (1999) proposed that economic development occurs in industrial and commercial life. Since economic progress comes from innovations, the innovator who is a monopolist at this point in beginning a new idea should be protected from exploitation by people

who would take over his/her ideas and produce counterfeit products to sell at lower prices hence knocking him/her out of business. The entrepreneur starts the process of economic development by carrying out new combinations in production Schumpeter (1999). According to the author, the entrepreneur takes advantage of the market conditions and the environment to come up with new ideas, creativity and innovation to make new products and is able to create products from the readily available resource such as animal skin, beads (to make necklaces and other ornaments), wood to make sculpture, and fabric to make clothes. The products created are then sold to the society and other customers to create wealth and profits hence economic development (Schumpeter, 1999).

The Schumpeter's theory of entrepreneurship is relevant to this study as it is related to how entrepreneurs start the process of economic development through job creation as they explore new ideas through their creativity and innovation.

Resource Based View Theory

This entrepreneurial theory postulates that entrepreneurship is facilitated when there are capabilities and resources which the business owner possesses or can acquire in a sustainable manner. The author further postulated that, it is only with appropriate resources and capabilities that can be in a sustainable manner over a long term as an entrepreneurial firm achieves sustainable competitive advantage and success. According to this theory, Penrose (1959) intimates that if though a good understanding of the resource potentials, through good vision, intuition, creative act, an entrepreneur chooses a particular industry where resources are valuable, rare, hard to copy or inimitable and resources that are non-substitutable, the entrepreneur will not only success but he will above all be able to enjoy to enjoy long term competitive advantage and economic success.

In resource-based theory, the intellectual capital (IC) is a main source to improve enterprise growth. However, most past researchers focused on the impact of individual intellectual capital on performance while neglecting the effects of specific elements of intellectual capital. The currently dominant view of business strategy – resource-based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making. Kamau and Ngugi (2014), agree with Penrose (1959) that sustainable competitive advantage results from resources that are inimitable, not substitutable, tacit in nature, and synergistic. Therefore, managers need to be able to identify the key resources and drivers of performance and value in their enterprises and small businesses. These resources may either be physical, reputational, managerial, financial, intellectual or even technological.

This theory relates to the study as it shows that for entrepreneurs to succeed in their businesses they need appropriate resources (physical, financial, intellectual) and capabilities to also be able to gain competitive advantage.

Empirical Review

Education and Skills and Job Creation

According to Afolabi, Kareem, Okubanjo, Ogunbanjo and Aninken (2017), entrepreneurship education is a good policy and it has positive effect on self-employment initiatives. The study highlights that students should be encouraged beyond entrepreneurship school training projects to business ventures start-ups at micro and small-levels and that institutions should collaborate with existing entrepreneurs and business organizations in providing entrepreneurship training to the students.

On-the-job experience and Job Creation

Colombatto and Melnik (2007) in their study on early work experience and the transition into entrepreneurship highlight that earlier experience of entrepreneurs in full time employment has a positive impact on the size of newly founded firms, and founders who work with family partners establish and control larger firms.

Personality Traits and Job Creation

Molazade-Mahali, et. al. (2016) postulate that the employees with personality traits of extraversion, eagerness to new experiences, adaptability and dutifulness have higher job satisfaction. However, in the neurotic trait, the result was different. The study suggests that, before any selection, candidates should receive a personality test.

Access to Finance and Job Creation

Osano & Languitone (2016) highlights that there is a relationship between awareness of funding; collateral requirement; small business support and access to finance by SMEs. The study further highlights that small business support services should be provided to SMEs to improve access to finance and that there is a need for more funding programs and financial schemes to assist SMEs. The study suggests that since information is concerned with funding opportunities by SMEs, then relevant information should be available and known to all players in the financial market.

Research Methodology

This study used descriptive survey research design which was appropriate in establishing relationship between variables and in facilitating collection of current information. This research design enabled collection of discrete numerical data from the population in order to provide factual descriptive information and also enabled the researcher to collect data at a particular point in time. The design also allowed the researcher to collect views from the respondents to facilitate descriptions of the factors affecting job creation.

Population can be described as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications (Cooper, Schindler and Sun, 2016). The target population consisted of the enterprises listed on the Kamukunji Jua Kali Association (KJKA) directory. The study was therefore sample 20% of the target population which resulted to 120 from the registered members of KJKA which was done using stratified random sampling as shown in table 1 below. The study preferred utilization of stratified random sampling because it reduces selection bias (de Vries, 2016). Stratified random sampling was also preferred because it

ensured each subgroup within the population receives proper representation within the sample (Marshall, 2016).

Table 1: Distribution of Target Population and Sample Size

Product Type	Target Population	Sample Size
Agriculture	120	24
Building supplies	62	13
Kitchenware	138	29
Domestic	60	12
Storage	210	42
Total	600	120

The research instrument which was used a questionnaire and it was formulated under the light of the norms of formulating an efficient and effective questionnaire. It was a structured questionnaire consisting of closed ended questions for the purpose of obtaining richer information. With the permission from the Association, the researcher distributed the structured question to registered members of KJKA.

Descriptive analysis was done and the presentation was based on the descriptive statistical measures of central tendency. SPSS therefore was useful in transferring the data into more understandable information through coding, tables and graphical representation of the findings. Descriptive data analysis assisted the researcher to make conclusion of the factors affecting job creation at Kamukunji Market, in relation to the concepts, theories and methods that had been used in this research.

Results and discussion of findings

Table 2: Effects of Education and Skills on Job Creation

In order to establish the effect of education and skills on job creation, a number of questions were drawn from the variable, education and skills. The results are as presented in the table below.

Items	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)
a) Have a strong realistic, common sense quality	-	-	3.4	47.5	49.2
b) Have a firm belief in my ability to achieve my goals	-	-	14.4	44.1	41.5
c) My goals are consistent with my interests, values and motivations and skills	-	-	8.5	50.8	40.7
d) Set realistic, attainable goals for my work	-	-	6.8	47.5	45.8
e) Impose my own standards and compete with myself	-	11.9	33.1	44.9	10.2
f) Feel confident I could succeed in many kinds of businesses	-	-	3.4	47.5	49.2
g) Use a good idea regardless of its source	-	-	8.5	50.8	40.7
h) Can balance facts and intuitive decision-making	-	-	6.8	47.5	45.8
i) Have a clear vision – a purpose – a plan to create and implement	-	-	6.8	47.5	45.8
j) Creating/designing a successful business is my major motivation	-	-	3.4	47.5	49.2

As presented in the Table above, 49.2% of the respondents strongly agreed that they have a strong, realistic, common sense quality while 3.4% neither agreed nor disagreed with the statement. As was established in the study, 44.1% of the respondents agreed that they have a firm belief in their ability to achieve their goals while 14.4% neither agreed nor disagreed with the statement. In relation to organizational goals, 50.8% of the respondents agreed that their goals are consistent with their interests, values, motivation and skills while 8.5% neither agreed nor disagreed with the statement. However, Stuetzer, et. al (2013) suggested that that a varied set of work experiences rather than depth of any particular type of experience or education is important for the development of entrepreneurial skills. The study further established that 47.5% of the respondents agreed that they set realistic, attainable goals for their work while 6.8% neither

agreed nor disagreed with the statement. These results are in line with those of Stuetzer, et. al. (2013) whose study established that those entrepreneurs who exhibit a varied set of work experience have higher entrepreneurial skills relevant for starting and growing a firm. The study spoke in favour of a varied curriculum that builds on insights and practical experience from a range of different functions and roles in order to foster the development of entrepreneurial skills.

In relation to work standards, 33.1% of the respondents agreed that they impose their own standards and compete with themselves while 11.9% disagreed with the statement. The study also established that 49.2% of the respondents strongly agreed that they feel confident they could succeed in many kinds of businesses while 3.4% neither agreed nor disagreed with the statement. Regarding whether they use a good idea regardless of its source, 50.8% of the respondents agreed that they use them while 8.5% of the respondents neither agreed nor disagreed with the statement. The study further established that 47.5% of the respondents agreed that they can balance facts and intuitive decision making while 6.8% of the respondents neither agreed nor disagreed with the statement. In relation to whether they have a clear vision to create and implement their ideas, 45.8% of the respondents strongly agreed that they do while 49.2% of the respondents also strongly agreed that creating/designing a successful business is their major motivation. The results are supported by Rahmawati, et. al. (2015) whose study established that educated investors are more likely to take risks.

Statistical Analysis for Multiple Regressions

The study carried out regression analysis to help determine the relationship between education and skills, on-the-job experience, personality traits and access to finance as independent variables and job creation as the dependent variable. The results are presented in the form of model of summary, Analysis of Variance (ANOVA) and regression coefficients. The findings are as shown in the subsequent sections.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741 ^a	.549	.535	.43091

a. Predictors: (Constant), education and skills, on-the-job experience, personality traits, access to finance

The R value (multiple correlation coefficients) of 74.1% indicates that there is a relationship between the independent variables and the dependent variable. The R square (coefficient determination) value of 54.9% of the variance in the dependent variable is explained by the independent variables in the model of the variability in job creation is accounted for by

the explanatory variable in entrepreneurship while the remaining percentage could be attributed to the random fluctuation on other unspecified variables (i.e. stochastic error term). The model was significant as $p < 0.05$. The R square of 54.9% means that an equivalent of the values fit the model. These results are in tandem with those of Rimscha, et. al. (2015) results that also showed that at least those media professionals who are members of their respective associations show personality traits that are indicative of professionals rather than eccentric creatives. The results are also in tandem with those of Ekpe, (2011) who noted that entrepreneurial activities drive economic growth and job creation.

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.041	.280		7.280	.000
	Education and skills	.465	.061	.521	7.663	.000

a. Dependent Variable: Job Creation

The coefficient results in the table above shows that a unit increase in education and skills would lead to more job creation by a factor of 0.521 having a p-value of 0.000 which is less than the confidence level of 0.05, at 5% level of significance and 95% level of confidence.

Summary of the Findings

Effects of Education and Skills on Job Creation

Results showed that the significant predictor of job creation was education and skills and therefore there was a positive relationship between education and skills and job creation. The finding in this research showed that majority of the respondents (49.2%) strongly agreed that they have a strong, realistic, common sense quality while 44.1% of the respondents agreed that they have a firm belief in their ability to achieve their goals. The study also found that 50.8% of the respondents agreed that their goal are consistent with their interests, values, motivation and skills while 49.2% of the respondents strongly agreed that they feel confident they could succeed in many kinds of business. Also, 50.8% of the respondents agreed that they use a good idea regardless of its source while 45.8% strongly agreed that they have a clear vision to create and implement their ideas. Majority of the respondents 54.9% strongly agreed that creating/designing a successful business is their major motivation.

Conclusions

From the findings, education and skills is the highest predictor of job creation. Majority of the respondents agreed that they have a strong, realistic, common sense quality and that they have a firm belief in their ability to achieve their goals. The respondents also agreed that their goal are consistent with their interests, values, motivation and skills and that they feel confident they could succeed in many kinds of business. Further, the respondents agreed that they use a

good idea regardless of its source and that have a clear vision to create and implement their ideas. The respondents agreed that creating/designing a successful business is their major motivation.

Recommendations

It is recommended that entrepreneurs should be sensitized on the importance of attending trainings. This is because the trainings will equip them with necessary skills to run their business better. They should also be encouraged to improve their level of education to make them more risk tolerant towards risky investments of higher gains.

The study also recommends that the Kenya Curriculum Development Institution should include in the school curriculum entrepreneurship subject from an early age. This will enable the students to learn that they do not have to rely on paid jobs but they can come up with a business and become entrepreneurs. The curriculum should be varied so that it builds insights and practical experience from a range of different functions and roles in order to develop entrepreneurial skills.

It is further recommended that a number of legal, regulatory and institutional reforms should be taken by the government to help uplift the financial constraints that entrepreneurs face and ultimately enable them to diversify and grow. It is also recommended that the government should create an enabling environment for microfinance institutions by making requisite financial reforms and formulating appropriate policies.

Another recommendation is that entrepreneurs should be encouraged that before the selection of their new employees, they should receive a personality test so that individuals can receive appropriate interface to assist them become better in teamwork.

It is recommended that entrepreneurs and those aspiring to be entrepreneurs gain some on-the-job experience. This will assist in building their confidence and also acquiring the necessary entrepreneurial skills that will be useful in their business ventures.

It is recommended that banks and micro finance lending institutions should advertise their products aggressively to SMEs so that they can create awareness and have the entrepreneurs consider them for start up capital.

It is also recommended that banks and micro finance lending institutions should make the process of accessing loans less bureaucratic. This will make it easier for the entrepreneurs to apply access loans easily.

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