

PROMOTION OF YOUTH ENTREPRENEURSHIP FOR WEALTH AND EMPLOYMENT CREATION IN KENYA

Introduction

Entrepreneurship development is a hot subject in the world today. Indeed, the global focus of employment and wealth creation is the continued development of the small and medium enterprise sector (SMEs) which forms the core of Entrepreneurship. Entrepreneurship is a slow process which demands amongst other factors calculated risk-taking, patience and above all commitment by all parties concerned. It is gratifying to note that the youth of this country can now be gainfully employed through setting up own businesses with the help of government funding. Whereas appreciating that financing is a major component of enterprise development, it may be necessary to consider other factors that may hinder sustainable entrepreneurship development amongst the youth.

Background of the problem

The level of unemployment in Kenya like other developing countries is very high. The most hard - hit are the youth who after graduating from Universities and other institutions of learning, find themselves unable to secure formal employment opportunities, thereby failing to gainfully contribute to economic development of this country despite their enthusiasm, energy and drive. The resulting idleness has sometimes made the youth to drift into undesirable activities which have ended up wasting their energy.

The government on the other hand, has been on overdrive trying to address these problems. It has for instance promised to improve the operational environment such that the economy can create at least 500,000 new jobs every year. Available statistics however, indicate that the unemployment problem is far from being over. But, like the rest of the world, the Kenya Government has now embraced entrepreneurship development through formulation of policies favorable to development of small businesses particularly in the recent years. With the support of International bodies, National Associations and the numerous small

business development stakeholders, we may eventually see drastic reduction in unemployment, therefore continued eradication of poverty.

The government's introduction of an entrepreneurship development fund with a view to encouraging the youth to venture into self employment, is a very generous move. It deserves all the support from the various stakeholders. Meanwhile, it is assumed that this is a long term measure to encourage entrepreneurship development. In this regard therefore, long term measures should be put in place to improve chances of success of the effort. Above all, the government must address the issue of nurturing entrepreneurship culture, both in the short and long run. Various approaches may be used in this respect.

Harnessing or Promoting Entrepreneurship Culture

Without doubt, most people venture into business or self employment when formal employment opportunities fail to materialize. Research indicates that most of those who succeed in entrepreneurship are either trained on the kind of businesses they venture into or continue business training as they progress. This is in consideration of the fact that every business has many facets, which every entrepreneur must be familiar with. Those who do not undergo training are unlikely to be familiar with all the facets. Furthermore, the business environment is highly dynamic, therefore requiring changing approaches to doing business. Probably, that is why the success rate of new business is only 15% in the first 5 years.

Issues worth Consideration by the Youth Development Ministry

Initial Training

In realization that money is only one of the resources that apply to a business, it is inevitable that entrepreneurship culture and expertise be first inculcated to the youth and the prospective entrepreneurs of this country. This means that skills in entrepreneurship, business planning and financial management must elaborately be imparted before any funds are disbursed. If need be, the prospective applicants should be examined on these all important topics.

Funds Disbursements

Most Kenyans, particularly experts are assuming that the 2 billion youth entrepreneurship development kitty is a revolving fund, which is meant to help entrepreneurs for a long time to come. To prepare the recipients of these funds, it may be worthwhile considering the experiences of micro financial institutions. Some have vast experience in managing micro enterprises which have graduated into SMEs having originally started from very humble beginnings. Some of the micro-businesses were initially financed through merry go round funds, borrowed from these institutions. The concepts applied had been benchmarked from Asia, particularly Bangladesh, the origin of the famous Grameen Bank started by one, Mohamed Yunus. He upon witnessing abject poverty in the Rural Bangladesh, in 1974 abandoned lecturing in Economics and got involved in looking for solutions to poverty eradication. Indeed, his concepts have been widely practiced very successfully in central and Southern America.

If the systems and practices of such institutions are adopted in the management and disbursement of the funds, we will witness tremendous growth in entrepreneurship in this country particularly amongst the youth, who are endowed with energy, drive and creativity.

Less Successful Efforts of SME development have been witnessed closer home. In Botswana, a similar fund was introduced in 2001 and has been managed by a government body, namely Citizen Entrepreneurship development Agency (CEDA). The experiences of Botswana were presented in a recent entrepreneurship development conference. The fund has for example been politicized. In addition, people view the fund as free money from the government thus no intension to ever repay. The Kenya government should take note of these experiences too, before considering the methods to adopt in managing the funds.

Management of Entrepreneurship Development

Perhaps the government should consider spreading out the benefits of entrepreneurship development fund throughout the country. This can be done

through engaging personnel to run business development centers where training can be disseminated and business development services provided. This means that part of the funds should inevitably be used in promoting entrepreneurship and business training if the funding is going to achieve the desired objectives.

A National board of trustees should be charged with management of the fund whereas applications should be handled at the business development centers. The experiences of the Ministry of Agriculture with its agricultural extension officers and probably that of Agricultural Development Corporation should form a good guide on the way forward, regarding adoption of the business development centers. The centers will not only enhance continued monitoring and provision of assistance to new entrepreneurs but also facilitate disbursements of the funds across the board.

This approach has worked successfully in Eastern European Countries, which were formally under communism but chose to develop their countries through small and medium enterprises (SMEs) after the collapse of communism. Closer home, South Africa has embraced similar approaches and is doing well.

Conclusions

Entrepreneurship is a slow process which demands amongst other factors calculated risk-taking, patience and above all commitment by all parties concerned. For the Youth Entrepreneurship development fund to succeed, both short and long term measures must be embraced. Right management structures and competent strategies must also be considered. Business training particularly on business development and financial planning coupled with harnessing of entrepreneurship culture must be put into contemplation before any funds are disbursed to would be entrepreneurs.

Possible Sequence of Events

- Set up a management committee/ board of trustees charged with training and sustainable entrepreneurship development
- Determine the short and long term objectives of the board

- Determine long term measures of sustainable entrepreneurship development
- Define the targeted fund beneficiaries
- Determine desired qualification parameters
- Determine both short and long term disbursements strategies
- Identify both the short and long term mode of implementation based on strategies adopted
- Identify short and long term success parameters
- Consider implementing a pilot project
- Monitor the performance both in the short and long run

Communicate all the above to the Kenyan Public

Mwangi J. Wanjumbi B.Sc. IBA (Mgt) (USIU) MKIM

Author of the International Research titled "The study of the Impact of education and training on Entrepreneurship development in Nairobi, a case study of Barclays Bank Business Club, published in May 2006 at the 3rd (CEED) Entrepreneurship Conference with the theme "Fostering Entrepreneurship and SMEs in Africa"

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