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## Factors Affecting Youth Participation in Public Procurement in Kenya: A Survey of Youth Enterprises in Mombasa County

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### **Abstract:**

*Public procurement is the largest single buyer in any given country and sellers within a country seek to have the state as their major buyer thus creating immense competition. This creates a hostile environment for youth owned enterprises due to the presence of larger companies with more resources and capacities. The main objective of the study was to determine the factors affecting youth participation in public procurement. The independent variable of analysis was opportunity awareness, finance availability, regulatory requirements and patronage perception whereas youth participation was the dependent variable. The researcher used descriptive and inferential statistics. A population of 345 youth owned enterprises operating within Mombasa county was used with a sample size of 135 enterprises. The study adopted stratified and systematic random sampling as well as snowballing data collection techniques. Questionnaires were used to obtain data from proprietors of the 135 youth-owned enterprises from whom 95 responses were obtained. Statistical package for social science software version 22.1 (SPSS) was used to analyse data. A Cronbach alpha test was used to establish validity of the questionnaire with 0.72 indicating its validity and reliability. Pearson's correlation between the youth Participation with awareness and Finances was .600 and .510 respectively. Whereas Patronage perception and Regulatory requirements had a negative correlation of -.445 and -.260 respectively with the Dependent Variable. Multiple linear regression was used to analyse the relations between the variables at a 0.05 significance level. The model suggested that 77.7% of youth participation could be explained by the combination of the four selected independent variables. The researcher recommended that government should undertake aggressive moderate/ high risk- high return regulatory restructuring for youth initiatives to work. The government should also enter into more public private partnership with the financial sector to enable youth to access cheaper, faster finances for their business. Computerisation and integration of registration processes will also lead to enhance youth participation. The researcher also recommended rigorous monitory and evaluation efforts for existing youth initiatives such as UWEZO and AGPO to eliminate effects of corruption and patronage.*

## **1. Introduction**

### *1.1. Background of the Study*

Public procurement expenditure makes up the biggest spend for any given nation. The estimated value of global public procurement is US\$1.5 trillion, i.e. excluding procurement in the defence sector. The government of Kenya spends approximately 70% of its budget on procurement. In 2013/2014, the budgeted expenditure was KES 1.77 trillion giving an approximate of 1.24trillion of public procurement (KNBS,2013) If the 30% procurement opportunities reserved for disadvantaged groups was implemented, then an estimated KES 372 billion should have been paid to them. However, this was not effected due to the lack of proper implementation of the directive and the rampant corruption in the country. According to the World Bank (2006) a public procurement system is said to be well functioning if it achieves the objectives of transparency, economy, fairness, competition and accountability. In pursuit of this, the Kenyan government enacted the Public procurement and Disposal Act 2005 which become operational in 2007 and was followed by other regulations. As described by PPOA, the Public Procurement System in Kenya has evolved from a crude system with no regulations to an orderly legally regulated procurement system.

The Public Procurement and Disposal Act, 2005 created the Public Procurement Oversight Authority (PPOA), the Public Procurement Advisory Board (PPAB) and Public Procurement Administrative Review Board (PPARB). All the above bodies endorse fairness,

accountability, transparency, confidence and promotion of local industries. Later, the Promulgation of the new constitution of Kenya in 2010 enabled creation of devolved governments' in the form of county governments which was effected in 2013 after an election. This move sort to distribute power and economic resources to the 47 counties formed in an effort to empower local citizens at the grass root level. A public procurement regulation (county governments) was issued to accommodate the new devolved county government. A recent study by Gatere *et al* (2014) revealed that there is need to target the rural poor to achieve overall economic growth by funding them to be able to access public procurement since development efforts that centre on sustainability must target the grassroots.

For the longest time, the Africa continent has been marred by persistent corruption and lack of proper public procurement machineries. It is imperative to note that an effective public procurement system that offers high level of transparency, accountability and value for money is critical for poverty reduction in developing countries. It is also the pillar for promotion of good governance and sustainable development in any economy. However, a recent common wealth research in Kenya highlighted how procurement policy tends to favour urban over rural businesses due to the lack of ability to enforce policies within rural areas where skills are lacking (Kirton, 2013).

To further encourage economic development and empower individuals, the government of Kenya introduced a procurement directive giving preference and reservation for SMEs and later, in 2013 for women, youth and persons with disabilities (disadvantaged groups) However, it is debated that such affirmative action (also known as social procurement) in public procurement may expose the process to biasness and impede the attainment of value for money (economy) which is the overall objective of any public procurement system. Never the less, it is largely agreed that an over emphasis of value for money objective may overshadow other equally important goals such as the attainment of economic development , promotion of local industries and may infact lead to robotic operations that suppresses innovation and creativity.

#### 1.1.1. Youth Owned Enterprises

“Youth” is often indicated as a person between the age where they leave compulsory education, and the age at which they find their first employment. According to UNESCO, this age limit has been increasing, especially in developing countries, as higher levels of unemployment and the cost of setting up an independent household puts many young people into a prolonged period of dependency. In Kenya, a youth is a person between the ages of 18 to 35 years. United Nations initiated International youth day held on August 12 annually to commemorate the achievements of the world's youth and to promote their participation in enhancing society. The mare numbers of this group in the country has called for special attention from the leaders. According to KNBS Approximately 80% of the population in Kenya is youth most of them are unemployed. The few who own businesses lack resources and start up capital and thus operate small and micro enterprises (SMEs). These enterprises tend to be located in urban and peri-urban centres and are usually registered (Capital markets of Kenya, 2014) However a bigger number of these businesses are not registered especially those in rural Kenya.

The SME sector employs about 74.2% of the Kenyan workforce and contributes to about 18.4% of the country's Gross Domestic product. The Micro and Small enterprises Act enacted in 2012 provides for a legal and institutional framework for the promotion, development and regulation of micro and small enterprises by facilitating access to business development services, facilitating formalization and upgrading of informal micro and small enterprises, promoting an entrepreneurial culture and promoting representative associations (Micro and small enterprises act, 2012)

An earlier study on Kenyan public procurement process revealed that the participation of SMEs is extremely low in spite of the large volume of trade in the market. Stakeholders in public sector argued that domestic traders and indeed the SMEs lack the capacity to effectively participate in public procurement as they are unlikely to meet the requirements of tenders more so if the value of the tender is large and/or advertisement has been made internationally. Potential suppliers sometimes find the process irrational and cumbersome making them apprehensive of unfamiliar procedures (Odhiambo, *et al.*, 2003).

There have been studies conducted locally, regionally and internationally on the benefits of SMEs and their mega contributions to the economy. An Evaluation of SME Access to Public Procurement Markets in the European Union which concluded that SMEs seem somewhat underrepresented in public procurement above European Union-thresholds, as compared to their weight in the economy which is attributable to the weaker performance of micro and small enterprises (GHK and Technopolis, 2008). Major campaigns have been launched to increase the number of SMEs participation in public procurement. However, less information exist on the participation of youth owned enterprises in public procurement. Locally, it is even difficult to establish which enterprises are owned by the youth. With the introduction of E-Commerce and E-procurement, we expect this gap was filled once optimal utilisation is achieved.

#### 1.1.2. Mombasa County

Mombasa is located at the Coastal region of Kenya. It is further segregated into seven divisions, eighteen locations and thirty sub-location and hosts six constituencies, namely Mvita, Changamwe, Jomvu Kuu, Likoni, Kisauni and Nyali. According to the 2009 Census Report (KNBS, 2009) Mombasa county population stood at 939,370 and was projected to increase to 1,041,928 by sunset of 2012. According to the County Fact file The major development challenges include, among others; poor road networks, rapid urbanization and housing problems, inadequate education facilities, inadequate health care delivery points, high unemployment among the youthful, insecurity, weak land ownership regime, perennial water shortages and growth of unplanned and informal settlements. The higher numbers of unemployed youth may be partly explained by the fact that only a very minimal percentage of indigenous coastal people have gained university education. Employment in Kenya is largely pegged on formal education. Literacy level is

estimated to be 86.2%. Literacy may be defined as the ability to read and write (New Oxford American Dictionary, 2009). This is a very basic definition of literacy. Thomas Stanley found no correlation between success in school and the ability to accumulate wealth and concluded that what predicted economic success was a willingness to take risk. He in fact inferred that the school system is irrelevant to modern day commercial needs. (Peters, 2003) This is as a result of the major entrepreneurial achievements by school drop outs such as Bill Gates and Steve Job. However, in developing nations, formal education is seen as an equalizing factor between the rich and the poor.

Due to lack of adequate education and reliable means of income coupled with the geographical location of Mombasa the youth in Mombasa have fallen victim to illegal drugs abuse. Drug cartels have taken root and political powers have been used to protect the drug empires. The few that venture into businesses face other challenges one being lack financial literacy to make their entrepreneurial efforts successful.

### *1.2. Statement of the Problem*

The government of Kenya has invested heavily in attempts to lure the disadvantaged groups' category to get involved in public procurement. In doing this it hopes to increase employment among the youth with current statistics showing Youth, who form 80 % of the Kenyan population, have the highest unemployment rate of 67 % (KNBS, 2010). Over one million young people enter into the labour market annually without any skills some having either dropped out of school or completed school and not enrolled in any college. A further 155,000 join the labour market annually after completing training in TVET or at the university. A total of over 1.3 Million new employment places have to be created annually to meet this demand (Kaane, 2014). Consequently, it is hard to rely on just the public and private sector to employ the mass and thus, an option of encouraging self employment is expected to absorb part of this numbers. The youth are characterised by Vigour, creativity, innovation and energy since they are at a prime stage of life, lack of interest and support from the national stakeholders might catapult the entire society into political and social menace considering recent delinquency tendencies of radicalisation, attraction to crime life and manipulation by political misfits to cause chaos or clashes as evidenced in 2007.

Consequently, the government has established institutions that are training the youth on various opportunities available in the market and how to take advantage of them by participating in public procurement. They have also created institutions that provide financial help (YEDP and UWEZO funds) and relaxed registration requirement to make it easier for this group to get involved. Despite of all this efforts, its unclear of what extent these groups are actually participating in public procurement.

Considering the pivotal role that the youth play in development, their participation in public procurement is paramount. This study is designed to examine the factors affecting youth participation in public procurement in Mombasa County.

### *1.3. Research Objectives*

#### 1.3.1. General Objective

The objective of this study is to establish factors affecting youth participation in public procurement within Mombasa County in Kenya.

#### 1.3.2. Specific Objectives

- i. To determine how opportunities awareness affect youth participation in public procurement in Mombasa County.
- ii. To establish the effects of financial availability on youth participation in public procurement in Mombasa County.
- iii. To find out the effects of regulatory requirements on youth participation in public procurement in Mombasa County.
- iv. To assess the effects of patronage perception on youth participation in public procurement in Mombasa County.

### *1.4. Research Questions*

- i. How does opportunity awareness affect youth participation in public procurement in Mombasa County?
- ii. How does financial availability affect youth participation in public procurement in Mombasa County?
- iii. How do regulatory requirements affect youth participation in public procurement in Mombasa County?
- iv. To what extent does patronage perception affect youth participation in public procurement in Mombasa County?

### *1.5. Justification*

This study analysed the factors affecting participation of youth enterprises in public procurement. It also recommended ways in which youth participation may be increased, the policy makers can learn the existing gaps in their policies and apply corrective actions to ensure that grass root youth enterprises share in the national economic success. The research findings may be used by government agencies as a reference point in achieving vision 2030. It may also be used as a source of knowledge and reference by future learners and researchers.

### *1.6. Scope of the Study*

This study focused of factors affecting youth participation in public procurement. The researcher surveyed youth proprietors within Mombasa County. The study concentrated on four variables; Regulatory requirement, finances, patronage perception and Awareness as factors deemed to influence youth participation in public procurement.

### 1.7. Limitations of the Study

Various challenges were faced during the study key among them being limited Time frame. Another major challenge was the minimal availability of data on youth owned enterprises in Kenya since business and company registration process does not capture the owners age group.

## 2. Literature Review

### 2.1. Introduction

The main purpose of literature review is to determine what has already been done related to the research problem being studied (Mugenda and Mugenda 1999). This chapter presents already written literature by various authors on the participation of youth enterprises in public procurement and related subjects. It focuses on the theoretical review, Conceptual framework and a review of theories related to the variables of the study.

### 2.2. Theoretical Review

#### 2.2.1. Mc Mullen – Shepherd Model

Entrepreneurs act on what they believe is an opportunity. Because opportunities exist in (or create and/or generate) high uncertainty, entrepreneurs must use their judgment about whether or not to act. Therefore, to understand entrepreneurial action one must be able to assess the amount of uncertainty perceived to surround a potential opportunity and the individual's Willingness to bear that uncertainty. The individual's prior knowledge can decrease the amount of uncertainty, and his or her motivation indicates a willingness to bear uncertainty (Hisrich *et al* 2013).

McMullen-Shepherd model shows how knowledge and motivation influence two stages of entrepreneurial action. Signals of changes in the environment that represent possible opportunities, noticeable by some individuals but not others. Individuals with knowledge of markets and/or technology are more capable of detecting changes in the external environment, and if they are also motivated, they will allocate further attention to processing this information. Others remain ignorant of the possibility. The result of Stage 1 is an individual's realization that an opportunity exists for someone. The individual then needs to determine whether it represents an opportunity for him or her (Stage 2). This involves assessing whether it is feasible to successfully exploit the opportunity given one's knowledge and whether it is desirable given one's motivation.

According to this study, the entrepreneur is the youth. In assessing the awareness level, the study was evaluate stage one where youth entrepreneurs have opportunities presented by the environment in the form of presidential directive, current infrastructure developments, financing and other governmental enforcements. An individual determines whether the opportunity is for him and according to his motivation level he may take up an entrepreneurial move or ignore the sign. The study related knowledge to awareness.

#### 2.2.2. Trait Theory

This study was modelled on the trait theory. The theory focuses on personality, psychological and behavioural school. Personality can be defined in terms of patterns and regularities in action (Bjerke, 2007). Since entrepreneur is the catalyst for entrepreneurship, this school assumes that individuals are more likely to exploit opportunities thus behave entrepreneurially, because certain traits leads them to make deferent decision about opportunities than other people with the same information and skills (Frese, 2007; Shane, 2007) In this regards much research in the entrepreneurship field has focused on the personality traits of the entrepreneur, asking the question "why do certain individuals start firms while others under similar conditions do not"(Gartner, 1989). The government has endeavoured to invest in youth by creating friendly and inviting conditions in public procurement yet very few of them seem to exploit the market opportunity created for them. Could this be attributed to personality (internal factors) than the environment (external factors)?

#### 2.2.3. Michael Porters Five Forces Model

This model was developed in 1979 by Michael E. Porter of Harvard Business School as a simple framework for assessing and evaluating the competitive strength and position of a business organisation in a specific industry. The model is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market. These forces are competitors, buyers, suppliers, substitute and new entrants. There inter-relationships and factors behind these forces help to account for industry attractiveness (Lysons and Farrington, 2012) Competition will intensify when the bargaining power of suppliers increases, when the bargaining power of buyers is high, when there is threat of new entrants in an industry and when there is threat of substitutes. However, a sixth power can be able to manipulate almost all the above factors and thus affect competition in an industry. This power is the government through its laws, regulations and policies. In this study, this model has been used to evaluate the impact that government has or may have on the industry. In public procurement, the government is the single biggest buyer with many suppliers and a high spend. This raises the buyers' power coupled with the fact that it has the power to alter competition in favour of disadvantaged groups of people such as the youth through affirmative action. By doing so, it was increasing the bargaining power of the youth as suppliers within the industry. By endorsing the reservation and preference act, the government created a barrier for entry in given categories of procurement. Offering grants, finances and training aid to youth suppliers results in lower costs of operation for this group and thus enhances their power relative to other suppliers. According to Lyson and Farrington (2012) Porters model has been

criticized on the grounds that it represents economic situations of the 1980s and does not considers modern dynamic factors such as digitization, globalisation, deregulation and the ever increasing importance of relationships. Nevertheless, it remains an important tool in business.

### 2.3. Conceptual Framework

The independent variable for the study is youth participation in public procurement where as the dependent variables are opportunity awareness, Financial availability, Regulatory requirements and Patronage perception. Entrepreneurial capabilities are intervening variable in that they help explain how or why the independent variable affects the dependent variable. Moderating variable is the one that has a strong contingent effect on the independent- dependent variables relationship (Sekaran, 2006) it is only those youth that have Interest and inclination to public procurement that was actually participate.

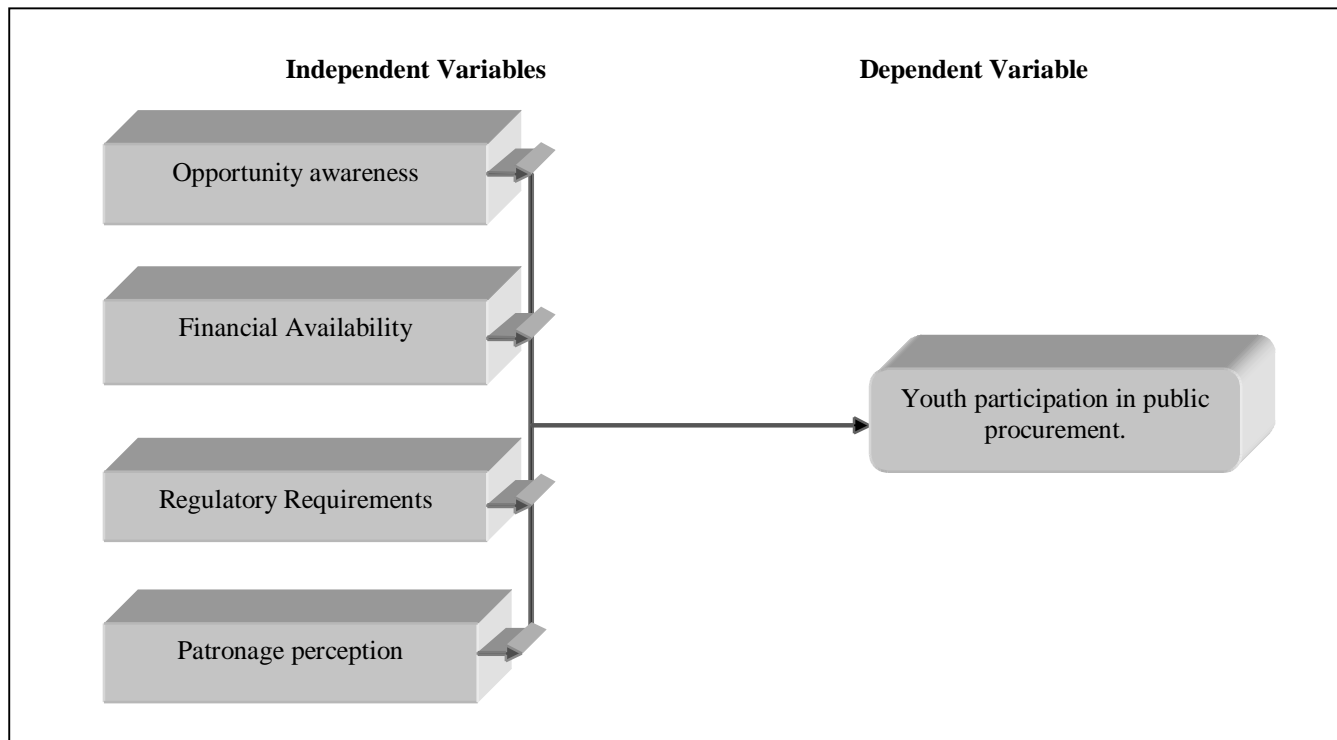


Figure 1: conceptual framework

#### 2.3.1. Market Opportunity Awareness

According to the online oxford learners dictionary, awareness is defined as knowing something; knowing that something exist and is important; being interested in something. Market opportunity awareness is a combination of commercial awareness and situation awareness which is defined as perception of environmental elements with respect to time and space, comprehension of their meaning and projection of their status after some variable have changed (Wikipedia, 2015) In other words its paying attention to what is going on around someone. This is the ability of youth to be sensitive and knowledgeable to the opportunities available within the environment at one given time. Awareness precedes positive action or exploitation of opportunities presented by a market. Awareness can be as a result of internal/ personal catalyst like personal interest that may lead a person to investigate and research on a given issue or external catalyst such as training or induction education. A big number of youth may not be aware of the opportunities available within the market due to low literacy, lack of education and information from relevant bodies. Further, access to market influences the performance of the youth enterprises due to the fact that many a times the youth have limited or no access to timely, simplified, production technology and the effects of stringent government regulations make them unable to perform and survive in the fast changing, increasingly globalized and highly competitive environment (Akwalu, 2014).

Kenya was rated as the third fastest growing economy in 2015 by a recent Bloomberg business survey. East Africa is said to have a high appeal to foreign investors which lies in its large market opportunities, recent discoveries of natural resources and ongoing market integration through the EAC has led to harmonization of legislation, probable common currency by 2023, numerous construction and infrastructure Upgrades such as the US\$4b Mombasa-Nairobi railway line, the upgrade of the main northern corridor that links Mombasa to Uganda, Lamu Port construction and South Sudan- Ethiopia Transport (LAPSSET) Corridor project (Ernest and young, 2014). All this is in pursuit of vision 2030 which is the national long-term development blue-print that aims to transform Kenya into a middle-income country providing a high quality of life to its citizens by. All this projects should create a demand for goods and services offered by youth enterprises.

The government has gone further to encourage youth to participate in this growth by establishing awareness programs and financial assistance through AGPO, YEDP and introduction of UWEZO Fund whose objectives are to expand access to finances- in promotion of youth and women businesses and enterprises at the constituency level for economic growth towards the realization of the goals of Vision 2030 (UWEZO, 2013)

The 2030 vision calls for young people to optimize the opportunities that the Vision creates through business and participation in the implementing of flagship projects. They are called to innovatively develop business and productive PROJECTs that would maximize on e-commerce, marketing, tourism, Business Process Outsourcing and modernized agricultural activities. They are required to embrace pioneering Science, Technology and Innovation initiatives as economic ventures and use their innovativeness and creativity to suggest different ways of implementing the Vision and utilizing resources, such as harnessing wind power etc ( GOK, 2011).

Despite of all this, the response from the youth is at minimal and this study was evaluate the awareness level among the youth to all the above opportunities. According Muraguri 2014, the youth preference and reservations policy in public procurement has not been fully implemented he recommends that the government intensifies the awareness campaign among the procurement practitioners and budget holders on the policy; institutionalize monitoring and training in all the enterprises.

### 2.3.2. Financial Availability

Finances are an internal factor that boast or hinder a business from growing. The four basic factors that determine how a firm is financed are: the firms economic potential, the size and maturity of the company, the nature of its assets and the personal preference of the owners with respect to the tradeoffs between debt and equity (Petty *et al.* 2011) They further sited three types of financing available for small businesses as debt financing, external financing and profit retention. Start up capital for youth enterprises are largely sourced from personal savings, friends and family. In Kenya, youth owned Enterprises are faced with serious financial challenges in their operations since they may not be stable enough to get debt financed and the profits may be minimal to act as a substantial source of finance. SMEs face a mixture of success and failure with statistics indicating that three out of five fail within the first few months of operation (Kenya National Bureau of Statistics, 2007; Akwalu, 2014).

Generally, the smaller the enterprise, the less likelihood its management was understand the need for financial management and the poorer the understanding of financial management. Likewise, the size and the distance from urban centres are negatively related to the level of awareness of financial instruments. That is, the smaller the size of the enterprise and the farther away from the urban centre the enterprise is, the less aware the firm is of the financial instruments available. This makes them vulnerable to shocks to revenue or costs and, therefore, and makes them unlikely to expand beyond a certain limit. This explains why the turnover of majority of SMEs in Kenya is estimated at the Kshs.5 million a year threshold. Thus, poor returns, lack of good financial records, and lack of collateral make them not creditworthy (Capital Markets Authority, 2010)

The promotion of youth owned enterprises is fundamental to the achievement of MDG which focuses on developing decent and productive work for Youth (Akwalu, 2014). In this regard, a total of approximately KES 95 Million has been set aside by Uwezo fund for the six constituency of Mombasa County. According to Uwezo funds allocation schedule (Uwezo, 2010)

Another source of funds for youth enterprises is the Youth Enterprise Development Fund (YEDF), which provide affordable loans of between 5-8% interest rates among other enterprise support services. The Fund's focus is enterprise development as a strategy that increases participation by Kenyan youth in nation building (GoK, 2010) the government has also provided financing through Purchase orders for the youth enterprises that bid and win tenders. This is where purchase orders are used as security for loans or can be discounted for cash.

### 2.3.3. Regulatory Requirements

These are control issues that affect any business. They consist of laws that influence and limit various organisation and individuals that led to increase in business legislation and growth of special interest groups (Kotler, 2006) It is imperative to note that general regulatory requirements are no less flexible for youth enterprises than those required by any other organisation to participate in public procurement which is: the person should have necessary qualifications capability, experience, resources, equipment and facilities to provide what is being procured; the person should have the legal capacity to enter into a contract for procurement; and the person shouldn't be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the foregoing (Migai Akech 2005). Regulations guard against abuse of government resources, however, they may act as barriers youth and small enterprises. Since the initiation of AGPO program, thirteen categories of goods, works and services were categorised as Reserved where as six where put under preference. Unbundling procurements to quantities affordable to the target group was also permitted. Local purchase/ service order finance and prompt payment for procurements done by the disadvantaged groups is advocated. In addition, it eliminated the mandatory requirement of tender security from bidders in the disadvantaged groups' category (Treasury Circular No. 14, 2013) Enterprises eligible for AGPO goes through two stage registration. The first is the usual business or company registration and the second being special registration to AGPO.

According to AGPO youth-owned enterprise refers to a legally registered business in the form of a sole-proprietorship, partnership or registered company. For both the partnership and the registered company, the ownership in form of capital invested or shares owned should be at-least 70% for the youth. The government also stipulates that the following documents are mandatory for youth enterprises to be considered for the reservation and preference 30% allocation; Identity document, Business Registration Certificate or Certificate of Incorporation, personal Identification number/Value Added Tax Certificate, Tax Compliance Certificate, Partnership Deed for Partnership Business, Memorandum or Articles of Association for Registered Companies and For Construction Category; Letter or

Certificate from the National Construction Authority, Energy Regulatory Commission or any other Authorised Public Technical Body (AGPO, 2015)

For financial assistance, Uwezo fund was set up to promote businesses and enterprises at the constituency level. Eligibility for this fund includes official registration of entity and should have listed youth and women groups within it (UWEZO, 2010) YEDF equally has a number of requirements that precede the award of loans and financial assistance.

From the endless list above, It is of the essence to note that the initial cost of business registration is still relatively high and cumbersome for this specials group. Most exemptions and preferential treatments come to play in the later stages of the business operation for instance, the tendering and operations financing stage.

#### 2.3.4. Patronage Perception

As put by [www.businessdictionary.com](http://www.businessdictionary.com), Patronage is the Power to confer favours, give support and protection, or to appoint to office or position. Providers of patronage (patrons) and receivers (clients) form a network through which access to various resources is obtained. It originates from unequal distribution of power and is closely linked with corruption and nepotism.

OECD (2009) observes that public procurement is traditionally one of the government sectors most vulnerable to corruption due to its size, complexity and the sums of money at stake that provide both incentives and opportunities for corrupt behaviours. In the Corruption Perceptions Index- 2014 done by Transparency International, Kenya was ranked 145th out of 175 countries for corruption with a score of 25 on a scale of 0 (highly corrupt) to 100 (very clean). The Mars Group estimated that recent major grand corruption scandals have cost Kenya over KSh700bn (£5bn). It has reached a point where the citizenry are frustrated by the corruption and impunity exhibited by state officials in collaboration with other actors who misuse public resources despite the tightening legal regime (Kimani 2012) The nation is left wondering if the war against corruption has been lost. The current mega scandals include the chicken gate, biometric voter identification and National Hospital Insurance Fund civil servants' medical cover scheme, Mombasa- Nairobi railway project among others. This culture of consistent nepotism, corruption and political patronage has culminated into a general perception among the citizens that one has to know a figure head to be able to win a tender or even receive any public service. Ethics and Anti-Corruption Commission Perception Survey 2010 indicates that over 80 percent of corrupt practices in Kenya still occur in public procurement (KACC, 2010; Kimani, 2012)

Odhiambo and Kamau (2003) indicate that common corrupt practices in public procurement involve public officers, often under the influence of powerful politicians and businessmen, only inviting preferred firms, favouring certain firms at the short-listing stage, designing tender documents to favour particular firms and releasing confidential information. A World Bank 2007 study tracking corruption vulnerabilities at sector level started by identifying the most common corruption schemes used to manipulate procurement processes such as kickback brokered by local agents, various forms of bid rigging or use of shell companies and provides an overview of the potential vulnerabilities associated with each phase of the government contracting process. Corruption also occur in the tendering process, where specifications can be tailored or publicity restricted to limit competition, confidentiality can be abused, and preparation, submission and evaluation of bids manipulated. There are also many opportunities for abuse of authority in the post-tendering process, when it comes to monitoring contract performance, administration and supervision (Chene, 2009).

A 2004 study of procurement reform in Sierra Leone recommends looking at motivational factors when analysing the drivers of economic and political behaviours in the context of procurement reform. According to Chene, (2009) most studies identify similar factors across countries that create an enabling environment for procurement corruption to flourish, including complex procurement rules and procedures, weak independent oversight and performance monitoring arrangements, large discretionary powers afforded to public officials, frequent political interference in procurement processes, lack of capacity and professionalism of procurement staff mostly appointed on the basis of social and political connections, etc.

Despite a strong functioning legal frame work (public procurement and Disposal act, 2005) corruption is still rampant in Kenya. Finnis (1980 cited in Kimani, 2012) observes that the law does not function in a vacuum. He notes that the law is a social institution whose purpose is to regulate the affairs of people and thus contribute to the creation of a community in which all people can flourish, a community in which everyone can realize basic values. In this way, the law is a moral project and provides a clear connection between moral philosophy and legal philosophy and should be upheld by all actors (Kimani, 2012)

It is imperative to understand that the youth are at a tender age where they have not accumulated enough wealth to match up the corrupt elite, neither do they have substantial political influence in the society. This in turn creates a sense of helplessness which may hinder their participation in public procurement all together or only do so when they have someone who can facilitate their getting the contract.

A study by Kimani (2012) revealed that the principles of good governance as contained in Chapter six of the New Constitution of Kenya on Leadership and Integrity, if properly implemented, will help to address political patronage-related challenges facing public procurement sector in Kenya.

#### *2.4. Critique of the existing Literature*

It is of interest to note that to the researchers' best knowledge; very little research has been carried out on the factors affecting youth participation in public procurement both locally and internationally. To this effect, most literature was based on the review of SMEs participation in public procurement. Never the less, Kamau *et, al* (2014) researched on the access to credit facilities as a major factor hindering access to public procurement contracts by youth entrepreneurs in government ministries in ol kalou sub-county in Kenya. He concluded that access to credit facilities by youth entrepreneurs participating in public procurement should be increased. Mentorship and informative programmes on financial literacy should be rolled out among youth entrepreneurs and youth

entrepreneurs should be trained on business management. The research failed to consider the fact that the government is already training youth on business management and opportunities availability. Measuring the level of success of the training programs in place should have been very informative. This highlights an existing research gap.

A review of the strategic and management interventions to enable youth SMEs participation in public procurement inferred that a public procurement policy and legislative provisions are important to enable youth participation and therefore continuous capacity building and complimentary actions should be taken to facilitate youth SMEs participation (Obanda, 2011) The independent variables considered were training, professionalism, ICT and public procurement regulations. However, the focus of the research was a case study of public institutions which the researcher feels was an indirect address to the issues affecting SMEs (i.e. through the eyes of the buying organisation) This study has sort to address the issue by using the youth proprietors as the main respondents.

Muraguri (2013) researched on the implementation of the youth preference and reservations policy in public procurement. The study was a descriptive survey with a census of 70 state owned enterprises headquartered in Nairobi. Once again, the main focus was directed at the buyers and not the suppliers and thus the response may be skewed towards them.

### 2.5. Summary

The youth play a major part in the economy of a nation. As put by Kenyan politicians, they are “the leaders of tomorrow” and as such the nation can no longer afford to downplay their presence and thus enormous effort should be put to ensure that they are optimally involved in the development of the nation. Participation in public procurement is one way to ensure their involvement. The literature review has illuminated various factors that affect youth participation in public procurement. These factors was assessed as independent variables. They include market awareness, finance availability, Regulatory requirements and patronage perception. Conceptual and theoretical framework on the variables was developed and empirically reviewed. The researcher also critiqued the available literatures and pointed out existing research gaps.

### 2.6. Research Gaps

A vast number of scholars have researched on the factors affecting participation of SMEs and entrepreneurs in public procurement. Even bigger is the number of scholars that has dealt with SMEs financing, patronage/ corruption and training separately in relation to public contracting. Very little has been done with regard to youth enterprises as a unique group. This generalisation of SMEs has led to overshadowing of some vulnerable groups such as the youth and persons with disabilities. As observed by Kamau et,al (2014) there has been no systematic attempt to look at public procurement from a youth perspective. The tendency has been either to subsume the youth into general adult population or to ignore their efforts to forge a livelihood through enterprise activities (Thai, 2001; Kamau et,al. 2014). Furthermore, the few studies done concentrated on other counties in Kenya but not Mombasa. Given the unique features of Mombasa, the results may not be generalised to draw conclusion about Mombasa County thus it forms the basis of this study.

## 3. Research Methodology

### 3.1. Introduction

This chapter highlights the procedure and methodology that was used in collecting and analyzing the data for this study. It includes the target population, sample design, data collection procedures to be applied and the data analysis methods.

### 3.2. Research Design

A research design is the blueprint used to guide a research study, it is used for fulfilling objectives and answering questions (Mugenda and Mugenda, 2003). These research applied case study method of a descriptive nature which was undertaken to ascertain and describe the characteristics of the variables of interest in a situation (Sekaran, 2006) in this case the dependent and independent variables. Descriptive study was chosen for its ability to offer a researcher a detailed profile and describe relevant aspects of a phenomena which in turn led to a better understanding of the youth entrepreneurs, their position in the public procurement market and made it easier to come up with ideas for further future probe. The researcher also applied both qualitative and quantitative data to exhaust all relevant information that was enable valid inference.

### 3.3. Target Population

A population refers to the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran, 2006). The target population was 345 youth owned enterprises within Mombasa County. The official list down loaded from PPOA website indicates 300 AGPO registered youth enterprises in Mombasa as at the time of this study (AGPO, 2015). Unfortunately, the actual data of unregistered youth enterprises is not available in government offices because up until 2013, age group of individuals starting businesses was not captured by the registration system. Furthermore, the age demography changes on a rolling basis in that a youth owned business this year may cease to be one next year. Prior to the study, the researcher identified 45 unregistered enterprises through snow balling making the population add up to 345 youth enterprises.

### 3.4. Sampling Frame

According to Kothari (2004), the ultimate test of a sample design is how well it represents the characteristics of the population it purports to. The reason for sampling in this study is to lower cost, improve accessibility of study population and to enhance the speed of data collection. Due to the lack of reliable data on the total number of youth owned enterprises within Mombasa county, The



population was split into two strata. The researcher is interested in both AGPO registered and unregistered enterprises. The first represented AGPO registered enterprises whereas the second one unregistered enterprises. According to AGPO and PPOA, the number of youth owned enterprises in Mombasa is 300 as at the time of this study. Snow balling technique was used to purposively select 45 AGPO unregistered youth enterprises.

### 3.5. Sample and Sampling Technique

A sample is a few selected people to be used from the population since the whole population cannot be studied. From the first strata, a sample size of 90 enterprises was used (representing 30% of the population as advised by Mugenda and Mugenda, 2003). Systematic random sampling was used to draw the sample, where the first enterprise was selected randomly and there after every 3<sup>rd</sup> enterprise was picked from the continuous list until the required sample is selected. For the second stratum, a survey of the 45 unregistered enterprises previous snowballed was used. In total a sample size of 135 enterprises was used as shown below:

Strata	Population	Sample Size	Sample Percentage
Agpo Registered	300	90	30%
Agpo Unregistered	Not Applicable	45	Not Applicable
<b>Total</b>		<b>135</b>	

Table 1: Target Population and Sample 1

### 3.6. Research Instruments

Both primary and secondary sources of data were used. According to Mugenda and Mugenda (2003), primary source of data are the original sources of data from which the researcher directly collects data that has not been previously collected. Secondary source of data are the sources containing data that have been collected and compiled for another purpose. To collect primary data, both questionnaires and interview schedules was used. Secondary sources of data included websites, books and journals and other publications. Questionnaires were chosen for its ability to reach a large group of respondents within a short time.

### 3.7. Data Collection Procedure

Questionnaires were dropped and picked after a week from the various respondents. For those respondents that faced reading and writing challenges, the researcher administered the questionnaires in an interview format.

### 3.8. Pilot Testing

According to Sekeran (2006) a pilot test is essential for testing the validity and the reliability of data collection instruments. A pilot study was conducted by dropping questionnaires randomly to ten respondents. The data obtained was evaluated to ensure that questions were properly answered. Findings in the pilot study were not included in the final results.

#### 3.8.1. Validity

Validity indicates the degree to which the instrument measures what it is supposed to measure (Kothari, 2004) To ensure precision and relevance of the instrument, the questionnaires were subjected to critical evaluation by both the supervisor and researcher. Ambiguous questions were corrected and edited. Those questions that were not clear were revised to assist improve the questionnaire in order to guarantee its reliability

#### 3.8.2. Reliability

Cronbach Alpha was used to test the reliability of the research instrument. Reliability of the questionnaire was evaluated through its administration to the pilot group. A construct composite reliability co-efficient (cronbach alpha) of 0.6 or above, The closer the reliability coefficient gets to 1, the better Sekaran (2006)

### 3.9. Data Processing and Analysis

Kothari (2004) defines analysis as the computation of certain indices or measures along with searching for patterns of relations that exist among data groups. It is made up of qualitative statistics; analyzing information in a systematic manner in order to come to a useful conclusion and recommendation. The statistical method for this study was descriptive and inferential statistics. Data analysis was done using Statistical Package for Social Sciences computer software (SPSS version 20.0) for windows.

#### 3.9.1. Descriptive Statistics

Descriptive statistics such as mean, percentage and standard deviation was used to present the various characteristics for the data sets such as biographical data. Tables and charts were used to present the results of the study.

#### 3.9.2. Inferential Statistics

According to Kothari (2003) correlation analysis studies the joint variations of two or more variables Correlation of +1 means a strong relationship between the independent variables and the dependent variable. This study used pearsons' correlation Model to test direction of correlation between the dependent variable and the various independent variables. The value of  $r$  lies between  $+1$ . A positive coefficient ranges from 0 to 1.0 this indicates that changes in both variables take place in the statement direction whereas

negative values of  $r$  indicate negative correlation i.e changes in the two variables take place in the opposite direction (Kothari, 2004) Multiple regression analysis described by the model below was used to make a inference between the collective effects of all the four independent variables.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where  $Y$  = Youth participation in public procurement

$\alpha$  = Constant

$X_1$  = Financial availability

$X_2$  = Opportunity awareness

$X_3$  = Regulatory requirements

$X_4$  = Patronage perception

$E$  = stochastic term or error term

$\beta_1, \beta_2, \beta_3, \& \beta_4$  = Regression coefficient

#### 4. Data Analysis and Presentation

##### 4.1. Introduction

This chapter presents the findings and analysis as previously indicated in the research methodology. Responses on the closed ended and open ended questionnaire items was summarised in tables using frequencies, standard deviation and percentages. The chapter is organised as designed in the questionnaire i.e. General information about respondents, followed by analysis of information relating to each specific objective.

##### 4.2. Response Rate

The study was conducted in Mombasa County. 135 questionnaires were issued out to selected youth proprietors. The study achieved a response rate of 70%. 95 questionnaires were returned and all were found valid for analysis after cleaning of data. From the initial snowballed list of 45 AGPO unregistered enterprises, only 38 returned their questionnaires. From the AGPO registered list, 57 Questionnaires were returned and analysed. According to Mugenda (2003) above 50% response rate is adequate for analysis whereas above 70% is very good.

##### 4.3. Reliability Analysis

Total cronbach alpha was 0.72. The reliability analysis for individual constructs was as follows: Opportunity awareness .650, Finance Availability.731 Patronage perception .751 and Regulatory requirements .758. The dependent Variable had .728 as shown in Table 2 below. This suggested a good internal consistency of the questionnaire and thus it was reliable.

Constructs	Number of Items	Cronbach's Alpha
<b>Independent variable</b>		
Opportunity Awareness	5	.650
Finance Availability	5	.731
Regulatory Requirement	4	.751
Patronage perception	4	.758
<b>Dependent Variable</b>		
Youth Participation	5	.728

Table 2: Cronbach Reliability Analysis 1

##### 4.4. Demographic Data

This section discussed gender, age and level of education. Pie charts, tables and graphs were used for analysis.

##### 4.4.1. Gender of Respondents

Most respondents were male (53.3%) however females were well represented at 46.6%. This may be attributed to the fact that SMES enterprises are mostly owned by males due to the cultural responsibility of being providers. However, the resent campaigns encouraging women into business and initiatives such as UWEZO funds, AGPO etc give a youthful female entrepreneur double advantage in business. Table 3 below represents the findings.

	Frequency	Percent %	Cumulative Percent
Male	51	53.3	53.3
Female	44	46.7	100
Total	95	100	

Table 3: Gender of Respondents 1

4.4.2. Age of Respondents

Majority of the respondents were aged between 26-30 years old as shown in the graph below. For more clarity, Figure 2 below was used to show the frequency of their ages.

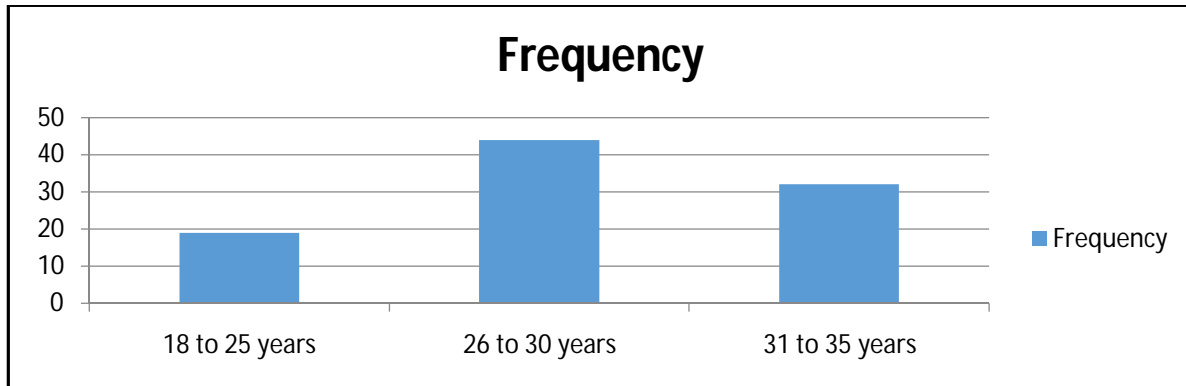


Figure 2: Age of Respondents I

4.4.3. Level of Education of Respondents

The respondents were asked to indicate their level of education and the majority held an undergraduate or post graduate education (Both at 40%) This may be attributed to the fact that a bigger number of youths have bachelors or undergraduate education. Diploma Holders were at a minimal of 6%. The culture within Kenya education system is to further education and therefore a person starting at a diploma level would most probably join undergraduate later and thus non technical certificate and diploma level education is used as a stepping stone to getting a bachelors or postgraduate qualification. Figure 3 represents the findings.

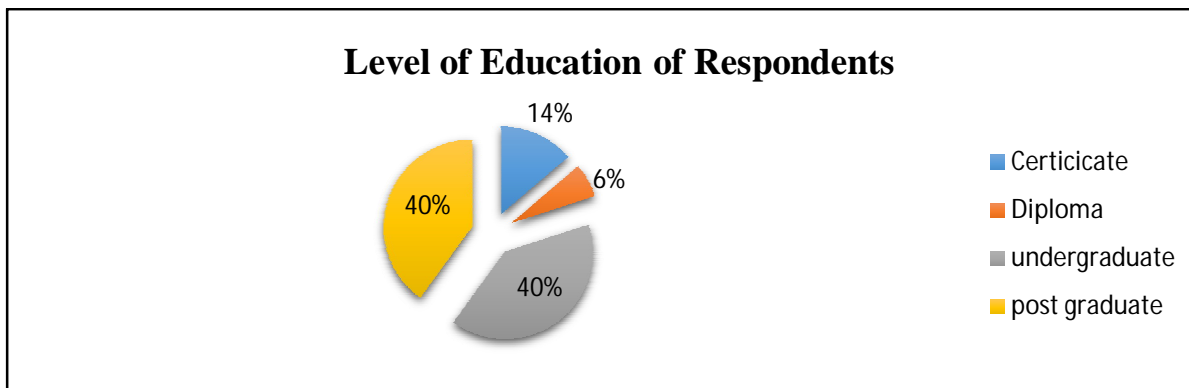


Figure 3: Level of Education of the R I

4.5. Business Characteristics

This section discussed the various characteristics in the youth owned businesses. This includes AGPO registration and type of business ownership

4.5.1. Type of Business Ownership

The respondents were asked to indicate the type of business ownership. Majority were sole proprietors at 53.3% followed by incorporated companies at 33.3%. Findings were represented in table 4 below.

Type of Business Ownership	Frequency	Percent %	Cumulative Percent
Sole	51	53.4	53.4
Partnership	13	13.3	66.7
Company	31	33.3	100
<b>Total</b>	<b>95</b>	<b>100</b>	

Table 4: Type of business Ownership I

4.5.2 Registration with AGPO

The respondents were asked to indicate whether they were registered with AGPO. Table 5 below records the findings. 60% were registered where as 26.7% were unregistered and 13.3% failed to answer.

AGPO Registration	Frequency	Percent %	Cumulative Percent
AGPO Registered	57	60	60
AGPO Unregistered	25	26.7	86.7
Missing Values	13	13.3	100
<b>Total</b>	<b>95</b>	<b>100</b>	

Table 5: AGPO Registration

From the initial snowballed list of 45 AGPO unregistered enterprises, only 38 returned their questionnaires , 13 of whom had missing value under AGPO registration. This may be attributed to lack of knowledge of the existence of AGPO. From the AGPO registered list, 57 Questionnaires were returned and analysed.

4.6. Opportunity Awareness

The respondents were asked to answer questions on Opportunity awareness. The variables included business training, education level, access to tender advertisement, knowledge of AGPO Initiatives and Social network effects on youth participation. The questions were presented in a 5 point likert scale with 5 representing strongly Agree and 1 Strongly disagree. The results were as shown in Table 6 below.

	N	Mean	Std. Deviation
Business training Increases bidding knowledge	95	3.7	0.104
Formal Education increases youth participation in public procurement	95	2.97	0.496
Access to tender advertisements increases response to public tenders	95	3.27	0.884
Increased knowledge of AGPO initiatives increases youth interest in public procurement	95	4.67	1.345
Social networks increases public procurement bidding knowledge	95	4.80	0.362
<b>N (listwise)</b>	<b>95</b>		

Table 6: Response on Opportunity awareness1

The means were 3.7, 2.67, 3.27,4.67 and 4.80 respectively. The average mean for Opportunity awareness was 3.8. Rounded off to 4. This means that a majority of the youth agree that increased awareness will lead to increased youth participation in public procurement.

4.7. Finance Availability

This was the second specific objective of the study. Various questions were asked to determine how finance availability affected youth participation in public procurement.

4.7.1. Current Business Capital base

The respondents were asked to indicate their business capital base (value of the business) Findings are represented in the Figure 4 below. 44 businesses had a base capital of between 50,001 to 200,000 Kes followed by 25 that had above 500,000 Kes. Only 6 businesses had between 200,001 to 500,000Kes.

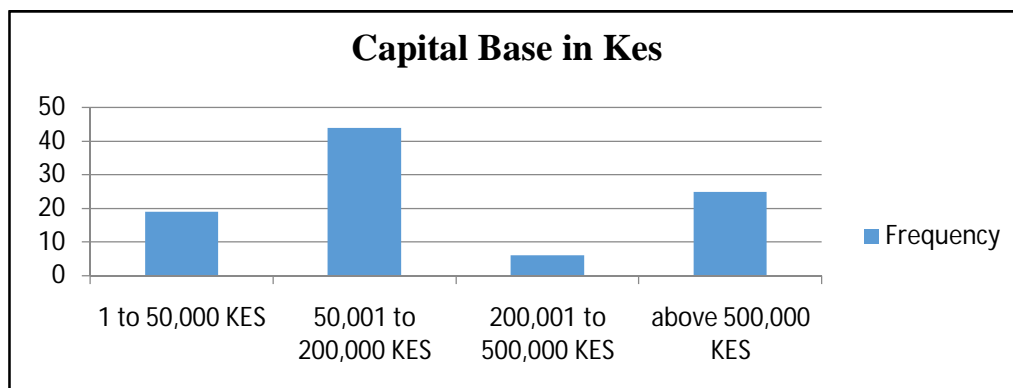


Figure 4: Business Capital base 1

4.7.2. Preferred Capital Source

The researcher sort to know what would be the respondents most preferred capital injection option, if they were to win a government bid. Table 7 indicates the results.

Source of Capital	Frequency	Percent %	Cumulative Percent
Relatives	11	12	12.0
YEDF	2	2	14.0
Loan	59	62	76.0
UWEZO funds	11	12	88.0
Others	11	12	100.0
<b>Total</b>	<b>95</b>	<b>100</b>	

Table 7: Most preferred Capital in 1

Despite a lot of efforts from the government, Majority of respondents did not consider government funds (Uwezo and YEDF) as an option but instead they opted for Loans.

#### 4.7.3. Finances Availability

The researcher needed to know whether the respondents thought easy access to government sources of funds would boost youth participation, they were asked whether availability of alternative sources of tender financing, adequate capital base, swift processing of borrowed funds increases youth participation and bidding. The question was presented in a 5 point likert scale with 5 representing strongly agreed and 1 strongly disagree. The results were as shown in Table 8 below.

	N	Mean	Std. Deviation
Easy access to government sources of funds boosts youth participation in public procurement	95	3.69	.302
Availability of alternative sources of tender financing leads to more participation	95	4.47	.246
Adequate capital base in a business influence public tender bidding	95	3.67	.900
Swift processing of borrowed funds facilitates public bidding	95	3.42	.237
Available finance influence tendering decision	95	4.72	.090
Valid N (listwise)	95		

Table 8: Finance source options Optio 1

An average mean of 3.99 represented total respondents view on available finances, meaning that the majority agreed that finance availability was an important factor that influence youth participation in public procurement. Majority indicated that available finances influence the decision to participate in public procurement with a mean of 4.72. Availability of alternative sources of financing also got a mean of 4.47. Whereas easy access to government sources of funds, adequate capital base, and swift processing of borrowed funds got a mean of 3.69, 3.67 and 3.42 respectively.

#### 4.8. Regulatory Requirements

These objectives sort to establish how regulatory requirements influence youth participation in public procurement. Questions were presented in a five point likert scale. The respondents were asked to indicate their attitudes towards reduced bureaucracy and public procurement, faster business registration process, automated and integrated registration process. 5 represented very easy and 1 very difficult. Mean and standard deviation was used to evaluate the response. The findings are represented in Table 9 below.

	N	Mean	Std. Deviation
Reduced bureaucracy increases participation in public procurement	95	4.79	0.034
Faster business Registration process facilitates efficient public bidding.	95	4.07	0.033
Automated registration process increases motivation to bid	95	3.27	1.799
Integrated registration system (for permits, tax, business registration, YEDF and AGPO) will enhance registration efficiency.	95	4.20	0.775
Valid N (listwise)	95		

Table 9: Level of ease in fulfilling

The aggregate mean for regulatory requirements was 4.08. These indicate that a good number of respondents strongly agreed that regulatory requirements are a major factor impacting youth participation in public procurement. The researcher sort to know whether faster business registration process would facilitate efficient public bidding, this was supported by a mean of 4.07 of respondents. The respondents were also asked whether they thought automated registration process and an integrated registration system would increase bidding and registration efficiency. A mean of 3.27 and 4.2 respectively indicated that the majority agreed.

#### 4.9. Patronage Perception

A five point likert scale with four questions was used to assess the effects of patronage perception on public procurement. 5 represented strongly agree and 1 Strongly disagree. The average mean was 4.1 indicating that respondents strongly agreed that patronage perception influence youth participation in public procurement. The respondents were asked to indicate whether confidence in the tender process influence participation in public. A mean of 4.33 showed they more than agreed it does. They were

also asked whether perceived patronage and Confidence level in AGPO impacted youth participation of which a mean of 4.59 and 3.13 respectively agreed they did. Findings were analysed using the mean and standard deviation measures. The results are represented in Table 10 below.

	N	Mean	Std. Deviation
level of Confidence in tender evaluation process influence participation in public bidding	95	4.33	0.047
Perceived patronage reduces participation in public procurement	95	4.59	0.834
Reduced Confidence in access to Government procurement opportunity- AGPO Initiative affects youth participation in public procurement.	95	3.13	0.640
Patrons in an institution increases probability of tender award	95	4.36	0.990
<b>Valid N (listwise)</b>	<b>95</b>		

Table 10: Patronage perception

#### 4.9.1. Can Patrons Help a non Compliant/Not Qualified Enterprise Win a Tender?

The researcher also wanted to know whether the respondent believed that a patron can help one win a government tender even if not compliant/qualified. The majority 60% said yes and the rest refuted. As shown in the chart below.

#### 4.9.2. Patrons Influence on Bids 1

Can Patrons influence incompliant enterprise to win bids	Frequency	Percent %	Cumulative Percent
Yes	57	60	60
No	38	40	100
<b>Total</b>	<b>95</b>	<b>100</b>	

Table 11

#### 4.10. Youth Participation

A five point likert scale with five questions was used to assess how youth participation is affected by various factors like availability of funds, reduction of corruption and patronage training and reduction in regulatory bureaucracy. The average mean was 4.65 indicating that these factors strongly affect youth participation in public procurement.

	N	Mean	Std. Deviation
Availability of finances increase youth participation in public procurement.	95	4.47	.003
Entrepreneurship training enhance youth participation in public procurement	95	4.53	.600
Access to tender information boost youth participation in Public Procurement	95	4.11	.230
A reduction in corruption enhance youth participation in public procurement.	95	4.94	.050
Reduction in regulation bureaucracy increases youth participation in public procurement	95	4.91	.351
<b>Valid N (listwise)</b>	<b>95</b>		

Table 12: Youth Participation 1

The average mean was 4.6 indicating that most respondents strongly agreed that youth participation is influenced by finance availability (mean of 4.47), Business training (Mean of 4.53), access to tender information(4.11) reduction in corruption and patronage (4.94) and reduction of registration bureaucracy (mean of 4.91)

#### 4.11. Inferential statistics

This section covers the findings of regression and correlation analysis. It includes direction and magnitude of relationship, Goodness of fit Model and Test of significant of model.

##### 4.11.1. Correlation Analysis

A bivariate correlation test that computed pearsons correlation coefficient was carried out to establish the existence of linear association. The correlation coefficients (r) range from 0 to 1. 0.1 to 0.29 is considered weak, 0.3 to 0.49 is considered medium where as above 0.5 is too strong. Table 13 represent the findings.

		Awareness	Finance	Regulations	Patronage
Awareness	Pearson Correlation	1			
	N	95			
Finance	Pearson Correlation	.359	1		
	N	95	95		
Regulations	Pearson Correlation	-.167	-.128	1	
	N	95	95	95	
Patronage	Pearson Correlation	-.517**	.329	-.186	1
	N	95	95	95	95
Participation	Pearson Correlation	.600**	.510	-.260	-.445*
	N	95	95	95	95

Table 13: Pearsons Correlation Analys 1

Pearson correlation between awareness and Finances was .359. This is a positive medium correlation that indicates that one unit increase of awareness will lead to an increase in finances, in the same direction or vice versa. Pearson correlation between awareness and regulatory requirements was -.167 indicating there exist a weak negative correlation between the two independent variables.

Pearson correlation between awareness and Patronage perception was a strongt -.517 suggesting that increased in awareness will lead to a notable increase in patronage perception in the opposite direction. Pearson correlation between Finances and regulatory requirements was -.128 suggesting a weak negative correlation. Pearson correlation between Finances and patronage perception was .329 suggesting a fair positive correlation. This suggests that more finances may be used to secure patrons in an organisation in order to win tenders. Pearson correlation between Regulatory requirements and Patronage perception is a weak -.186. Pearson correlation between regulatory requirements and Participation is -.260 indicating a fairly weak negative relationship between the two variables.

In conclusion, correlation between the Dependent variable (participation) and awareness and participation and Finances was a strong; .600 and .510 respectively. These are positive correlation suggesting that the direction of the relationship is similar. Patronage perception and Regulatory requirements had a negative correlation of -.445 and -.260 respectively with the Dependent Variable. This means that a positive increase of patronage perception and regulatory requirements in one direction will result in an increase of the dependent variable in the opposite direction.

#### 4.11.2. Regression Analysis

Table 14 below shows a model summary that is used to measure how well a regression model fits the data.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.881 <sup>a</sup>	.777	.598	.065

Table 14: Model Summary 1

The above model has an R Squire of .777 meaning that only 77.7 % of the dependent variable measured outcome can be accounted for by these model. The adjusted R .598 is the measure of shrinkage ration that will be observed if the model is applied to a different sample. It shows the amount of predictive loss of the model.

#### → Statistical Significance

ANOVA finding in table 15 below indicates a Significance of 000. It indicates that there is a correlation between the predictor variable (Level of awareness, Finance Availability, patronage perception and regulatory requirements) Hence the regression Model is a good fit for the data.

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.075	4	.339	4.349	.005 <sup>a</sup>
Residual	.021	25	.038		
Total	.096	29			

Table 15: ANOVA 1

Predictors: (Constant), Patronage, Regulations, Finance, Awareness

Dependent Variable: Youth participation in Public procurement.

This study used ANOVA to establish the significance of the regression model with a significant error level of .05. The model was statistically significant in predicting youth participation in given that the regression model had a probability of less than 0.05% of giving a wrong prediction hence high reliability of the results.

#### → Estimated Model of Coefficient

From the established linear equation model below;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where Y = Youth participation in public procurement

$\alpha$  = Constant

$X_1$  = Financial availability

$X_2$  = Opportunity awareness

$X_3$  = Regulatory requirements

$X_4$  = Patronage perception

E = stochastic term or error term

$\beta_1, \beta_2, \beta_3, \& \beta_4$  = Regression coefficient

As depicted by Table 16 below,

	Un standardized Beta	Std. Error	Standardized Beta	T	Sig
(Constant)	.266	.525		5.073	.000
Awareness	.294	.065	.764	4.546	.000
Finance	.140	.060	.330	2.337	.028
Regulations	-.259	.087	-.420	-2.988	.006
Patronage	-.024	.080	-.047	-.294	.041

Table 16: coefficients 1

Table 16 coefficients 2

The established multiple linear regression equation above deduces that Youth Participation in Public Procurement = 0.266 + 0.294 (Awareness) + 0.140 (Finance) - 0.259 (Regulatory Requirements) – 0.024 (Patronage perception)+ E; The Regression equation will be;

$$Y = 0.266 + 0.0.294X_1 + 0.140X_2 - 0.259X_3 - 0.024X_4 + 0.05$$

Where; Constant= 0.266, Indicating that if Awareness, Finance, regulatory requirements and patronage perception were all rated as zero, youth participation in public procurement Will Still be 0.266 (26.6%).

From the standardised Beta;

$\beta_1 = 0.294$ ; Shows that a unit increase in Awareness level results in 0.294 increase in Youth participation other factors held constant.

$\beta_2 = 0.140$ ; Shows that an increase in Finances results in 0.140 increase in Youth participation other factors held constant

$\beta_3 = -.259$ ; Shows that an increase in regulatory requirement results in 0.259 decrease in Youth participation other factors held constant

$\beta_4 = -.024$ ; Shows that an increase in patronage perception results in 0.024 decrease in Youth participation other factors held constant

#### 4.12. Summary

The respondent were required to rate the government's effort towards encouraging and reinforcing youth participation in Public Procurement. Findings are represented in the Table 17 below.

Government Efforts Rating	Percent %
very poor	6.7
Poor	46.7
Average	26.7
Good	20
Very good	0
<b>Total</b>	<b>100</b>

Table 17: Government efforts ratings 1

The majority of the respondents rated government efforts as poor (46.7%) 26.7 thought they were doing an average work.

## 5. Summary of Findings, Conclusion and Recommendation

### 5.1. Introduction

This chapter summarizes the findings of the study. It also gives conclusions and the researchers recommendations from the study findings. An area for further studies was also highlighted.

### 5.2. Summary of the Findings

Summary of the major findings has been designed according to each individual independent variable.

#### 5.2.1. Opportunity Awareness

The descriptive analysis for Awareness revealed a mean of 3.8. This shows that a majority of respondents agreed that awareness influenced youth participation in public procurement. The findings also exposed a significant positive relationship between



opportunity awareness and youth participation. They were perfectly positively correlated. The more the individual is aware of what opportunity are available in the market the more they are likely to take advantage of them. This study supports Mc Mullen Model which states that Entrepreneurs act on what they believe is an opportunity. Signals of changes in the environment represent possible opportunities that get noticed by some individuals but not others. (Hisrich *et al* 2013).

It was however noted that some youths are not aware of the available opportunities within the public procurement sector despite the rigorous awareness campaigns carried out by the government. Majority of the respondents indicated that more awareness through training and notification of available opportunities will lead to more participation in public procurement. This research was in synch with a previous study that pointed out that poor access to information has led many SMEs to be in the dark concerning public procurement and tendering and thus leading to their inability to bid winning tenders, therefore poor participation in public procurement and tendering (Nkonge, 2013)

#### 5.2.2. Finance Availability

Descriptive analysis showed that Finances had a mean of 3.99 which suggests that majority of respondent's consent that Finance availability significantly affects youth participation in public procurement. In view of the fact that procurement results to legal contracts that need resources to fulfill obligations, lack of the resources has an impact on youth participation in procurement. The more finances an enterprise has the more the participation in public procurement. There was a positive correlation between finance availability and youth participation in public procurement. Chigunta (2002); Akwalu, (2014) pointed out that lack of access to finance is one of the major challenge facing youth run enterprises worldwide. These research revealed that a majority of the youth had a capital base of between 50,000- 200,000/= placing them in the small and micro enterprise category. 53.4% of the enterprise was found to be owned by sole proprietors.

A majority of the youth were less reliant on government financial sources due to other reasons like patronage perception, tedious regulatory requirement and high interest rates hence leaving youth with even lesser financing option.

#### 5.2.3. Regulatory Requirements

The descriptive analysis revealed a mean of 4.08 for regulatory requirements. This finding supports a previous study which inferred that the business registration processes for youth enterprises are still cumbersome in most developing countries (World Bank, 2005; Akwalu, 2014). This shows that a majority of respondents agree that regulations requirement affect youth participation in public procurement. The study findings also showed that there is a negative correlation between regulatory requirements and youth participation in public procurement. More regulatory requirements will lead to less youth participation in public procurement. Majority of the respondent also stated that the government has not done enough to ease the regulation burden among the youth and that a further ease would motivate them to participate more. This may be due to the fact that most government initiatives that are meant to lessen the requirements come with some baseline requirements that have to be fulfilled beforehand. It may also be attributed to ineffective implementation of this initiatives or the rampant corruption in the public procurement sector. This finding goes against Michael Porters five forces theory as described in Lysons and Farrington (2012) which states that Competition will intensify when the bargaining power of suppliers increases, when the bargaining power of buyers is high, when there is threat of new entrants in an industry and when there is threat of substitutes. In public procurement, the government is the single biggest buyer with many suppliers and a high spend. This raises the buyers' power coupled with the fact that it has the power to alter competition in favour of the youth through affirmative action. By doing so, it increases the bargaining power of the youth as suppliers within the industry. By endorsing the reservation and preference act, the government created a barrier for entry in given categories of procurement. Offering grants, finances and training aid to youth suppliers results in lower costs of operation for this group and thus enhances their power relative to other suppliers. However, despite government's interventions to elevate the buying power of the youth as suppliers in public procurement sector, the youth are still powerless suppliers with less bargaining power and a weak position within the industry. This calls for more awareness campaigns and better implementation of youth initiatives. It also calls for the government to involve them in designing these programs in order to gain support and collaboration from the affected group.

#### 5.2.4. Patronage Perception

Descriptive analysis showed that Patronage perception had a mean of 4.1 indicating that the majority of the respondents agreed that patronage perception influence participation in public procurement. There was a negative correlation between patronage perception and youth participation in public procurement. The higher the perception, the lower the participation. A famous quote "Kenya has its owners" may be a reflection of what the youth feel about the public procurement sector. This finding compliments a previous study that pointed out that bidding process is not carried out in a fair and honest manner, ethics in public procurement and tendering is not adhered to strictly (Nkonge, 2013). A majority of the youth agreed that it's hard to win a public tender without knowing someone in an organisation. 60% stated that a patron may help an unqualified enterprise to win a bid and therefore this perception ends up influencing the youth decision of whether to participate in public procurement or not.

Component of patronage perception was perceived confidence level in tender evaluation and award process and the award of AGPO membership.

#### 5.2.5. Youth Participation

Youth participation was the independent variable of this study. Multiple regression indicated that the model used had R Square of .777 meaning that 77.7 % of the dependent variable measured outcome can be accounted for by the various independent variables namely

awareness, finances, patronage perception and regulatory requirements. From the descriptive statistics, youth participation had a mean of 4.6 indicating that youth participation is strongly influenced by training, corruption, access to public tender information and financial assistance. Pearson correlation established a perfect positive correlation between youth participation with awareness and finances, but a negative perfect correlation between youth participation with regulatory requirements and patronage perception. It is also imperative to note that majority of respondents rated lowly on government efforts to improve youth participation in public procurement (46.7%). 26.7% thought they were doing average but non voted very good, however only 6.7% voted very poor. The government may have the best of intentions but the citizenry do not applaud its initiatives. The government needs to sell its ideas and initiatives to the citizens and include those it affects in decision making.

### 5.3. Conclusion

The aim of this research was to analyse the factors affecting youth participation in public procurement. Due to the big numbers of this group, it has become necessary to involve them in major economic activities in pursuit of nation building. The study revealed that there is a gap between government strategies on paper and actual implementation of these strategies. Despite a bigger number of youths enterprises having registered for AGPO, Only a small percentage of the youth are reaping the fruits of the government initiatives where as others are left out. To increase the number of youth participation, the government should come up with a more comprehensive and practical solution for youth who have entrepreneurial capacity and also those that do not. This gap is widened by lack of adequate communication and training in available opportunities and a substantial patronage perception. Financial strife and intimidating bureaucracy are also a major hindrance for participation.

### 5.4. Recommendations

The youth are the leaders of today and not tomorrow. Kenya should adequately invest in its youth to ensure a better today and tomorrow. The researcher made the following recommendations;

1. Current strategies like the reservation and preference directives should be effectively implemented and monitored to ensure that the objectives are realized. These will prevent proliferation of public funds to private individuals. Monitory measures should be introduced for procurement officers. These measures should assess whether the initiative objective is met. A further assessment of the individual youths benefiting from the directive should be put into place to reduce cases of the same enterprises getting businesses over and over again just because they have a patron in an organization. A procurement officer with a larger diversified youth enterprise supply base should be rewarded and recognized. This can be attained through a thorough performance appraisal.
2. Practical entrepreneurial skills should be incorporated in the 8 4 4 education system. Current Kenya business issues like introduction of AGPO, UWEZO and other initiatives should be incorporated instead of dwelling on only theoretical outdated information written by foreigners.
3. Improving access to finances by streamlining the borrowing process and offering alternative sources of financing for youth enterprises would enhance participation. The government should look at more public private partnerships with financial institutions targeting the youth with faster more accessible sources of finance.
4. A lot of funds allocated for the youth through Uwezo funds and Youth Enterprise Development funds (YEDF) find its way back to the treasury at the end of every financial year. The government should reduce the cost of borrowing funds, make the funds more attractive by removing excessive bureaucratic requirement such as loan security and the length of time the business should be operational before being considered for funds award. Currently, a business should have been operational for not less than six months for award of YEDF. This leaves out start up enterprises. Besides financial assistance, the government should act as a venture Capital and nurture small business owned by youth to reduce the risk of loan default and business mismanagement. The government should learn from the business model of equity bank that was the first to give unsecured loans consequently taking on a big risk that eventually paid in bounty.
5. Computerisation of entire business registration and tendering process will enhance youth participation in public procurement. This includes integration of processes such as business registration, tax compliance application, business permit, AGPO application and YEDF/ UWEZO application all under one portal/site. Tender notifications should also be posted to the same site to enhance opportunity awareness. This will lead to efficient and effective youth participation in public procurement.

### 5.5. Areas for further Research

The study concentrated on factors affecting youth participation in public procurement, a survey of Mombasa County. Some of the identified factors were Opportunity awareness, patronage perception, finances and regulatory requirement. Further research can be done to establish the effects of formal education on youth participation in public procurement. The role of information technology on youth participation in public procurement also present an interesting research area.

## 6. Dedication

I would like to dedicate this project to my classmates and all professionals in procurement and supply chain management. To my dearest Mother- Mary Muthoni, whose constant support invigorated my desire for academic success.

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## 8. Acronyms

- KNBS: Kenya National Bureau of Statistics
- SMEs: Small and Medium Sized enterprises
- OECD: Organisation of Economic Co-operation and development
- WTO: World Trade Organization
- TVET: Technical and Vocational Education and Training
- KYEP: Kenya Youth Empowerment Project
- MDGs: Millennium development Goals
- AGPO: Access to Government Procurement Opportunity.
- LAPSET: Lamu Port- Southern Sudan- Ethiopia Transport Corridor.
- PPDA: Public Procurement and disposal Act 2005.

## 9. Definitions of Key Terms

- Disadvantaged Group- Has been used in this study to refer to women, youth and persons with disabilities. These are categories of persons or groups previously disadvantaged by unfair competition or discrimination (AGPO, 2014) also referred as vulnerable group.
- Micro enterprise means a firm, trade, service, industry or a business activity; whose annual turnover does not exceed five hundred thousand shillings; which employs less than ten people; and whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time (Micro and small enterprises Act, 2012)
- Small enterprise means a firm, trade, service, industry or a business activity; whose annual turnover ranges between five hundred and five million shillings; which employs between ten and fifty people; and whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time (Micro and Small enterprises Act ,2012)
- Small and Medium Enterprises these are small enterprises with 11-50 employees; and a medium/large enterprise with more than 50 employees (National Micro and Small Enterprise Baseline Survey, 1999)
- Procurement: The acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets, services or goods including livestock or any combination (PPDA, 2005)
- Youth: Any citizen who has attained the age of eighteen but has not attained the age of thirty five years (National Youth Enterprise Development Authority Bill, 2012)
- Value for Money: Draft zero defines this as the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirement (PPOA, 2009)
- Preference is defined as the right or opportunity to select a person from an identified target group that is considered more desirable than another (Public Procurement and Disposal (County Governments) Regulations, 2013.)
- Reservation is defined as setting aside goods, works, or services to a defined target group in a county within a specified threshold (Public Procurement and Disposal (County Governments) Regulations, 2013.)

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