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**RESULTS & DISCUSSION**

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# THE ROLE OF LEADERSHIP IN THE GROWTH OF YOUTH OWNED ENTERPRISES IN KENYA: A CASE OF NYERI COUNTY

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## ABSTRACT

*Leadership is an important component in the growth of business enterprises in any given society. The study evaluated the youth leadership skills and its impact to business growth of youth enterprises in Kenya. Through stratified sampling a sample of 30 business enterprises were studied. Results revealed that leadership skills and styles as well as followers behavior had a positive relationship with business successes. The study recommends that a planned form of leadership training should be given to the youth venturing in business to boost their leadership capabilities.*

## KEYWORDS

Youth, Business, Enterprise, Entrepreneur, Leadership.

## INTRODUCTION

History suggests that in the eighteenth century when large formal networks were being established at the workplace, workers were engaged at the shop floor for most of their time. As a result they had little time to nourish their social relationships that comprised primarily of the family and society. This became a major source of discontentment among workers and it threatened their ability to derive a sense of purpose and meaning from life. It was then that the scholars turned to the heads of organizations. They hoped that they would play the role of the creator and perpetrator of purpose and values, helping employees to see meaning in what they were doing. Hence, the relationship between leadership and its role in establishing a sense of purpose was established, and leadership became synonymous with stewardship of values and meaning Ferber (2002).

It is believed that, good leadership generates investor goodwill and confidence. Thus corporate leadership has been identified to have a significant impact on the performance of firms. For instance, Dittmar (2007) show that good corporate leadership is able to double the value cash holdings of firms as compared to poorly governed firms. They again show that the market value of excess cash for well-governed firms is about one half times of the market value of excess cash of poorly governed firms. More interestingly it is shown that well governed firms have their cash resources better "fenced" in and that firms with poor corporate leadership structures dissipate excess cash more quickly Dittmar (2007). In other studies Pinkowitz (2006) on leadership, cash and dividends show that good corporate leadership enhances the value of cash holdings. Thus, it is clear that poorly governed institutions are less efficient in their performance.

Good leadership for successful businesses cuts across age and gender. Unfortunately, youth owned SMEs are faced with the threat of failure with past statistics indicating that three out five fail within the first few months of operation (Gok, 2007). This is a major blow bearing in mind that In Kenya majority of the managers and business owners fell within 25-34 year age bracket. Clearly, most micro and small enterprises are owned and mainly run by people in their late 20s and early 30s (GoK, 1999). Yet youth leadership is part of the youth development process and a major component in the achievement of Kenya's vision 2030.

It is against this background that the study aims to examine the role of leadership on the growth of youth owned enterprises in Kenya, exploring the challenges faced and the ingredient the youth bring in the development agenda in Kenya. Emphasis is put on youth enterprises that were funded by Youth Enterprise Development Fund (YEDF) in Nyeri county, a fund established in 2007 to empower youths in the country.

## LITERATURE REVIEW

### LEADERSHIP SKILLS

Leadership is genuinely connecting with those you work with and who work for you. When you connect well with others, you develop a trusting, productive relationship that benefits everyone (Cole, 2004). To be a leader, one needs an exclusive set of human relations and interpersonal skills. In any business, exceptional leadership skills are needed in order to succeed. Whether you own the business, manage it or is an employee looking to make way up the corporate ladder, the right leadership skill is essential in order to reach your goals. Both human and technical skills are essential for any business. Such skills are important in decision making which has a direct impact on a leader's acceptability (Kimani, 2008).

### INFLUENCE OF LEADERSHIP STYLES

Kurt Lewin (1930) developed a leadership framework based on a leader's decision-making behavior. Lewin argued that there are three types of leaders: Autocratic leaders make decisions without consulting their teams. This is considered appropriate when decisions genuinely need to be taken quickly, when there's no need for input, and when team agreement isn't necessary for a successful outcome. Democratic leaders allow the team to provide input before making a decision, although the degree of input can vary from leader to leader. This type of style is important when team agreement matters, but it can be quite difficult to manage when there are lots of different perspectives and ideas. Laissez-faire leaders don't interfere; they allow the team to make many of the decisions. Typically this happens when the team is highly capable and motivated, and it doesn't need close monitoring or supervision. The leadership theories and styles discussed so far are based on research. However, many more terms are used to describe approaches to leadership, even if these don't fit within a particular theoretical system.

According to Conger (1999), most theorization and empirical studies on charismatic and transformational leadership have been conducted in the area of leader behaviors and their effects. The theoretical perspectives held by these groups appear essentially to have in common the following elements: (a) influencing followers by establishing a vision for a better future, (b) inspiring followers as opposed to controlling them, (c) leading by example through role modeling, (d) contributing to subordinates' intellectual stimulation, (e) enhancing meaningfulness of goals and behaviors, (f) fulfilling followers' self-actualization needs, (g) empowering followers through intrinsic motivation, (h) exhibiting confidence in subordinates' ability to attain higher levels of achievement, and (i) enhancing collective identity (Conger, 1999).

### CHARACTERISTICS OF FOLLOWERS

As organizations become more and more team-based, managing diversity forms a major challenge for organizations. Folk wisdom has it that 'birds of a feather flock together' but also that 'opposites attract.' These two proverbs predict opposite processes: similar people might work well together, but dissimilar people might like one another. Empirical findings support both. Some researchers have found positive effects of diversity. For instance, diverse groups consider a

greater range of perspectives and generate more high-quality solutions. The number of team in an enterprise may be viewed in terms of departments and workgroups (Cole, 2005).

Researchers now recognize that there are at least two distinguishable dimensions that contribute independently to overall performance. Task performance bears a direct relation to the organization's technical core, either by executing its technical processes or by maintaining and servicing its technical requirements. In contrast, contextual performance supports the broader, organizational, social, and psychological environment in which the technical core must function. Conway (1999)

Technical-administrative task performance includes all non-leadership oriented tasks such as paperwork, organizing, planning, quality of output, and business judgment. In contrast, leadership task performance involves human relations and people management, as well as motivating, supervising, and evaluating subordinates. Although similar in some ways, leadership task performance is distinguished from contextual performance in that it is specifically oriented toward goal achievement and focuses primarily on guidance and motivation, whereas contextual performance emphasizes promoting morale and showing personal concern (Conway, 1999).

In modern organizations, teams have become the method of choice for responding quickly to technological and market changes and thus improving the organization's chances of survival. Considerable research effort and human energy have been invested in understanding how to create and develop effective teams. Although research on teams within organizations has developed somewhat independently from research on organizational conflict, over the past 20 years an increasing number of studies have emphasized the impact of conflict on team dynamics and outcomes. Conflicts are common within the interpersonal context of teams, as are attempts made to manage these conflicts. In such conflicts, team members become aware of discrepancies, incompatible wishes, or incompatible desires. Among other issues, teams must contend with conflicts over how to distribute work and rewards effectively and fairly, how to cope with social loafing, and how best to accomplish their goals (Wageman, 1995).

## IMPORTANCE OF THE STUDY

The study is beneficial to various parties including youth group and the civil society the government and other stakeholders for budgeting and planning at the national level. In particular it will assist the government in designing the most appropriate leadership training that enables SMES improve their performance. The study also sets a foundation for further research focusing the youth as the springboard of economic development in Kenya

## STATEMENT OF THE PROBLEM

Leadership is core to future business and economic success and is required in the process of envisioning; motivating and building confidence in an enterprise. It is vital in making difficult decisions and risk taking during periods of both growth and recession (GoK, 2005). However, most youth owned enterprises in Kenya that start small, stay small. These enterprises are faced with slow growth rate with past statistics indicating that three out five fail within the first few months of operation and the remaining 40% that survives register slow growth (GoK, 2007). Leadership remains one of the most relevant aspects of the organizational growth context in defining the unity of direction and purpose of the enterprise (Mead, 1999) as well as identification of investors and generation of investor goodwill and confidence that are important for significant impact on the performance of these firms (Longenecker, 2006).

In exploring the above concern this study aims to examine the role leadership plays in the growth of youth owned enterprises in Kenya with a special focus on youth enterprises that have been funded by Youth Enterprise Development Fund (YEDF) in Nyeri municipality, Kenya

## OBJECTIVES

1. To investigate the role of leadership on the growth of youth owned enterprises.
2. To establish the effect of the leader's attributes to the growth of youth enterprises.
3. To assess the extent to which leadership styles influence the growth of youth enterprises.
4. To examine the influence of followers on the growth of youth enterprises.

## RESEARCH QUESTIONS

1. What is the role of leadership on the growth of youth enterprises ?
2. What effect do leader's attributes have on the growth of youth enterprises?
3. How do leadership styles influence the growth of youth owned enterprises?
4. How does follower behaviour influence leadership?

## RESEARCH METHODOLOGY

The study focused on a total population of youth groups owned enterprises funded by YEDF in Nyeri Municipality with a total population of 120 businesses as shown in the table below:

TABLE 1: STUDY POPULATION

Size of enterprise	Number of enterprises
5-10 employees	60
11-15 employees	40
16-50 employees	20
Accessible population	120

Through stratified random sampling a 40% sample was used as depicted in the table below:

TABLE 2: SAMPLE SIZE

Size of enterprise	Number of enterprises	Representative sample of 40%	Sample
5-10 employees	60	30	18
11-15 employees	40	30	12
16-50 employees	20	30	6
Total	120	30	36

Questionnaires and interview schedule were used as data collection instruments. In order to ensure reliability of the research instruments, a test-retest method was used in order to estimate the degree to which the same results would be obtained with a repeated measure of accuracy of the same concept. A pilot test was administered to ten members of youth enterprises who were not part of the sample after two weeks the same tool was administered to the same group of respondents. A correlation coefficient of 1.0 was obtained it was acceptable because it was above 0.8 as cited by Nachmias and Nachmias (1996).

Once the data was collected it was edited to ensure consistency across the respondents and locate any omissions. It was also summarized, coded and analyzed using descriptive statistics with a view of presenting the results to the readers. The study used the Statistical Package for Social Science (SPSS) to derive descriptive statistics and facilitate proper presentation in form of tabulation, percentages, frequencies and pie charts. This enabled the researchers to make inferences, recommendations and conclusions.



## DATA ANALYSIS AND INTERPRETATION

From this study, eighty percent (80%) of the respondents were between 21- 35 years of age this revealed that more youth were engaged in business; Only one out of 32 respondents were above the youth age, that is below 35 year of age. Interesting persons aged between 15–20, were 18% an indicator that community awareness level was high among the young people.

### EFFECTS OF LEADERSHIP SKILLS ON THE GROWTH OF YOUTH OWNED ENTERPRISES

The study revealed that the level of leadership training received was too minimal as represented on table 4

**TABLE 3: ON WHETHER TRAINED ON LEADERSHIP SKILLS**

Variable	Yes	No	Total
Negotiation/decisional skills	10 (31%)	22 (69%)	32(100%)
Interpersonal/communication skills	14 (44%)	18 (56%)	32 (100%)
Conceptual /design skills	5(16%)	27(84%)	32(100%)

### EFFECTS OF THE LEADER'S ATTRIBUTES TO THE GROWTH OF YOUTH ENTERPRISES

On how leadership enables the staff to develop their intra-preneurship characteristic; innovativeness was inclined to negative where 39% of the respondents disagreed. The respondents indicated the same on risk-taking where 40% of the respondents disagreed. Leadership was failing in developing the two characteristics in their employees.

However, on creativity, 45% agreed, 24% disagreed and 31% were not sure. Team building character development was also positively rated with 44% of the respondents agreeing, 19% undecided and 37% disagreeing.

When the respondents were asked to rate their leaders in respect to knowledgeability, outgoing level, inspirational grounds, qualification and motivational aspects, the respondents positively indicated knowledgeable and qualification. On attribute of outgoing, inspirational and employee motivation, the respondents indicated negative.

On whether leaders were knowledgeable, 57% of the respondents agreed they were, 16% were undecided and 27% of them disagreed. They also agreed at 50% that their leaders were knowledgeable and experienced in their work, with 22% undecided and 28 % disagreed.

The leaders were poorly scored on being outgoing, where 44% of the respondents disagreed, 37% were not sure and 21% agreed they were. Leaders of the youth enterprise were not inspirational as indicated by 41% of the respondents who disagreed, 29% were undecided and 30% agreed. The leaders were not motivating their workers as indicated by 48% of the respondents, 26% not sure and only 26% agreed

### RELATIONSHIP OF LEADER'S ATTRIBUTES ON BUSINESS PERFORMANCE

Leader's attributes influence performance of the business where sixty nine percent (69%) of the enterprises that leadership was innovative, creativity and risk taking indicated positive growth of the enterprise. 72% of enterprises with qualified and risk taking showed continued sustainability while 56% on were successful where the leader was good in team building .This is attributed to the competitive nature of the enterprises in this area of study where most young people start business at an early age.

### INFLUENCE OF LEADERSHIP STYLES ON GROWTH OF ENTERPRISES

On employee involvement in meetings, 55% of the respondents agreed that they were involved. Only 26% indicated otherwise; that were not involved in the meetings. The consultation of employees before decision making were made, forty four percent (44%) agreed that they were consulted while 31% were not. Twenty two percent (22%) of the respondents were undecided on whether they were consulted.

On the question whether leaders made all decisions alone, 31% were undecided, 36% agreed and 33% disagreed. Thus, most of the respondents were for the opinion that leaders made decisions alone without consulting. On whether employees were creative and innovative on their own, 39% of the respondents were undecided, 39% were not in agreement while 22% agreed. Therefore the respondents were inclined to the negative.

This goes hand in hand with the leadership style.

#### 4.5.2 Relationship between Leadership Style and Business Performance

Enterprises with democratic leadership indicated high growth as supported by 52.27% while poor choice of leadership style indicated negative growth this was in line with Lewin (1990) who emphasis on proper choice of leadership styles.

### CHARACTERISTICS OF FOLLOWERS AND THEIR INFLUENCE ON THE GROWTH OF YOUTH ENTERPRISES

On whether the enterprise had adequate number of staffs, 73% were positive and only 27% indicated otherwise. On whether, the nature of task the employees were assigned matched their qualification and experience, 82 % of the respondents indicated that the task given was not in line with their qualification and experience. Only 18 % of the respondents were positive about it as shown in table 5

**TABLE 4: CHARACTERISTIC FOLLOWERS**

Variable	Yes	No	Total
Availability of adequate Number of Staff and teams	23 (72%)	9(28%)	32(100%)
Nature of Task Assigned in relation to Qualifications and Experience	6 (18%)	26(82%)	32(100%)
Employees' Qualification and Task Performance	19 (60%)	13 (40%)	32(100%)
Given a job Description on Employment	8 (25%)	24 (75%)	32(100%)
Supervisor adherence to the Job Description when Assigning Roles	11 (35%)	21(65%)	32(100%)
Induction Process upon Employment	9(28%)	24 (72%)	32(100%)

## RESULTS AND DISCUSSION

From this study it clear that majority of the managers and business owners fell within 25-34 year age bracket. Clearly, most micro and small enterprises are owned and mainly run by people in their late 20s and early 30s (GoK, 1999). Those not trained reported that their businesses were doing poorly as compared to those who had some form of leadership training. On the other hand the qualifications of entrepreneurs had an influence on business growth which is in line with Peterman & Kennedy (2003) who asserts that enterprise education has a positive impact on leaders attributes, and in effect business growth. Autocratic style of leadership was singled out as a cause for diminish growth trend. There is a positive relationship between the followers behavior and the business performance.

## CONCLUSION AND RECOMMENDATIONS

In conclusion the role of Leadership in the growth of youth enterprises has enormous impact on the success and survival of these firms. Leadership skill, appropriate leaders' attributes, use of proper leadership styles and team building determines the growth of youth enterprise. However the study established that there is lack of leadership skills in the management of youth enterprises, inappropriate choice of leadership styles, and weak leadership strategies in motivating and team building. Leadership aim at broadening and elevating the interests of followers, generate awareness and acceptance among the followers of the purpose and mission of the group and motivate followers to go beyond their self-interests for the good of the organization.

The study recommends that the enterprises should offer leadership training to young people who are engaged in business because youth forms the spring board for economic development. The Youth Enterprises Development Fund (YEDF) should embark on conducting regular leadership workshops to the enterprises which they have funded in order to make them more adoptable to the business world. Moreover, the ministry of education should design a curriculum that will enable young people to inculcate the culture of entrepreneurship from the primary level up to the university.

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