

Assessing Factors Affecting the Performance of Youth Owned Manufacturing SMEs. A case of Kweneng District Council.

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Abstract—

The issue of sustainable growth and performance has been a growing concern for policy makers and researchers in developing countries like Botswana. The mortality rate of SMEs in Africa remains high. In Botswana seventy percent of SMMEs fail within the first eighteen months of operation while the overall failure rate is around eighty percent, (BIDPA, 2016). Such drastic growth has become a threat to the social, economic and political stability of the country. Part of the solution to Botswana's unemployment problem can be job creation through youth empowerment in manufacturing. Poor performance of youth owned SMEs particularly those in manufacturing attributes to many factors and entrepreneurial aspects. This makes performance the major constraints hindering the growth and potential of youth owned manufacturing SMEs in enhancing economic growth and diversification, thus the focus for this study. Both success and failures of this sector is eminent with past statistics indicating that three out of five fail within the first few years of operation. Given the state of youth owned manufacturing SMEs in Botswana, this has inspired an investigation into factors affecting the

performance of youth owned SMEs in manufacturing in Kweneng district Methodology research design was descriptive, abductive and the mixed sampling approach combining both random and purposive sampling technique using of a semi-structured questionnaires in 150 participants. Social Package for Social Sciences (Version 25.0) coded and analyzed completed questionnaires. Findings were presented in frequency tables, pie charts and bar graphs.

Conclusion, there is need for implementing customer relations among youth businesses for benchmark, growth and continuous improvement. Recommendations, training and skills development for SMEs, customer relations, direct private partnership, and social media usage can be used as an effective tool to business sustainability. These and many more concerns will be addressed in the paper.

Keywords— *Small medium enterprise, performance, entrepreneurial training, business training, credit facilities, financial institutions*

INTRODUCTION

Small Medium Enterprises play a crucial role in achieving the industrial and economic development objective in Botswana economy (Rhodes, 2012). While their diverse nature makes their actual contribution to the economy somewhat complex, SMEs play an essential role in job creation especially for unskilled and semi-skilled (Mutoko, 2017). Workers also have the potential to earn foreign exchange. Many researches such as Ongori, (2010) earmark SMEs as the cornerstone of both developed and developing economies. Governments view this sector as a major source of employment, economic growth and wealth creation (Asta, 2010).

Small and medium enterprises have stake in most economies across the world. SMEs are form in a wide array of business activities. These ranges from a single artisan producing agricultural implements for the village market and a medium-sized automotive parts manufacturer selling to multinational automakers in both domestic and foreign market (OECD, 2014). The increase in attention in SMEs has become more important since the economic impact of the 2007/2008 financial crises on economies globally (Ingwe, 2018). With globalization, developing countries are becoming increasingly interdependent for international exchange of goods, labor, innovation, networking and technology.

The phenomenon demands that all economies become proactive, identify opportunities that offer comparative advantages and take innovative steps to economic growth, job creation, employment generation and prosperity. Hence, SMEs play a major central role concerning entrepreneur skills, innovation and employment (Kinyua, 2014). World Bank Reports, (2015) reports indicates that formal SMEs contribute to 45% and 33% to total employment and Gross Domestic Product (GDP)

respectively in emerging economies. According to the International Labour Organisation, (2015) there is approximately 365-445 million micro, small and medium enterprises (MSMEs) with 285-345 million belonging to informal enterprises.

It is estimated that there are about 56300 SMEs currently operating in the country, employing 125 000 people, including business owners. In a 2010 study of the role of SMEs in Botswana, these enterprises contribution to GDP was estimated 30-45 percent, while that of larger firms was estimated at 38-48 percent of GDP. SMEs account for 15 percent of formal employment, implying that job creation is one of their most important contributions. SMEs have been a central pillar for the creation of the world's most dynamic and competitive European economy. According to data from the European observatory (ENSR, 2005) Small and Medium Enterprises employing up to 100 people accounted for 68 million jobs in the European Union in 2005.

In South Africa SMEs provided more than 55 percent of total employment and 22 percent gross domestic product in 2003 (OECD, 2015). In Botswana, manufacturing small medium enterprises have employed majority of youth and women, which accounts to 31% of the total jobs and contributes an estimated 5.3% to the country's Gross Domestic Product (BIDPA, 2016). The SMEs sector is the main driving force behind job creation, poverty reduction, income distribution and reduction in income disparities, based on this Botswana Government is highly concerned with developing entrepreneurship especially youth empowerment (Rhodes, 2012).

The mismatch between high rate economic growth and job creation is widening income inequalities and fueling social tensions. It is therefore vital to increase employment intensity of growth through

policies that enhance youth empowerment as part of the solution to unemployment problems. International Labor Organization, (2015) statistics reported global youth unemployment rate of 13% in 2014 estimating seventy-three million young people unemployed, with European Union members dominating, occupying eight of the top ten spots indicating 7.5 million unemployed young Europeans. While contributing to economic development, SME entrepreneurs face many obstacles that limit their long-term survival and performance. Research on small business development has shown that the rate of failure in developing countries is higher than in the developed world (Mutoko, 2015). Past statistics indicate that three out of five businesses fail within first few months of operations (Mugo, 2012).

Nyaboga, (2015) looked into lease competence and structure effect on SMEs performance in efforts to determine favorable lease terms with positive connections to SMEs cash flows. The study concluded low competences among lessee managers hence constrained payment of rental fees that in return affect SMEs cash flow. Protogerou, (2017) looked into human capital for new firms. Similarly, Blasco, (2013) considered employment policies that are not adhered to for better employees' working conditions. The above studies failed to bring out the internal decisions by SMEs on funding, costs incurred in ensuring day to day running of the firms activities as well as embracing technology to enhance operational efficiency.

This is evident that SMEs still face challenges despite being a major contributor in Botswana economy. before looking into endurance of SMEs in Botswana, they is a need establish SMEs characteristics rendering them weak in relation to accessing finance, business competition and internal weaknesses that affect SMES operation putting into consideration; economic environment,

human capital and technological aspect and their cost implications with focus on formal and informal youth owned manufacturing sector in Botswana.

According to OECD employment outlook 2015, the country with the highest youth unemployment is Spain, with over 53% of the labor force aged 15-24 out of work. Over half of those aged between 15-24 are also unemployed in South Africa and Greece. Shimmer, (2012) argues that the youth make up the bulk of the total number of unemployed in Africa. They represent 60% of total unemployment in the region. The ratio youth-to-adult unemployment rates drastically rises in countries such as Tunisia, South Africa and Morocco where young people are nearly three times more likely to be unemployed than their adult counterparts (Shimer, 2012).

According to John, (2012) youth in Africa are not only marginalized, excluded from the society as functional and effective agents of change, progress and social dynamics, but also, they undermined to access opportunities for economic growth. This has led to a situation where most youth in Africa are idle while others are involved in crime, thus affecting the socio-political stability (John, 2012).

To curb the problem, nations across the globe are encouraging youth to venture into entrepreneurship as a way of earning a living and reducing cases of youth unemployment (Makubo, 2015). Nonetheless, venturing into entrepreneurship is not panacea for youth unemployment itself. Youth have to learn how to run successful business entrepreneurship start-ups (Osterwalder, 2010). Osterwalder, (2010) defines successful youth business start-ups as entrepreneurship ventures that have effectively identified customer problems, found solutions, added value and established channels to deliver solutions.

The SMEs sector is notoriously volatile and experiences a high degree of business closure and shrinkage (Eriksson, 2006). This is highly exemplified in informal settlement that constitutes Kweneng District, the site of this study. According to Nyaga, (2010) failure to engage the youth decently and productively has systematically driven them into crime. Despite successive efforts made by the government of Botswana in creating initiatives to make the business market conducive for SME, studies seem to bemoan the existence of this business sector that still needs a lot of improvement. The mortality rate of SMEs in Africa remains high. According to Mutoko, (2017) in the study of five African countries, found that most firms started with 1-5 employees and never expanded. Further, less than 1 percent grew to a size of about 10 employees (Mutoko,2017).

In Botswana 70%, SMMEs fail within the first eighteen months of operation while the overall failure rate is around 80% (BIDPA, 2015). The 2012 global entrepreneurship monitor (GEM) report, which highlighted that the survival rate for local start-up businesses in Botswana is low by global standard, corroborates the poor survival rate. The concern to the entrepreneur is what measures can be implemented to survive in a competitive market. A survey done by BIDPA, (2010) notes that the majority of the respondents indicate they joined the informal sector because they were unemployed and had to take the informal business as the last resort.

Despite the globally accepted view that SMMEs are a much-needed panacea to promote economic development, particularly that they contribute to job creation, poverty eradication, and improved lifestyle, research into the causes and impact of SMME failure is still negligible in the developing and underdeveloped countries of the world and Botswana is not an exception from the challenge.

Furthermore, they still lack a consolidated framework for putting the challenge into perspective to make it easier to tackle at all the levels.

Nonetheless, SMEs are essential at both household and national level. To individual household they provide employment and raise the standard of living of both employers and employees. To the nation, they complement large scale modern sector creativities, they utilize agricultural and other raw materials that would have gone to waste, they serve limited markets that warrant only small scale production, they mobilize resources otherwise left out of the mainstream formal mobilization channels and they provide the necessary platform for takeoffs into large scale modern production (Bwisa,2011).

Given the high per capita income of this diamond-rich country, however this is still considered high. Currently youth unemployment rate in the country stands at 35.67% from 24.19% experienced in 2000 for which 9% accounted Kweneng district (BIDPA, 2016). Batswana youth have a higher dependency rate compared to comparable countries, attributable to unemployment, limited skills and lack of resources and opportunities (BIDPA, 2016).

This high unemployment indorsed to a number of factors. First, the mining sector, which is the backbone of the economy, is an enclave that is unable to absorb the teeming numbers of unemployed due to its capital intensity. Secondly, many people engaged in the traditional agriculture sector abandoned this activity because of incessant problems of unfavorable weather and disease. Thirdly, the education system in Botswana is not producing people with the right skills mix for engagement in the private sector that has become increasingly skill-intensive. With the mounting inflation of 12.6% in 2008-9, let alone the difficulties SMEs face in accessing financial aids, SMEs are barely making it to their second birthday

(Mutoko, 2015). Moreover, influx of cheaper foreign products particularly from Asia and China brought stiff competition for Kweneng youth owned manufacturing firms that fail up the pace due to expensive raw material imports and overall production costs (BIDPA, 2016).

Such drastic growth has become a threat to the social, economic and political stability of the country. This high unemployment rate brought range of social ills including increased crime rate, prostitution, HIV/AIDS pandemic, teenage pregnancy, alcohol abuse and poverty mostly amongst the youth in Kweneng district. Creation of employment to absorb youth and also make the youth employable from an appropriate training are key challenge not only to the Kweneng district but also to the current Botswana economy.

This challenge seems to be indescribable in terms of resolutions and evidently call for suitable strategies and programs that can resuscitate back the SME sector.

These situations are exacerbated by the competitive pressure that results from rapidly growing labor force, the inadequacy of social protection schemes and active labor market policies, which means that young people have little support beyond that of family and friends (Kimando, 2012). Therefore, there is a need to assess factors affecting the performance of youth owned manufacturing SMEs.

SMEs are prospective to making a meaningful reduction in the high level of unemployment and contribute to the Gross domestic product of the local economy. The sector therefore plays a key role in employment creation, income generation and is the bedrock for industrializing the country in the near future. Despite their significance, statistics however show that SMEs die within their first five years of existence (Agwu, 2014), with the situation being no different to Botswana. Over 80% of youth

manufacturing SMEs fail (BIDPA, 2016). Despite their significant contribution to Botswana economy, the 80% failure rate leaves much to be sought. This challenge seems to be elusive in terms of solutions and clearly requires a need for assessment of factors affecting the performance of youth owned manufacturing small medium enterprises.

To assess factors affecting the performance of youth owned manufacturing SMEs in the Kweneng District.

1. To find out the effect of entrepreneurial training on the performance of youth owned SMEs in Kweneng District Council.
2. To determine how access to credit facilities influence the performance of youth owned SMEs in Kweneng District Council.
3. To establish if business competition does influence performance of youth owned SMEs in Kweneng District Council.
4. To assess whether government of Botswana has relevant SMEs policies to promote growth of youth manufacturing SMEs.
 1. What effect does entrepreneurial training have on the performance of youth owned SMEs in Kweneng District Council?
 2. How do credit facilities affect the performance of youth owned SMEs in Kweneng District Council?
 3. Does business competition affect the performance of youth owned SMEs in Kweneng District Council?
 4. How relevant are Botswana government policies in promoting manufacturing SMEs?

This study will to make a credible theoretical contribution to SMEs financing literature in Botswana. Youth can use the findings to advance the performance of their enterprises. It is expected that this study will shed more light on factors influencing the performance of youth owned manufacturing SMEs and guide policy makers

particularly youth in formulating policies and strategies that will address performance of sustainable youth owned SMEs in the area and in Botswana at general.

The government can use the findings to empower youth and develop appropriate policies to nurture youth enterprises. Private sectors can use the findings to identify areas of funding SMEs. Financial assistance being an essential factor in the growth and performance of every business entity, understanding credit accessibility behavior is of paramount importance.

Countries, both developed and developing have incorporated entrepreneurship development through formulation of policies favorable. Entrepreneurship advance beyond typical start-up concept to comprise of organizations and companies of all types in all phases. Entrepreneurship refers to an individual allocation of human capital that depends upon the economic situation (Aubrey, 2015). Shane (2003) proposes “the nexus between enterprising individuals and valuable opportunities” as the general framework to understand entrepreneurship.

Individuals engaging in the entrepreneurial process are those that are valuable and exploit opportunities to meet market demand by mobilizing and organizing resources in new organizational forms. The existence of a closely connected nexus implies that different individuals will pursue different types of opportunities through the entrepreneurial process. According to De Jong, (2011) entrepreneurs are forsaking well-trodden paths to open up new territory and turning dreams to reality. Schumpeter puts stress on innovation, not on invention. The entrepreneurial function consists not of inventing things but rather of bringing knowledge to life and into the practical world of business (De Jong, 2011). Schumpeter himself assumes that innovation can destroy existing market

structures. Adding that, markets dominate as oligopolies. According to Schumpeter, competition arises only through the invasion of markets by new entrepreneurs who destroy the existing market equilibrium with their innovation.

The theory seeks to understand the relationship between the business survival and business innovation, market and competition. In this case, innovation, access to market and competition influence youth SMEs. For youth owned SMEs to grow resources like accessibility, availability to credit and market to sell the produce are required. While Schumpeter view an entrepreneur as an innovator and leader who by introducing new combination in an economic system in equilibrium temporarily undermines the economic rents leading to dynamic process of creative destruction.

Kirtznerian view, the entrepreneur as an arbitrageur, who by being passively alert sees opportunities that others do not see because of specific and unevenly distributed prior knowledge. De Jong (2011) empirically explore the distinction between Schumpeter and Kirtznerian opportunities by analyzing survey data of 184 high technology small businesses in the Netherland entrepreneurs engaging in opportunity exploitation using the framework proposed by Shane (2003). Outcome supports the view from the opportunity-based entrepreneurship theory that Schumpeter and Kirtznerian perspective are not antithetic but instead represent the variety of opportunities that can simultaneously be present in the economy (De Jong, 2011).

De Jong, (2011) further observed that the more creative and proactive entrepreneurs, the strongly oriented and actively they search for innovation. According to De Jong, (2011) innovative entrepreneurs are likely to grow their ventures and satisfy their future needs through proactive product

development. Such entrepreneurs are likely to identify and exploit Schumpeterian opportunities than Kirtznerian opportunities, while individuals with strategic focus on the exploitation of present demand are more likely to pursue Kirtznerian opportunities.

With regard to the entrepreneurial experience, the formal education of the entrepreneur does not help to predict the type of opportunity exploited although the results observed for the entrepreneur's age could suggest that it is life experience more than formal education to direct entrepreneurs towards Schumpeterian opportunities as compared to Kirtznerian opportunities (De Jong, 2011).

LITERATURE REVIEW

SMEs have been identified the world over as the stepping-stones for industrialization (Mbogo, 2011). Robust economies like the United States of America and the United Kingdom trace their development from growth and development of their SMEs. A look at international experience shows that the condition under which SMEs can thrive should be better than they currently are globally. Against the manifestation of the realities of globalization, there are opportunities such as bigger, differentiated markets, information and communication technology diffusion and opportunities for inter-firm linkages (Kuratko, 2016).

Nonetheless, there are numerous challenges facing youth SMEs, which includes fierce regional and international competition, increased demands of differentiated consumer preferences and high, sophisticated standards, political instabilities, corruption and ineffective credit and financial system. These obstacles add to the usual challenge that SMES faces such as insecurity, bribery, amount of time in dealing with government regulations, stiff competition and lack of market. African countries

are still at their earliest stage of economic development held back by several socio-economic, political and environmental constraints.

Among these constraints are low skilled labor, lack of market information, poor access to financial services and weak demand for goods and services due to widespread poverty, which leave SMEs at a competitive disadvantage in the global market place according to (Herrera, 2017). As a result, most SMEs in Botswana die before making it to their second birthday, a smaller percentage goes into extinction between the fifth and tenth year while only about four to ten percent survive, flourish and grow to maturity (Mutoko, 2015). Agwu, (2014) identified many factors contributing to this premature death of SMEs as follows: insufficient capital, irregular power supply, infrastructural inadequacies (water, roads etc), lack of focus, bookkeeping, inability to separate business and personal finances.

According to Cheah, (2005) economic crisis has constrained the development process in many developing countries in Asia and Africa, which has a great impact on SMEs as they play an important role in these countries. SMEs are more vulnerable to economic crisis and due to their small size, they are having limited resources such as finance, knowledge, technology and skills (Cheah, 2005).

Young people are the majority in most developing countries for instance in Kenya, 78% of the population is below 35 years of age (Bwisa, 2011). This data also points out that seven out of every ten unemployed people are the youth age ranging 18-35 years. This has brought about many organizations training on entrepreneurship to enable youth to start businesses. According to Bwisa, (2011) youth constitute the largest proportion of the population in developing countries compared to around one third of the population in developed countries.

Rural youth account for around 55% of the African youth population. They are among the most disadvantaged of groups. Often, they have limited access to educational programmes that geared to their situations and needs-not. Surprisingly, many rural people drop out of school at an early age (MTI, 2015). Class-work mostly gear more towards academic accomplishments and to the urban areas than learning skills useful to rural life, and preparing for adulthood. To deal with this menace, there is a need for the government to implement policies that can empower youth and help create jobs.

Young people could easily create employment for their fellow youth if nurtured on entrepreneurship. Their energy and creativity if tapped could increase the country's production capacity and create jobs (Ressi, 2011). According to Kinyua, (2014) half of the entrepreneurs beginning at the ages 25-30 achieve growth in business, pointing to the fact that it is advantageous to start enterprise at an early age. This rationalize the fact that entrepreneurship faces numerous challenges at start-up and young people have the energy and passion to face these challenges.

Studies shows that over the years while older entrepreneurs launch more sustainable enterprises, young entrepreneurs inspire innovation in their enterprises (Ressi, 2011). According to Kinyua, (2014) as future adults, rural youth need to be prepared in improving their capabilities to produce food and to conserve productive resources in the rural environment. Improving their skills and abilities in carrying out income generating activities in rural areas can relief population pressure and relief over dependence on government funding.

A study conducted by Abdesamed in 2014 has shown that SMEs in South Africa have generally been performing very poorly. Of a group of eight

emerging economies (Brazil, Chile, Colombia, Malaysia, India, Russia, Georgia and South Africa) South Africa with an exception of Chile and Colombia has the highest business failure rate (Abdesamed, 2014).

Further, Wanjohi, (2010) in his study of 214 small enterprises in the northern region of Nigeria within eight years reported that only four had graduated into medium forms. This is clear evidence that in Africa businesses faces many challenges than opportunities. Studies by Hatega, (2007) attest that SMEs cover more than 95% of all firms in Sub-Saharan Africa and their importance cannot be overestimated. Small and medium scale enterprises are in the service sector of various economies, which in most countries account for two-thirds of employment levels. In Kenya, the SME sector contributes an estimated 18% of the GDP as well as creating employment for 80% of the workforce population (Kithae, 2012).

Kinyua, (2014) researching on factors affecting the performance of small medium enterprises in Nakuru town, Kenya with objective to investigate the role of finance in performance found that management skills and macro-environment factors significantly affect performance of SMEs.

The study results also indicated that as number of years in operations increased the performance in SMEs increased. The study recommended that banks should improve access to finance through offering better lending terms and conditions, encourage appropriate management skills and effectively promoting the macro environment in order to increase SMEs performance. Lack of planning, improper financing and poor management cites the main causes of failure of small enterprises (Longenecker, 2012). Mugo, (2012) suggested that for youth entrepreneurship policies to be effective it should be approached within the context of wider employment programmes and an integrated approach with

interventions across multiple sectors and at multiple levels must be taken into considerations.

Interventions should therefore target the specific challenges that youth face with regards to the promotion of entrepreneurship culture. According to Mugo, (2012) social and cultural attitudes along with family values and norms have a strong influence on whether a young person decides to pursue an entrepreneurial career or not. Regardless of this happenstances and failures by SMEs in developing countries, their enormous contribution to the entire economy is remarkable (Mbogo, 2011).

Mutoko, (2015) reported that Botswana has a high incidence and alarming rate of unemployment. With the rise in unemployment rate, more and more youths are offering themselves for self-employment (BIDPA, 2016). This is a good thing as it is bound to create an entrepreneurial culture among youth in Botswana. Other scholars on social and economic issues have canvassed on a host of factors responsible for the high and ever-rising levels of unemployment (Fatoki, 2014). They have agreed that rural to urban migration of young and educated people is the roots of high unemployment (Mutoko, 2015).

Mukras, (2010) discussed the prospect of strengthening SMEs as poverty reduction and employment creation measure in Botswana. Mukras, (2010) recommends that in order to strengthen SMEs as poverty reduction measure, SMEs should be provided with capital at a low and affordable rate of interest and appropriate technology should be applied by SMEs in order to assist in achieving their desired objectives. In addition entrepreneurs and work force should be given the right type of training and deliberate effort should be made in encouraging the advancement of women in SMEs so as to correct the imbalance in the opportunities awarded as well

as to facilitate greater involvement of women in SMEs.

Mutoko, (2015) investigated the factors which contribute to the perceived success or failure of SMEs in Botswana. They surveyed 203 SMEs in three cities in Botswana. Their findings were that perceived critical success or failure factors (PCSF) such as human resource development, managerial background and organizational development had an influence on the performance of SMEs. The study also found relationship between the PCSF and some firm specific demographic variables such as ownership status, experience and operating period (Mutoko, 2015).

They suggested the only solution to unemployment in Botswana is the introduction of entrepreneurship, that is making a living by working for yourself. Entrepreneurship involves the ability to set up a business as different from being hired. Hence, entrepreneurship is the willingness and ability of an individual to seek for investment opportunities, to establish and to run an enterprise successfully. Although it is clear that while technical education is geared towards acquisition of technical skills, entrepreneurship education deals with the skills of business ownership and management (Ajagbe, 2014).

However, in spite of the fact that Botswana government allocates about 40% of their public expenditure to education, rapid population growth and increase in absolute number of school-age population particularly in rural areas, increasingly counteract these efforts (Fatoki, 2014). The shift in priority and informal education has been influenced by growing unemployment among educated youth whom wish for white collar jobs than setting their own businesses (Ajagbe, 2014).

While considerable progress has been achieved, educational reform has not kept pace with the needs of rural young people. A related global tendency has been the generally distorting effects of scarcity of jobs in the labor market (Hasluck, 2011).

As more and more young people acquire the requisite qualification for jobs, the number of these jobs does not increase proportionately. A solution for many employers has been to progressively raise the educational requirements for the job in question (Hasluck, 2011). According to Hasluck, (2011) the negative results of this has been that young people who have recently acquired some degree of education are pushed out of the job market by others who have a higher education and must shift to occupations of a lower rank. There has been a general downward movement in which the lowest ranks, those with stumpy education, are driven out of the formal job market.

In comparison to general education, vocational education and technical training initially received less attention (Alexandria Valerio, 2014). It was estimated, that by mid 2000, the ratio of enrolment in generation education to vocational education was about 9:1 for sub-saharan Africa (Hasluck, 2011). Of recent, vocational training for employment has become of increasing concern in the region and many innovative schemes have been operating with some success. Efforts to spread vocational training and education to rural areas have led to the establishments of vocational training centres in Botswana. Much of these contents of the training conducted at these centres however, has so far been of a specialized nature and not well suited to preparing rural youth to succeed in other rural based economic activities to earn return (ILO, 2008).

Training for self-employment has also received increasing attention, though with more limited success. In many cases, the goal of working for someone else has superseded the need to be self-reliant. Small, rural non-farm businesses as well as industrial development are needed in the local communities to support the manufacturing and agricultural produce (MTI, 2015). A number of

projects in the region in the recent years have been developed to train rural youth especially rural youth in leadership, entrepreneurship and self employment (MTI, 2015). Although training for self employment is difficult, time consuming and cannot be regarded as the main strategy for reduction of youth unemployment the government's optimism is that while school leavers are mainly concerned with modern wage employment, they are unlikely to settle quickly into self financing.

In this essence, informal education activities in areas of manufacturing, agriculture, health, literacy, environment and tourism has enticed the government to nurture youth on since they allow a larger audience to be reached in a shorter time than with formal education (MTI, 2015). Such kind of informal education activities is prone to give more scope for adaption to local conditions and target audience (Alexandria Valerio, 2014). A major problem with skills trainings school and rural development however has been that anything other than formal secondary school has been considered low status and does not get the support of parents or even oneself. Some community based skills training programmes are now gaining popularity though are beginning to be thought of as a type of continuing education (BIDPA, 2016).

SMEs in Africa operate in the informal and formal sector with the majority in the informal sector (Ingwe, 2018). Akwalu, (2014) state that if one defines the SMEs as those firms with 1-50 workers, the upper of the tail, which is those with 10-50 workers constitute less than 2% of businesses in Africa. In African countries, most of the small-scale enterprises are mostly one-person or family owned, operating with one person proprietor and unpaid family member or few employees (Ingwe, 2018). Based on the World Bank Enterprise Surveys that collects business data in both formal and informal firms, La Porta, (2014) provide summary of characteristics that distinguish informal and formal

business as informal businesses are much smaller than formal firms, on average formal firms employ 126 people, informal firms employ only four.

In Botswana and other developing countries, SMEs are predominantly owned by citizens, whereas larger firms are often foreign owned. The development of the SMEs sector therefore involves the economic empowerment of citizens. Although documentation is not enough for SME sector, uncertainty over a number of SMEs exists. SMEs account for 50% of private sector employment and 5.3%-20% of GDP (BIDPA, 2016). There has been a steady growth of small micro business in Botswana with many people opting to start businesses after retrenchment or failing to find a job opportunity.

Investigations depict that the lack of SMEs growth is subjective by the fact that small and informal enterprises are reluctant to become larger because being large requires being formal and thus becoming subjective to excessive regulations (Senobe, 2009). ILO, (2015) estimates that informal sector average size as a percentage of GDP in sub-Saharan Africa ranges from under 25% in Botswana to 60% in Nigeria, Tanzania and Zimbabwe. Financial inclusions encourages investment by reducing liquidity constraints and therefore affects firm size, competition and industrial structure (Senobe, 2009). Studies by IFC show that nearly 96% of Nigerian businesses are SMEs compared to 53% in the US and 65% in Europe and contribute approximately 1% of GDP compared to 40% in Asian countries and 50% in the US or Europe (Oyelaran-Oyeyinka, 2010).

Botswana generally compares well with developing countries, particularly in terms of existence of conditions that are conducive for SMEs to thrive even though its surpassed time in some indicators by South Africa, Namibia and fellow members of SACU (OECD, 2014). Nonetheless, comparison with developed economies depict Botswana youth

enterprises as fairly far from creating an enabling environment for SMEs to grow and develop. Against this background, more effort on improving the efficiency of the banking sector by making finance accessible and affordable to SMEs need fascination. Generally, data collection, processing and maintenance on SMEs in Botswana seems to be weak (Mutoko, 2015). The available information on SMEs is outdated; as such, it does not give a representative picture of the state of the SMEs not even of their basic characteristics (BIDPA, 2016). The call is now, for a holistic approach to youth and women entrepreneurship development in order to strengthen their participation in business.

Studies have found that the economic growth rates link to the role of the duo of government and entrepreneurs, which is complementary and not mutually exclusive. Mutoko (2015) argued that like any other country, Botswana government support development of entrepreneurship. Formulations of policies favorable to development of SMEs are in place since 2003. The first set of poverty reduction policies focused on promotion of broad-based economic participation realized through economic incentives for employment creation, income generation, economic empowerment and entrepreneurial development (Mutoko, 2017). The citizen economic empowerment policy of 2010 provides a group of different economic empowerment interventions with a common objective of increasing citizen access to the means of production (MTI, 2015).

In 2003 the national youth policy was revised to cover young farmers fund, youth development fund, E-innovation youth empowerment, arts and culture grants (MTI, 2015). The need is to address special needs for the youth with the objective of increasing access to economic resources, empowerment and employment results. The SME study which covered a sample of 142 SME firms countrywide indicates that the role and contribution of SMEs to the

economy of Botswana is still very small and deprived (MTI, 2015) as well as underrepresented as a target group (ILO, 2008). According to BIDPA, (2016) current programs on women and youth participation in business have not yet brought about the desired outcome, adding that, strengthening training, mentoring and benchmarking of business owners can help them acquire business competencies.

It is notable, however, that there has been some diversification within the manufacturing sector since independence: the share of meat and meat products had fallen from 95% to about 20% in 2005 as the shares of other manufactured products like textile, beverages, metal and agro products increased (BIDPA, 2016). While there is growth in the manufacturing sector, the exceptional growth in the mineral sector overwhelmed this. Thus, in proportionate, the performance of the manufacturing sector remains insignificant.

Effect of Youth Entrepreneurial training on performance of youth owned SMEs

SME financing alone cannot influence performance; however, motivational factors like training and education contribute significantly towards good performance. The importance of entrepreneurial training enables participants to change behavior and the mindset. Training and entrepreneurial learning has widely been understood as how people acquire knowledge and endorse new behavior in the process of recognizing and acting on opportunities and of organizing and managing enterprise.

Alexandria (2014) defined entrepreneurship training as a formal structured instruction that conveys entrepreneurial knowledge and develops focused awareness relating to opportunity, recognition and the creation of new ventures.

The importance of entrepreneurial training as a tool for SMEs growth has been recognized worldwide (Kuratko, 2016). McClelland theory of acquired need advocates that increasing the level of needs achievement in the society through modeling and learning such behavior stimulates entrepreneurship and economic growth. These needs are innate, and hence instilled through child nurturing practices, which stresses standard of excellence, material warmth, self-reliance, training and low father dominance (Saleemi, 2009).

In the fast pace changing world of business and environmental uncertainty, organizations realize its limitations of dealing with new challenges (Amegashie-Viglo, 2014). According to Kessy, (2010) firms should invest in training programs to make their employees competent enough to face uncertainties and take effective decisions on time, in order to remain competitive in the market. Effective training is beneficial for the firm in variety of ways, such as, it plays a vital role in building and maintaining capabilities, both on individual and organizational level, and thus participates in the process of organisational change (Tai, 2010).

Moreover, it enhances the retention capacity of talented workforce. Furthermore, it indicates the firm's long-term vow towards its workers and increases the employee's motivational level. All this contributions lead to competitive advantage and enhancement in employee performance and enterprise productivity (Tai, 2010). Entrepreneurial education based on solid learning theory can thus explain the need to develop entrepreneurs by increasing business knowledge and promoting characteristics associated with entrepreneurship (Kuratko, 2016).

The accelerated pace of advances in technology, increasing foreign competition and growing

unemployment and diminishing resource supplies have affected the way of conduct of business. Saleemi, (2009) argues that entrepreneurship training has traditionally focused on teaching individuals but many initiatives are increasingly becoming more action-oriented, emphasizing learning by doing. In their paper, they present a number of action-based activities at five Swedish universities. The cases show that entrepreneurship education focuses less on teaching individuals in a classroom setting and more on learning by doing activities in a group setting and network context.

Research has consistently found SMEs training to results in better company performance even under different cultural and social setting such as Spain, Netherland and China (Kuratko, 2016). Entrepreneurial training programs offered by government agencies and private sector can lead to higher firm performance in youth small and medium enterprises only if action-based training is offered. This declaration reinforces the significance of training and development in the national economic development process. It has become significant point of reference especially since most of developing countries are responding to many challenges and encounters of the industrial development by implementing new policies and programs, which calls for expertise and orientation of work.

Amegashie-Viglo, (2014) assert that training be designed to the organization's goals while simultaneously meeting the goals of individual employees and constantly nurturing development. Study conducted by Onugu, (2015) in Nigeria on factors contributing to the success of youth business Entrepreneurial training exposes youth to more knowledge and skills on how to better manage the resources they have. A study carried out by Kessy, (2010) revealed a significant difference between the growth indicators of enterprises owned by recipient

of training against those clients who had never received business training.

It is hence important that institutions train people with requisite skills for the job market (Fatoki, 2014). Reserches shows that most African institutions does not adequately train people with requisite skills for the job, it trains jobs seekers rather than job creators (Fatoki, 2014). There is a huge gap between what the industry and the market needs and what the current insitutions of manpower training deliver. As a results, the number of unemployed educated people increases because there are no synergies between training and industry's needs.

According to BIDPA, (2016) technical skills should be coupled with entrepreneural skills and institutions should produce technicians with relevant industry experience. Entrepreneurial training contributes a lot to managerial skills, technical abilities and techniques needed to undertake risk. According to Kessy, (2010) trained entrepreneurs have broad perception of risk and innovation. Blasco, (2013) emphasized the need for firms to embrace training for existing employees and orientation programs for new employees hence a well-equipped workforce in terms of knowledge and skills.

Amegashie-Viglo, (2014) viewed training as a supply of specific skills and knowledge required to meet a certain purpose. The acquired skills become an asset that can help to overcome uncertainty in decision-making and open new avenues for opportunities. In addition, according to Kessy, (2010) skills are important for the entrepreneurs who want to start their own businesses as it is to employees who want to maintain their jobs. This is because entrepreneur's competencies are the most important factors for business success even more important than the business idea or industry setting

(Fatoki, 2014). Cheah, (2005) argued that it is an opportunity for SMEs to incorporate sustainable policies in their business strategy and operational activities and this would only be possible through entrepreneurial training.

Fatoki, (2014) observed evidences of skills mismatch between what skills graduate entrepreneurs develop in higher education and what they need in order to survive in the business world. He recommends that university students and high school graduates should go for industrial attachment for at least a year during their study to gain valuable business and technical experience. Where employers offer an apprenticeship or work-related opportunity to young people, the potential benefits are remarkable. Apprentices and trainee development trainings are cost effective and results bearing (Hasluck, 2011). With apprentices and trainees, training take place in the host employer's company, in the host employer's ways of doing things.

The relationship between Entrepreneurial Training and Firm's Performance

Previous studies provide the evidence that there is a strong positive relationship between human resource management practices and the firm's performance (Amegashie-Viglo, 2014). Training and development programs as one of the vital human resource management practice positively affects the quality of the workers knowledge, skills and capability and thus results in higher employee performance on job. This relation ultimately contributes to supreme organisational performance.

The results of Farooq, (2011) study depicts the positive correlation between entrepreneurial training and employee performance as $r=.233$. Thus, we can predict from this finding that it is not possible for the firm to gain higher returns without best utilization of its human resource, and it can

only happen when firm is able to meet its employee's job-related needs in a timely fashion.

Training is the only way of identifying the deprived need of employees and then building their required competence level so that they may perform well to achieve organisational goals. Through training entrepreneurial competencies develops that enables workers to implement the job-related work efficiently and achieve the firm's objectives in a competitive manner. Moreover, the results of the study of Sultana, (2012) conducted in telecom sector of Pakistan, state the R^2 as .501 which means that 50.1% of variation in employee performance is brought by training programs. Further, the T-value was 8.58 that explains training is good predictor of employee performance.

The knowledge based view proposes that the basic function of all companies is to create and apply knowledge (Alegra, 2012). Within this framework, knowledge has become the most relevant resource an enterprise can possess to generate competitive advantage and superior sustainable performance (Harrison, 2010). Entrepreneurial knowledge is embedded both in its employees and in the firm's organisational culture, routines, policies, systems and procedures (Alegra, 2012).

Young firms are therefore more dependent on knowledge generated by its founding entrepreneurs, at least while the organisation matures, creates and applies its own organization learning process.

Therefore, we can say that entrepreneurial learning is decisive in the performance of young firms (Zhang, 2010). The concept of entrepreneurial learning and training has been operationalized and described in various ways. The use of business plans has been extensively explored. The relationship between business plan and performance is not yet established. Some studies have associated drafting a business plan with better prospects of survival for

young firms (Brinckmann, 2010), while others have found no links between the two (Zhang, 2010). According to Brinckmann, (2010) the concept of firm performance originate right from business plan and develops through as a drive that anticipate the firm's profitability, sales, financial results ,employees and competitive position. As depicted by the work of Harrison, (2010) learning through training influence the organisational performance by greater employee performance, and is said to a key factor in the achievement of corporate goals. However, implemening training programs as a solution to covering performance issues such as filling the gap between the standard performance and actual performance is an effective way of improving employee performance (Swart, 2011).

According to Swart, (2011) bridging the performance gaps refers to implementing a relevant training intervention for the sake of developing particular skills and abilities of the workers and enhancing employee performance. He further elaborate the concept by stating that training facilitate organisation to recognize that it's the firm needs. According to Harrison, (2010) training does not only improve the overall performance of the employee to effectively perform the current job but also enhances the knowledge, skills and attitude of the workers necessary for the future job, thus contributing to superior organizational performance.

Impact of finance facilities on performance of youth owned SMEs

Access to finance for business has been and still is a major challenge for many business start-ups globally (Abdesamed, 2014). Renko, (2012) define access to finance as the channels and mechanisms available to the youth to gain funding for their business ventures, either through interest bank loans, low interest government loans, youth enterprise funds, donor grants, government grants and private sector grants. Globally, lack of access to

entrepreneurs finance is a major challenge to youth start-up whom fails the leeway to test their innovative ideas and initiatives that can bring new products and services to the market place, thus enhancing sustainable development.

According to Ayyagari, (2016) inadequate financial resources is a major constraint in ones attaining the initial business inertia for further growth. Haron, (2013) claimed that policies are biased towards large enterprises and small firms face problems in growing due to lack of access to finance. Ghimire, (2013) discovered lack of finance as a major obstacle in two of the original EU6 in Italy and France which are among the more developed countries, recognizing that the financing needs and constraints vary widely across the business population and along the firm's life cycle. In Nigeria 54.6% of firms depends entirely on personal savings for capital, 10.9% have access savings, 9.4% use commercial banks and 7.8% gets resources from partners, shareholders and other resources (Haron, 2013).

Idowu, (2010) also identified accessing credit facilities as a key element for small and medium enterprises to succeed in their drive to build productive capacity, to compete, to create jobs and to contribute to poverty alleviation in developing countries. This is particularly severe problem in the developing countries (Abdesamed, 2014). The BIDPA, (2016) found out that many young people in developing nations depend mainly on personal savings or family and friends for initial capital and expansion.

This shows that the neglect and prejudice by financial institutions have made youth owned enterprises less competitive since they are limited for finance they can access. Renko, (2012) argue that the success of youth business start-ups is in the ability of the youth entrepreneurs to access financing that will enable them to sustain the testing of their business prototype models and concepts till

they have a working combination that is viable and profitable.

The financial crisis that hit America and most European countries in 2008, caused financial institutions globally to be more cautious in advancing credit to businesses and individuals (Ostry, 2014). As such, access to finance through business loans has become more stringent, locking out most youth who are in need of credit for entrepreneurial start-ups.

Most financial institutions regard youth business start-up as high risk ventures and therefore decline to invest in this ventures, or require collateral making it even more challenging as most youth in Africa do not have land or factors of productions that can always be used as security to access credit.

The lack of security disadvantages small enterprises owned by young people (Ghimire, 2013). They struggle to get financing and they tend to get start-up finance and working capital from informal sources such as founders' relatives and friends. Large enterprises on the other hand qualify for financing from formal institutions such as commercial banks and development banks making it lost hope for SMEs willing to amalgamate the ground (Abdesamed, 2014).

The most successful entrepreneurs possess skills that make them rise beyond ordinary challenges as they navigate the corridors of business (Kessy, 2010). Therefore, access to external finance is necessary to reduce the impact of cash flow for youth SMEs. Studies by Thorsten, (2013) shows cost of finance rates over 35% of small and medium enterprises as a major growth constraint in a sample of 71 mostly developing countries. Access to finance scooping 30%, a similar proportion as economic policy uncertainty and corruption.

According to the Federal Reserve Bank 2018 survey of consumer credit access, the share of

respondents who were too discouraged to apply for credit despite needing it increased to 5.9%, remaining close to its reading of 5.7% in October 2017. The same survey reflected an increase of 10.2% in October as compared to 7.7% in February of the proportion of respondents who applied for credit and got reject. It is clear that financing is one of the few characteristics of the business environment that together with crime and political instabilities robustly links to the firm's growth while other features have an indirect effect on the firm growth (Ayyagari,2016).

In most circumstances, youth ventures into business as a way of escaping poverty, and thus, do not have fixed assets to speak of that can be handed to financial institutions as collateral. Similarly, lack of substantive credit history by youth locks them from accessing funding since their credit worthness cannot be determined (Ostry, 2014). Mboniyane, (2011) note that one other challenge facing youth start-ups is managing sales and debtors. Sales determines cashflows the business should be expecting over a given period of time. However , in most instance, during start-up, goods and services are sold on credit as a way of promoting goods and services to the market. As a result, most youth start-ups run the risk of failing to manage their cashflow effectively.

As part of the solution to the finance problem, government agencies, private sector and non-governmental organizations should work in collaboration to offer financial training to youth and should have good policies in support of women and youth entrepreneurs. Further, the study recommends banks should develop customized products for women and youth entrepreneurs that are unique to allow them access loans. Although credit remain one of the major hitches surrounding the performance of youth business entities, government of countries have stood to alleviate the

issue of extreme poverty which is often due to failure of supply's ability to meet the demand of the domestic economy.

In duo to upsurge the GDP, the Canadian Youth Business Foundation (CYBF) established in 1996 for instance operates a specialized youth loan program that aims at helping youth particularly the unemployed and under-employed without any security (Wadell, 2015). Another credit program that has tremendously improved youth access to funds is the Bharatiya Yuva Shaki Trust (BYST) in India. The BYST provides low interest loans of up to Rs 50 000, with repayments based upon projected business cash flows.

Effect of business competition on performance of youth owned SMEs

Enterprise competitiveness is the ability of an enterprise to make, produce or sell products or services that is superior in comparison to those produced by other competing enterprises in terms of price and non-price dimensions (Makubo, 2015). Competition and sustainability for SMEs involves factors such as changing market trends, changing technologies and emerging new management and organizational techniques (Onugu, 2015). By entering into competition, an enterprise is searching for competitive advantage, which to a great extent depends on the success of the business (Onugu, 2015). The environment factors are universal for all competing enterprises therefore, during difficult times, only the most competitive forms are capable of surviving (Makubo, 2015).

Developing countries face competition from other countries due to globalization and trade increase but restrictions generally favor developed countries (Makubo, 2015). The competition is increasing from transnational firms that have advantage of high levels of expertise within management as well as increased competition from foreign firms due to

foreign trade (Fumo, 2011). Numerous SMEs find difficulties in complying with regulations set up by organisations such as World Trade Unions (WTO), in other words technical barriers to trade due to poor quality (Akwalu, 2014).

Many countries such as China, America and South Africa produce similar goods as Botswana enterprises, which are low-cost, low value-added, labour-intensive products, thus Botswana SMEs have to compete with these countries since many Botswana businesses focus on price competition strategy through low labour cost (BIDPA, 2016). Fumo, (2011) argued that, SMEs must understand that the most importance in business is not to compete in price since it can hamper their growth; therefore, SMEs need to concentrate in increasing added value in order to enhance competitiveness and stay out of the vicious circle.

According to Onugu, (2015) competition in any industry stirs progress and at any given time, there should be a market leader. The health of a particular industry manifests inherent competition in terms of product range and market penetration. Hence, competition is necessary evil (Onugu, 2015). In a paper presented by Brinders, (2003) the key challenge raised to be facing African countries is meeting global competition. Competitiveness in developing countries encumbers because of lack of human resource, development skills and access to adequate financing (Fumo, 2011). Under such circumstances, in order for small firms to maintain profit margins, they are to introduce innovative improvements to products and processes, which negatively affect the ability to take advantages of new market opportunities.

Research ranks competition number one of the most challenging issues among youth entrepreneurs in Africa (Fumo, 2011). Fumo, (2011) in his study identified three forms of competition as informal.

That is, competition among informal firms which is the most severe business constraints in developing countries like Botswana, competition from other enterprises in the same line especially that are owned by adults and competition from foreign enterprises which have advantage of low cost of production and high standard of goods and services.

This is in support of findings by Wanjohi, (2010) that competition is a major problem encountered by youth owned SMEs. In another study of “issues on SME development in Ghana and South Africa”, Abor, (2014) established that SMEs face greater external competition. The SMEs therefore need to expand market share to avoid over reliance on local market and tense competition (Onugu, 2015). Nevertheless, the SMEs limited international market experience, poor quality control, product standardization and little access to international partners continues to impede SMEs expansion into the international market (Wanjohi, 2010).

Government Support and Policies on SMEs

Incognizance of the critical role SMEs play in the economy of the country; the Government has over time put in place diverse interventions aimed at stimulating and sustaining entrepreneurial growth especially for the youth. These include development of enactment of legislation, diverse youth schemes, reviewing SMEs policies from time to time, and implementation of SMEs programmes by various government agencies.

Government has done much to create a sound business environment through provision of infrastructure and enactment of laws and systems to facilitate the operations of the private sector as well as a stable macroeconomic environment. The government plays an essential role in facilitating while the private sectors lead development in the economy. This had led to the introduction of targeted financial support as well as advisory programmes to help people of Botswana establish

their own enterprises. In the initial stage, these programmes were set up more in response to specific problems encountered than as a basis of a comprehensive and more focused government policy on SMEs.

To respond to the challenges, the national policy on Small, Medium and Micro Enterprises was drafted to foster citizen entrepreneurship and empowerment, encourage the development of a competitive and sustainable SME community, achieve economic diversification, create sustainable employment opportunities, promote exports and promote development of vertical integration and horizontal linkages in primary industries for SMEs. Appropriate institutional framework and mechanisms for the implementation of the policy are in place through establishment of numerous strategies and policies as Financial Assistance Policy (FAP) of 1982 was in existence for almost two decades, and has made some strides in employment creation and industrial development. The Citizen Entrepreneurial Development Agency has since replaced the FAP, which is continuing to provide financial assistance but with greater emphasize on mentoring of businesses and the Local Enterprise Agency.

Complementary to the FAP and other existing policies, in 1999, embracing SMME policy was a niche. The SMME policy was a product of the findings of a task force whose job was to comprehensively address SMME issues and steer the development of a policy for the SMME sector (BIDPA, 2016). Subsequently, in 2003 the Small Business Act enacted its edict, which established the Local Enterprise Authority (LEA) and the Small Business Council (SBC). The SBC acts as an advisory body to the Minister of Trade and Industry at a policy and programme formulation level. In this regard, it examines policies and procedures as they stand with a view to identify all policy constraints and impediments to the growth of the SME sector.

CEDA and LEA are key institutional dispensations and their intended achievements are very critical to the growth and development of SMEs (BIDPA, 2000). Citizen entrepreneurial development Agency (CEDA) seek to develop suitable citizen owned businesses through provision of finance and the development of business skills. It offers financial assistance in the form of loans to citizens at subsidized interest rate, aimed at assisting those who wish to start or expand their businesses. It provides training, monitoring and mentoring programmes for SMEs and provide risk capital to citizen-owned projects and joint ventures between citizen and foreigners.

To access debt finance for retail operations, entrepreneurs are to have a proper trading place, good credit rating, relevant managerial expertise, evidence of sustainable market and good collateral security. The debt finance target registered companies in the service sector. The additional eligibility requirements to access this fund include tax clearance, historical financial statement and trading license. The credit guarantee scheme is for citizen owned businesses, which intend to borrow from commercial banks but fall short of the level of collateral required by the banks. Under the credit guarantee scheme, entrepreneurs apply to the respective commercial banks which user their normal lending assessment criteria to determine the commercial viability of the project.

The projects assessed by the bank to be viable but do not meet the necessary collateral requirements get recommendations to CEDA which undertakes to guarantee them. CEDA provides a guarantee of 75 percent of the net loss incurred by the banks in the lending process. The mechanics of credit guarantee scheme is such that in case of default, the bank realizes the security pledges by the entrepreneur and takes the necessary legal action to recover balance. If the debt remains, CEDA pays 75 percent of the net loss but legal actions.

The participating bank includes Barclays bank, Standard Chartered bank, bank of Baroda, Stanbic bank and bank of Gaborone. The loan amount under the credit guarantee scheme ranges from P10 000 to 4 million. Despite CEDA being the one stop center to meet the entrepreneurial financing needs. The eligibility criteria for various financial products imply that not all entrepreneurs qualify to access the funds (CEDA, 2012)

LEA assists SMEs in the preparation of business plans, feasibility studies and market surveys. It also aims to improve the business skills and competence of SME entrepreneurs through provision of training and advisory services in entrepreneurship development, technology and marketing and to identify SME firms with export potential and help them enhance their productivity and competitiveness for export markets. In addition, the LEA seek to promote business linkages between SMEs and big industries, including the purchase of locally produced goods and services by larger firms, as well as to facilitate and coordinate the provision of infrastructure and facilities such as factory shells and working space.

However, for entrepreneurs to access LEA services, they apply to LEA and undergo a screening process before final selection to receive the service. The screening processes include LEA's assessment of the entrepreneurship skills and competencies of the entrepreneur to run a sustainable growth-oriented business. The screening process provides LEA with a gap analysis to determine what entrepreneurs actually needs to operate a sustainable business. This guides LEA in the provision of business development skills to bridge the gap and create a more holistic entrepreneur. It is only applicants who score 60 percent and above on the LEA rating criteria who qualify to receive the services. By implication, this exclude some entrepreneurs from accessing LEA capacity building services, (LEA, 2012).

The youth development fund operates under the ministry of youth, sports and culture by the youth department. The district youth officers are responsible for screening of applications, coordination of appraisal and adjudication of all submissions and monitoring of approved projects. The youth development fund targets out of school, marginalized and unemployed youth to venture into income generating projects. The maximum loan amount under the youth development fund is P100 000 of which 50 percent is grant and 50 percent is interest free loan. It is a one-off assistance meant to expand and grow their establishments. A valid certificate of business name is one of the requirements to access the youth development fund (BIDPA, 2016).

METHODOLOGY

RESEARCH DESIGN

The study adopted descriptive research design, which involves direct exploration, analysis and description of particular phenomenon as free as possible from unexplained presumptions, aiming at maximum intuitive presentations (Cooper, 2014). This design enabled the researcher to identify and describe characteristics of the population and their relationships. This design is also advantageous as it allows for multifaceted approach to data collection and analysis, describing the state of affairs as they are. For reasons that descriptive research allows for gathering in-depth information that may be either quantitative (survey) or qualitative (observation) in nature (Creswell, 2013) it was favoured).

The merged method research was adopted for this research study. The merged method research is a hybrid of both qualitative and quantitative approach of research. The researcher chose merged method research because of its ideal approach of providing critical business insights and numerous opinions about behavior of phenomenon. By using this approach, the researcher takes advantage of both numeric and non-numeric data, which helps them to conduct a more comprehensive analysis and thus enhance data findings (Bell, 2014).

Bryman, (2015) present mixed method research as complementary to the traditional qualitative and quantitative research, and pragmatism as offering an attractive philosophical partner for mixed method research. The goal for researchers using the mixed method approach to research is to draw from both the strength and to minimize the weakness of a more traditional single approach. Pragmatic researchers therefore grant themselves the freedom to use any of the methods, techniques and procedures typically associated with quantitative or qualitative research.

The study used both probability sampling and non-probability sampling to reach out to its study population. Random sampling, method of probability sampling employed representative sample of youth owned manufacturing SMEs in the selected villages in the Kweneng District region. A sample size comprises a group of respondents, consisting of part of the target population carefully selected to represent that population (Cooper, 2014). From 150-study population only 148 youths owned manufacturing SMEs proprietors and managers partake in the study.

Purposive non-probability sampling engaged relevant key experts' stakeholders from Ministry of Youth, Sports and Culture (MYSC), citizen entrepreneurial development Agency (CEDA) and

Finance houses in the Kweneng district region as the key youth financiers. Purposive sampling is important for its assurance in involving and consulting the right people who has a central position within the organization. It limits the risk of misrepresentation due to lack of knowledge and increase the accuracy of the answers within organizations and ministries working closely with youth projects. This sampling method considers the most appropriate contributors to find possible answers to the research questions. In these essence experts' stakeholders (Projects overseers and grants authorizers from the Kweneng district depot) formed part of the study.

The study employed both primary and secondary data. The primary data were response gathered from youth owned manufacturing SMEs proprietors, managers and financiers through administration of questionnaires and semi-structured interview schedules. Data collection exercise was conducted in the kweneng District council where questionnaires were issued and interviews were also

conducted. The secondary data includes information gathered from journals, books, articles and internet sources.

Data analysis used descriptive statistics and themes. The study employed statistical Package for Social Sciences (SPSS) version 25.0. Variable coding and presentation was in form of percentages, tables, pie charts and graphs. Graphical and tabulations representation aid in illustrations of obtained results. Interview data analysis was thematic based. Thematic analysis is a method for identifying, analyzing and interpreting patterned meanings or themes in qualitative data (Braun, 2014). Once the categories are developed, thematic analysis identifies recurring outcomes. After the analysis, presentation of assessed possible reasons for the patterns articulated.

Due to limitation of time and resources, the study narrowed to assess factors affecting the performance of youth owned manufacturing small medium enterprises in the Kweneng District Council, Botswana.

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The distribution of respondents by sex was as indicated on figure 1 below.

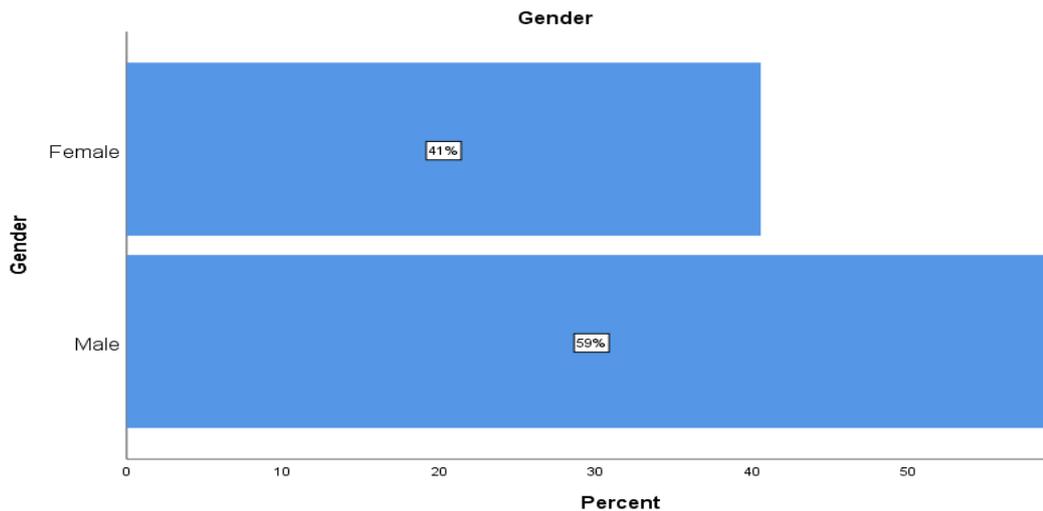
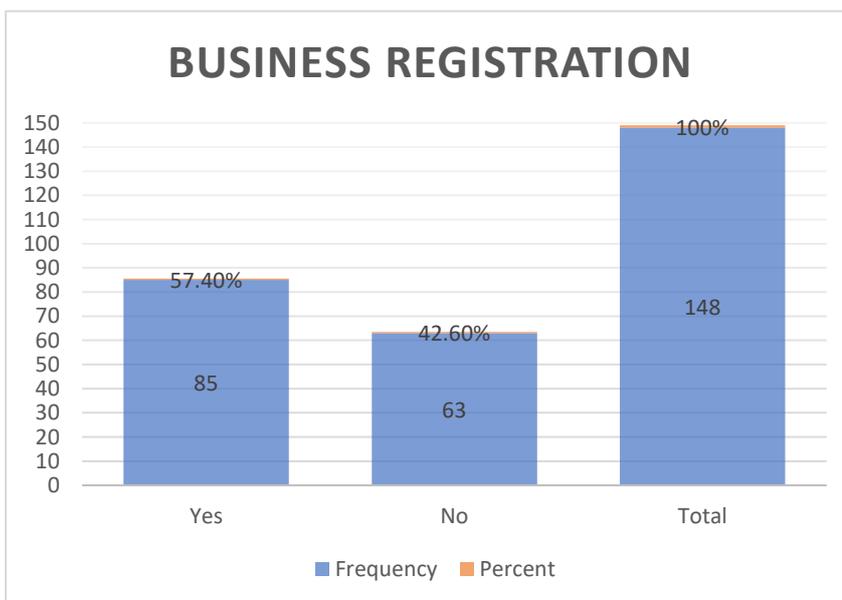


Figure 1: Response rate

The findings of this study show that 59% of the respondents were male and 41% were female as shown on the graph above. Although majority of the study population is men, for the past few years, women have been excelling well academically and keeping up well with careers path which we known to be men field. This is in support of Mashenene, (2014)'s argumets of female breaking the occupational segregation by entering into the so-called male job category and excelling exceptionally well. This is shown by an increased percentage of women in business.

Business Registration



Business registration is a key eligibility for access to institutional finance (CEDA and Youth Development Fund). Surprisingly quite a number of sampled small medium enterprises were not registered. 42.6% of small medium enterprises had not registered as compared to the 57.4% registered. This non-registration automatically disqualifies them from accessing institutional credit.

Figure: Business Registration

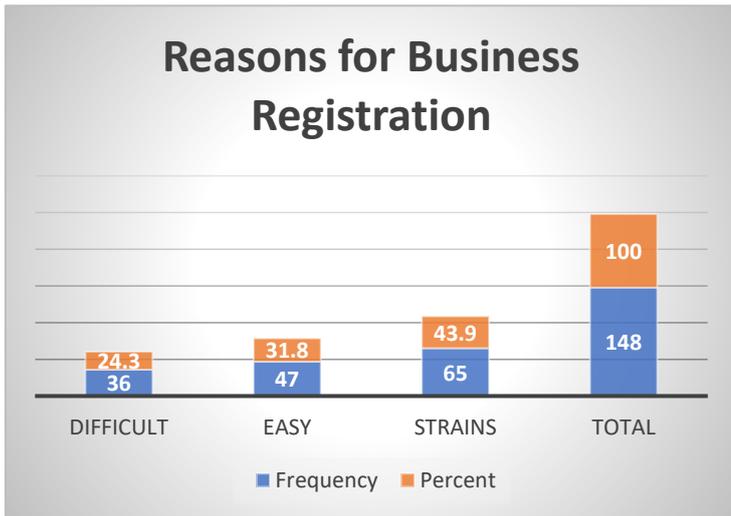


Chart: Reasons for Business Registration

Among the youth entrepreneurs who had undertaken the registration of their business entities, some reported easy (31.8%) others reported difficulty (21.3%) in the registration of business while others reported processes straining (43.9%). The cost of registering a business is P1500 exclusive of all the paperwork requirements. This inevitably hindered most youth into registering their business entities.

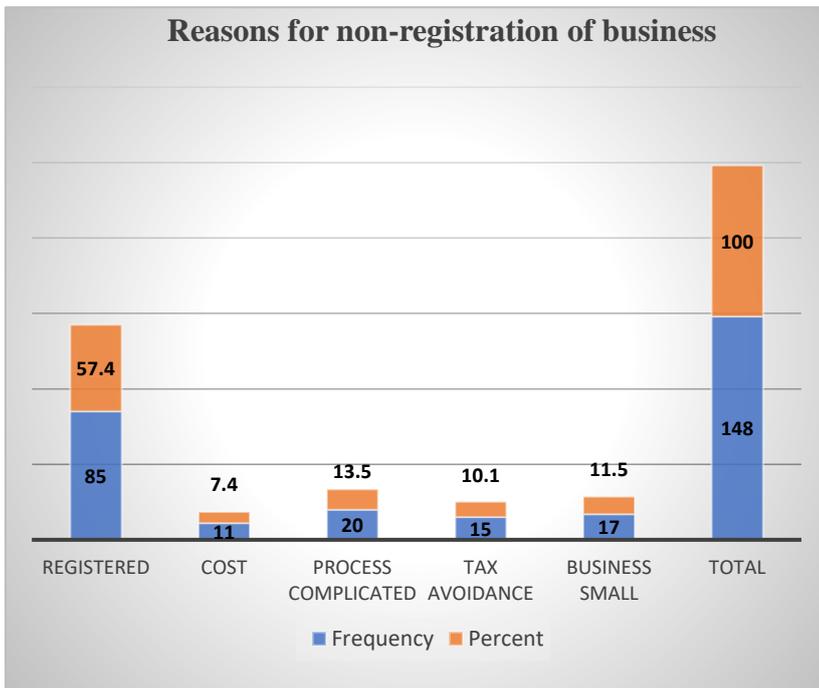
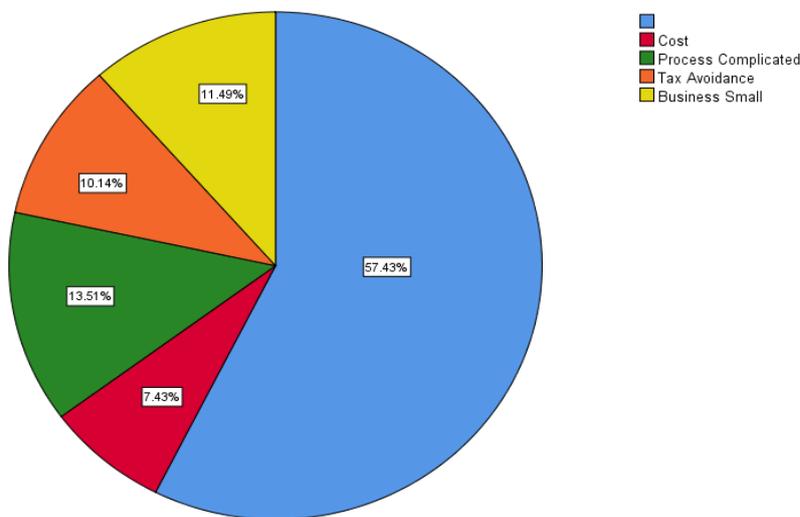
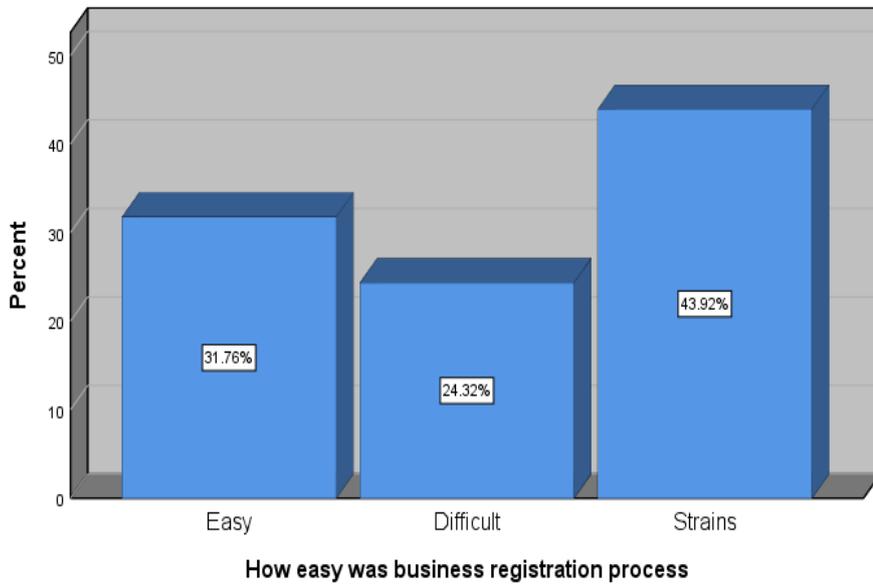


Chart: Reasons for non-registration of business

From a sample 63 youth entrepreneurs who had not registered their businesses, the main reasons given included the registration process being costly (7.4%), process being complicated (13.5%), and avoiding tax (10.1%) while others reported their business being too small (11.5%). Recorded results are shown in graph.



The results indicated that business registration is a key requirement for loan application to CEDA, youth development and other institutions but the process is quite challenging. A participant commented “the loan application process requires that the entrepreneurs be having a registered business but registration process is quite demanding and tiresome as the register of companies is only in Gaborone. The long distance to Gaborone and long queues at the register of companies is very frustrating. I once waited for hours for the computer network to be restored before I can be assisted”. Another participant responded, “They computer systems having no network has become like a daily song”.

A synthesis of SME results on company registration confirms that the process is costly and inflexible both in terms of finance and opportunity cost time. The long queues, congestions, overload paperwork and computer systems that mostly down have a big opportunity cost in terms of entrepreneur’s time. At the same time, youth cannot afford to hire consultants to undertake company registration due to cost constraints.

Trading Licences

Table 4: Trading Licenses

		Frequency	Percent
Valid	Yes	103	69.6
	No	45	30.4
	Total	148	100.0

The application rate for trading license was generally high (69.6%). However, concern is on youth entrepreneurs (30.4%) who did not apply for licenses. This indicated that they might be a problem with the licensing process. For

those that had applied for the trading license in the previous year it took relatively long time to acquire trading license. Entrepreneurs pronounced that request informal token to facilitate the attainment of trading license is a concern in these government agencies. This is showed in the table below;

Firm's Performance

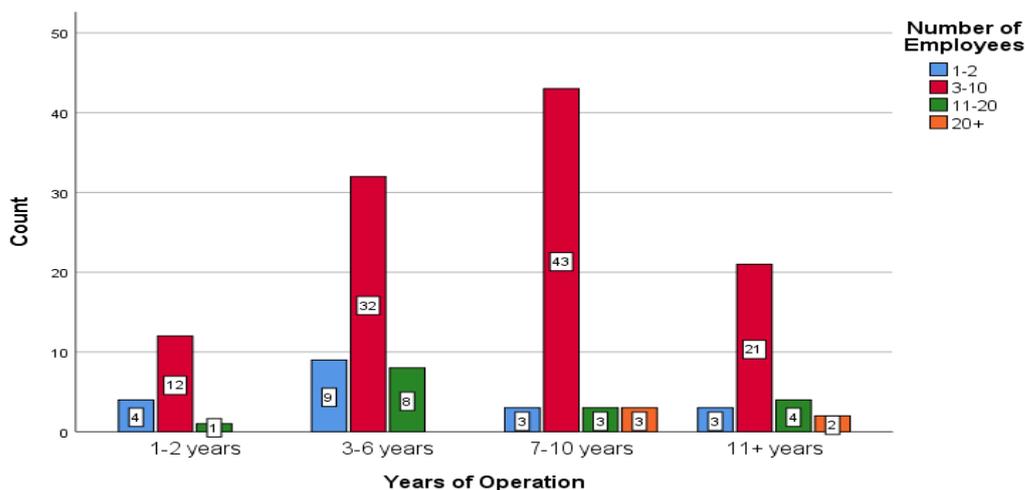
The study sought to determine the progress and growth of youth owned manufacturing SMEs from the inception stage so to determine its success in the near future by studying the relationship between the firm's number of workforce and the years of operation.

Firm Growth Rate

of 148 youth owned manufacturing small medium enterprises that partake in the study, a majority (73%) of youth owned manufacturing SMEs had been in operation 7-10 years' operating with about 3-10 workers. 12.8% of the respondents recorded to have been in operation for 3-6 years operating with 1-2 workers. Meanwhile, 10.8% of respondents' state to have been in operation for more than three years with about 11-20 workers within an excess of 3-6 years the least being 3.4% of respondents who have been operating for more than eleven years with more twenty workers.

The results show a decline in the number of small and medium manufacturing enterprises with years, while some reflect stagnation in terms of performance and growth. Mutoko, (2015), confirms this in his study of African countries that most firms started with 1-5 employees and never expanded while less than 1 percent grew to a size of about 10 employees. This is in support of the 2012 global entrepreneurship monitor report that highlighted that the survival rate for local start-ups is Botswana is low by global standard, corroborating to the poor survival rate.

Figure: Firm's Performance



Firm's Turnover

The study sought to determine the firm's revenue level since the inception of the enterprises. From the study, majority (41.9%) of the respondents indicate turnover of between P21000-50000, 29.7% indicated a turnover of less than P20000. 19.6% of the respondents indicated turnover of between P51000-80000 with the least being 8.8% at a turnover of more than P81000.

		Freq	Percent
Valid	<20000	44	29.7
	21000-50000	62	41.9
	51000-80000	29	19.6
	>81000	13	8.8
	Total	148	100.0

Table: Firm's turnover rate

The results reflect growth with the level of revenue and continuous decline thereof. As firms enter the market, individual household and other market stakeholders are jumpy over the goods produced resulting in an increase in demand for the goods. Due to the ease of market entry, eventually their taste and preferences shift to other counterparts, other macroeconomics factors such as income, price and elasticity of demand and supply feature in resulting in a decline in demand and eventually decrease in the firm's revenue turnover base. Due to this macroeconomic factor, firms make losses, some remain stagnant while some shutdown.

Entrepreneurial Training on Performance of Youth Owned SMEs

Entrepreneurial training being an essential tool to uplifting business entities, the researcher sought to determine its influence on performance of youth owned manufacturing small medium enterprises.

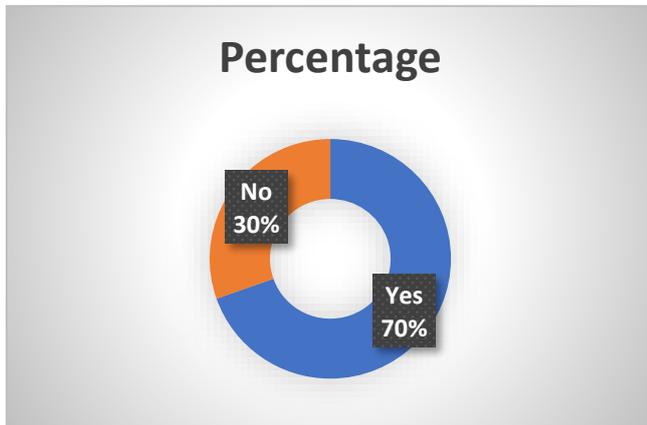


Figure: Training Attendance

Out of 148 respondents who partake in the study, 70% of the respondents had empowered themselves through various entrepreneurial training programmes since their business inception.

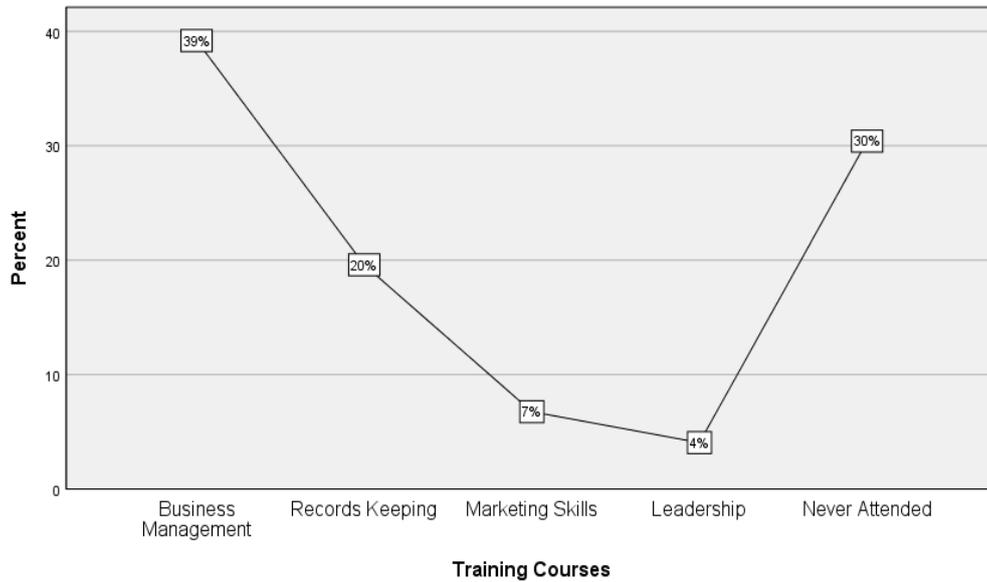


Figure: Training Programmes

The respondents acquired training on variety of courses; of the 70% of respondents who attended training, 39% trained on business management, 20% on records keeping, 7% on marketing skills and 4% leadership skills. 30% of the respondents never attended any training whatsoever

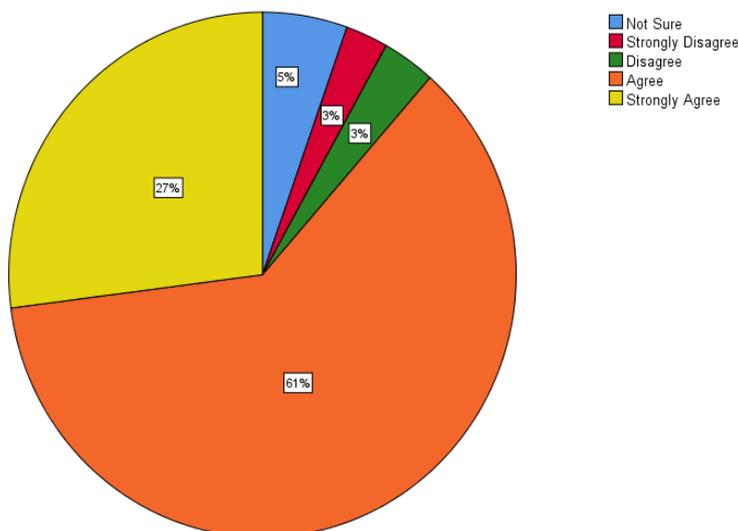
Training Duration

The training period of the programmes varied in time. Majority (40%) attended 1-2 weeks training, 16% attended 3-4 weeks running programme and 15% of respondents has attended a more than 4 weeks programme. 30% of the study population never attended training. According to the study, 30% of those

		Frequency	Percent
Valid	1-2 Weeks	59	39.9
	3-4 Weeks	23	15.5
	4+ Weeks	22	14.9
	Never Attended	44	29.7
	Total	148	100.0

who never attended training are characterized by proprietor's whom used their own equity to finance their own businesses, some attended tertiary hence acquired knowledge from the same while for others, it is lack of finance that was an obstacle. Results are in the table.

Table: Course Duration



Impact of Training on Performance

The Likert-scale like questions bargain the extent to which entrepreneurial training influence performance. From the 128 respondents who partake in the study; 27% strongly agrees, 62% agrees to training being an essential tool to performance, 3% strongly disagree while 3% disagree, 5% were not sure as to how influential training is to performance.

Chart: Training effect on firm performance

Capacity Building

Capacity building is an integral component of entrepreneurial component. The four main types of training required by youth enterprises include technical skills training, bookkeeping, managerial and marketing. This training programmes an integral aspect of capacity building that local enterprise authority (LEA)'s mandate is to provide to entrepreneurs. The subject matter is why youth entrepreneurs are not maximising the utilization of LEA capacity building services to improve SMEs status. From the study population, majority 42% of the respondents stated managerial skills necessity, 39% noted bookkeeping, 13% stated marketing while 6% stated technical skills.

Firms' Competitors

According to data collected from 148 study population, 43% of population contends small medium enterprises as their main competitors, 45% reported large enterprises to be bringing more competition while 12% recorded imports to be enchanting most of its market. Results are depicting below:

		Frequency	Percent
Valid	Other SMEs	63	42.6
	Large Companies	67	45.3
	Importers	18	12.2
	Total	148	100.0

Table: Firms' Main Competitors

Factors affecting youth SMEs

While so many factors have been highlighted to be affecting youth owned manufacturing SME's ability to compete domestically and globally, data collected from the study population reflect, majority (66.2%) of respondents stated financial constraints, 25% stated competition while 8.8% identified operational constraints as the constraining factors to the success of their entities.

		Frequency	Percent
Valid	Financial constraints	98	66.2
	Competition	37	25.0
	Operational Constraints	13	8.8
	Total	148	100.0

Table 7: Factors affecting youth manufacturing SMEs

CONCLUSIONS AND RECOMMENDATIONS

Out of 146 respondents 69.59% of the respondents had attended entrepreneurial training on various courses of which 39.2% studied business management, 19.6% records keeping, 4.1% leadership skills and 6.8% marketing, 30.4% never attended training.

The training period ranked from 1-2 weeks to more than 4 weeks. The 30.4% who never went through entrepreneurial training reported reasons of cost, time and scope while others had tertiary qualification.

According to the World Youth Report, (2017) people in developing countries depend mainly on personal savings or family for initial capital and expansion. This seems to be the case with Kweneng entrepreneurs as 58.78% reported to have used their own equity while 25% borrowed loans, and 16.6% acquired government grants.

This study is consistent with that of Akwalu, (2014) who found that although youth entrepreneurs have access to some funding schemes, there are hindrances such as lack of collateral, high interest rate and default risk

In exploring how business competition influence performance of youth owned SMEs, Fumo (2011), ranked competition top. 89.9% of participants reported firm competition from other SMEs, large enterprises and imports wholesalers and retailers while only 10.1% distress competition.

Nonetheless, numerous policies are in place to resuscitate the SMEs sector. Support for SMEs by government come in different forms but predominantly finance. Financial institutions like CEDA, BDC and NDB disburse standardized funding to equip SMEs sectors. Nonetheless, Studies seem to bemoan the existence of this sector that still needs a lot of improvement.

Conclusion

Conclusively its established that a majority of respondents indicated competition as the obstacle to

their business performance accounting 89.9%. The study established that there was a relationship between entrepreneurship training and the firm's revenue turnover thus there is a need to promote youth entrepreneurial training effectively. There is a need to encourage young entrepreneurs to work in associations and syndicate in order to benchmark and take advantage of economies of scale. Trade associations need to advance their recruitment drive and endeavor to increase awareness of their activities to potential members. Most of entrepreneurs have no specialized training relevant in the field they work in. They were mainly high school and university graduates who require on job technical training to shape them for the real work. Lack of training opportunities and finance are traced the biggest hindrance.

The study established that credit accessibility had lot of influence on the performance of youth owned enterprise. Although utmost entrepreneurs report admittance to credit, they were limited in credit they could access and this limit their performance and growth. Majority of respondents agreed that all the observed variables were determinants of financial constraints and these includes; size of the firm, age of the firm, firm ownership, professional experience, level of education, business strategies and location of the firm. The study also revealed that majority of respondents listed access to finance as a major obstacle to growth hence majority believed that with improved financing their firms could perform better and compete effectively with other business ventures in similar traits. The study agreed with other empirical studies and theories over the years attempting to explain the constraints that small and medium enterprises have faced in their efforts to achieve growth. Further, entrepreneurs wish government could design youth schemes in a manner that can overcome numerous challenges they face such as high interest rate, short repayment period, lack of collateral and condensed market.

The study established stiff competition especially from counterparts. Youth should be encouraged to diversify their businesses to curb their enterprises against both the internal and external forces of competition. Managers and proprietors should focus on determining the extent to which their competencies lead to sustainable competitive advantage. Incentives like tax holidays and tax reliefs can help startups grow and compete against large enterprises and other non-youth businesses. The existence of unfavorable government policies such as taxation, patenting laws and licensing regulations is also a great hindrance to the youth's accessibility to the market and their ability to have a competitive edge over its rivals. These calls for specialized introduction of youth factored business policies.

Recommendations

Based on the major findings of the study and conclusions, the study made recommendations.

SMEs owners and Botswana government must arrange direct private partnerships to improve skills levels in the sector. This can be through increased funding for SMEs training by the government. Currently Botswana government does provide training through business incubators to increase sustainability and growth of youth SMEs. However, such training is mostly in larger metropolitan areas and need to extend to other areas. Further, there is a need to establish SME consulting and training centers in districts to assist SMEs with their challenges and navigate them in the world of entrepreneurship.

To address the issue of borrowing constraints, the government should act as a guarantee to banks and credit institutions for SMEs. Government can liaise with banks to lessen their requirement. This can enable SMEs easy access to finance. The banks will also have assurance that they can recover their funds should an SME default. Although they are some financial institutions that borrow SMEs, their

interests' rates are high due to the fear of default rate. Further, SMEs can form syndicates and make use of pooled negotiation powers for borrowing purposes. They can use such negotiation powers to purchase raw materials and receive discounts, which might lead to economies of scale and consequently reduction in the cost of production. Through networking, SMEs can be able to exchange services such as bookkeeping, advertising techniques and tax computations amongst themselves at no cost. The benefit of sharing such skills and resources for SMEs proprietors is that it would strengthen the future survival and growth of SMEs.

To be able to confront competition, they must be collaborative efforts amongst youth owned SMEs, government and the global network. This can be through joint ventures, cooperatives, and direct foreign partnerships to enhance knowledge acquisition and customer base. Although cooperatives do exist in some part of the country, they are still orthodox and produce at small-scale level. They are a need to look into creative innovation to procure opportunities that comes with synergy.

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