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Critical Success Factors for Public Financed Entrepreneurship Projects: A Survey of ICT Authority of Kenya Pasha Project

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Abstract: **In order to grow entrepreneurship among specific groups and sectors, a Government can provide an Entrepreneurship Fund incentive. The success or failure of such a fund is critical to the attainment of the envisioned goals by the Government. In case of failure the reputation and financial outcomes of both the entrepreneur and the Government will impaired. This study has used a census to collect data using a survey questionnaire generated in Survey Monkey and emailed to 65 entrepreneurs funded by the ICT Authority of Kenya to run digital villages (*Pasha* Centers) between year 2011 and 2016. The completed questionnaires were analyzed using descriptive statistics on SPSS for the effect of entrepreneur's characteristics, loan product characteristics, the business characteristics, and business development services provided to the beneficiary entrepreneurs; against the financed business performance. The research also reviewed the intervening factor of the external environment where these *Pasha* Centers operated. The research objectives were derived from the selection factors used by the ICT Authority in identifying the qualified entrepreneurs; as well as the service level agreement (SLA) adopted for supporting the *Pasha* centers. Data was collected through email questionnaires consisting of both close ended and open ended questions. The findings of this study are supposed to inform the Government of Kenya on what factors resulted in the success or failure of the *Pasha* Centers. The research found that all the independent variables, except business characteristics were significant critical success factors for funded business performance ($p<0.05$). Their coefficients were as follows: Entrepreneur's characteristics $\beta1=0.286$, Loan Characteristics $\beta2=0.517$, and Business Development Services $\beta3=0.790$. This new knowledge will help guide the Government on what critical success factors to consider in selection and implementation of public financed entrepreneurship. Therefore policy makers will be able to develop improved support framework for implementing successful Government interventions for catalyzing and spurring entrepreneurial development leveraged on Public Financing. It will also inform the affected entrepreneurs on the factors that resulted in the outcomes of their *Pasha* centers. Further, it will help in theory development for researchers to develop an improved framework for evaluating designs of public financed entrepreneurship.**

Keywords: **public financed entrepreneurship, entrepreneur, critical success factors.**

1. INTRODUCTION

Background of the study:

Entrepreneurship has gained recognition as source of economic development (Toma, Grigore, & Marinescu, 2014). In respect to this, many Governments including both developed and developing countries have enacted different entrepreneurship stimulus programmes as interventions for catalyzing and spearheading national economic development (Jha, 2014). Nevertheless, these entrepreneurship stimulus programmes have recorded mixed success (Bhat, & Khan, 2014). The interventions have included low cost credit to specific groups and sectors in the economy. Such groups have included women groups, youth groups, disabled, and affirmative programmes for minorities (Waruguru, Bwisa, & Kihoro, 2017).

The Government of Kenya has identified the Information Communication Technology (ICT) sector as an important vehicle for driving innovation and development in Kenya. However, it has been noted that there is a great digital divide between rural areas and the urban areas in Kenya. This has been found to be a factor affecting the potential of the rural areas to participate in the emerging digital economy. In order to address this shortcoming the Government of Kenya obtained a grant of USD from the World Bank with the aim of funding entrepreneurs through a business plan competition so as to establish digital villages. The centers were code named *Pasha* which is a Swahili word for passing something on or fanning on a fire. The mindset of the Government of Kenya was that *pasha* project would fan the fire for bridging digital divide in Kenya (Holden, & Van Klyton, 2016).

The Pasha project, started in 2011 with recommendations by Cisco Internet Business Solutions Group (IBSG) that showed that there was a link between increased broadband access and economic growth (Ondego, & Moturi, 2016). Armed with these recommendations, the Government of Kenya established a digital entrepreneurship fund that was meant to deepen use of ICT in the rural areas and bridge the digital divide with urban areas thus cause desired economic growth. It was implemented in a public private partnership model between ICT entrepreneurs and the then Kenya's ICT Authority (ICTA).

Entrepreneurs were advanced loans from the digital villages' revolving fund though Family Bank of Kenya as the fund managers to operate the digital entrepreneurship centres called *Pasha* Centres. The prospective entrepreneurs were expected to have an interest in running a banquet of services through use of digital platforms including ICT training which were expected to spur access to ICT and eventual access of digital Government services. Further, the centers were expected to create linkages for indigenous innovations and economic ecosystems as a means to catalyzing economic growth and employment creation (Atieno, & Moturi, 2014). Each *Pasha* Entrepreneur applicant was to get a collateral free loan of up to USD 18,000 depending on the demonstrated capacity. The funding was to be implemented in two rounds (Obora, 2017). A call for proposals was done on January 24th 2011. On the application deadline of February 25th 2011 a total of 689 applications were received, with over 800 enquiries. Of the 689 applicants, 37 emerged as successful. A total of Kenya Shillings 47,889,147 (equivalent to USD 478,891) was approved for disbursement to 37 successful entrepreneur applicants. The second call for applications was done in November 3rd 2011 and closed in December 3rd 2011. A total of four hundred and fifty six (456) submitted a complete pasha on-line application, of which a total of 26 emerged as successful. A total of KES 27,955,000(equivalent to USD 279,550) was approved for disbursement to 26 successful entrepreneur applicants (ICTA, 2013).

Shortly after, in 2013, a report from a study commissioned by KICTB noted that more than half of the 65 entrepreneurs that had been advanced loans to set up digital villages were undergoing financial difficulties and were becoming unable to service their loans. An immediate survey from the Pasha Centres Association and a sample of the entrepreneurs reported a number of emerging problems including harassment by local council officials due to misunderstanding on the nature of partnership, little or no business development support by ICTA in marketing market access, internet connectivity and technical support outlined in the service level agreement contracts signed. Further, various business licensing authorities were demanding multiple licenses for each service provided by the *Pashas* in contrast to expected single license permit for all services. The argument was that there was no license code for such bouquet of services from business licensing authority. This became a major handle given that the *Pashas* supposed to be micro and small enterprises aimed at deepening digital access of public services delivery to the rural areas. Contracted Internet Service Providers were also said to be charging exorbitant rates taking advantage of "selling services to Government", yet the entrepreneurs were cost sharing the service costs. The Pasha entrepreneurs preferred for the Internet fund to be paid directly to their account for them to judiciously select their Internet service provider so that they would switch when the provider failed to deliver or overcharged them. It was noted that although the entrepreneurs were initially very ambitious, their steam was running out and the Government was at the risk of losing the disbursed funds while entrepreneurs were facing collapse of their enterprises (Kamau, 2013).

Problem statement:

In spite of the noble objectives of the *Pasha* project by ICT Authority of Kenya project audit reports during the project period were not encouraging (ICTA, 2013). Notable also is that recently, the Government of Kenya has been running many other similar public financed entrepreneurship projects including the Youth Enterprise Development Fund (YEDF) and Women Enterprise Fund (WEF). Further, County Governments in Kenya have duplicated this model to fund various

entrepreneurship developments. The outcome of these public financed entrepreneurship projects has been uncertain. Therefore, one wonders what would be the critical factors that can make such entrepreneurship projects successful. The need to unravel this knowledge is necessitated by the need to inform policy makers and beneficiary entrepreneurs on what they need to do so that their goals are met. While Government risks loss of funds and drawbacks in its economic agenda, the entrepreneurs risk loss of their reputation, capital and time investments in event of business failure (Rapp, Shore, & Tosun, 2017).

The study therefore has focused on a number of objectives including finding out the appropriateness of the selected project, the characteristics of entrepreneurs selected, and characteristics of non-financial support given to the funded entrepreneurs, process of credit administration and management, and the mediating factors of business environment encountered. The business environment factors considered were availability of premises and its related factors, internet infrastructure (since this was a primary requirement), security, regulatory authorities' administration and licensing, and any other business factor that the entrepreneurs highlighted. The study is based on secondary data collected through field surveys for project audits done between 2011 and 2016. This data has been analyzed using descriptive statistics of distribution tables and graphs. These findings have been discussed and conclusions drawn for each of the set objectives. Finally a number of recommendations have been given for consideration by national and county Governments in future similar projects. It also retrospectively informs the remaining Pasha entrepreneurs on what went wrong so as to help them reshape their strategies as they continue with their business following the expiry of the Government support for the project in November 2016. The study is also expected to add knowledge to support future research on Government Funded Entrepreneurship Credit.

Objectives of the study:

The main objective of the study was to determine the critical success factors of Government Funded Entrepreneurship Credit. Specifically, the research was based on these objectives:

1. To evaluate the effects of beneficiary entrepreneur's characteristics on the funded business performance.
2. To determine the effect of loan characteristics on the funded business performance.
3. To assess the effect of business characteristics on the funded business performance.
4. To establish the effect of business development services on the funded business performance.

Hypothesis of the study:

Ho_1: The beneficiary entrepreneur's characteristics had no significant effect on the funded business performance.

Ho_2: Loan characteristics no significant effect on the funded business performance.

Ho_3: Business characteristics had no significant effect on the funded business performance.

Ho_4: Business development services had no significant effect on the funded business performance.

Significance of the study:

This is study is useful to the Government of Kenya both at the national and the devolved county Governments. It is also useful to other countries that are adopting similar Public Financed Entrepreneurship intervention for growing entrepreneurship in their economies. The research is supposed to help these Governments to understand what factors are critical for success of their said interventions so as to avert loss of revenue and disenfranchisement of the entrepreneurs.

Limitations and delimitations of the study:

Application of the findings of this study should be cognizant of the fact that these entrepreneurs selected were restricted on what business to carry out and how to spend their funds. The effect of this restriction according to the entrepreneurs is that this affected their capacity to rationalize their choice of equipment to buy, premises to lease, Internet connection to take, among other business related factors. All may have had some confounding effect on the success of the studied businesses.

2. THEORETICAL REVIEW

The research was based on arguments on public finance theory (Musgrave, 1959) and political entrepreneurship theory (McCaffrey & Salerno, 2011). Public finance theory suggests that public economic policy has three basic objectives: (1) to establish an efficient allocation of resources; (2) to attain the desired distribution of income and wealth; and (3) to maintain high and stable levels of employment and output (Oates, 1968). This theory therefore supports Government subsidies in case the company undertaking the innovation cannot capture all the economic benefits (Lerner & Watson 2008). Further, it justifies public expenditure as an intervention in an economy on the basis of the existence of market failures, inefficiencies and redistributive concerns. The theory assumes that public expenditure that addresses market failures and externalities can be growth enhancing. Public financing of the private sector in advanced economies has adopted establishment of institutions, rules, and norms after realizing that inadvertently misuse of these Government entrepreneurship funds was causing "financial arms race", and imprudent lending and borrowing. Therefore, public financing of entrepreneurship is an evolutionary process infused with a spirit of problem-solving, but it is also full of political contestation for known pitfalls (Xu & Carey, 2013). For instance, recently it has been found that there has been heavy emphasis on Government funding as a solution to underdeveloped risk capital market for young innovative companies (Maula, Murray & Jaaskelainen, 2007). This public financing is based on the justification that public expenditure on development of innovations, technology and human capital yields higher returns than the traditional principle of supply and demand (Economics Frontier, 2014). Unfortunately, surges in public finance carry the potential for falling into historical debt traps if not well governed. It can also generate debt crises due to moral hazards inherent in the assurance of bail-out by taxpayer money (Xu & Carey, 2013).The enactment of the principle of Government entrepreneurship fund is a driver for public entrepreneurship, where the Government becomes entrepreneurial by pro-actively influencing entrepreneurial development through funding of innovations, technology enterprises, and SMEs among other businesses perceived as potential to attainment of national goals of development.

Empirical review:

The demand side of the venture capital in public entrepreneurship entails creating an entrepreneurial sector by encouraging research and commercialization of innovative ideas to ensure access to cutting edge technology (Romain & van Pottelsberghe 2004; Lerner 2009; Seuodi, 2015). It involves the cultivation of entrepreneurial skills and capacities that produce a virtuous cycle and a steady stream of attractive investible start-ups (Lerner, 2010). The supply side of this pro-active public entrepreneurship on the other hand involves providing seed and start-up capital (Lerner, Moore & Shepherd 2005, Seoudi, 2015). Nevertheless, the question of what would make such a public financed venture capital yield success is the subject of this study. Among the critical success factors reviewed in previous studies include entrepreneurial culture as exhibited by the characteristics of the entrepreneur (Madsen, 2014), Loan Size (Murathi & Weda, 2015), Business Support variables such as training, market linkages, and entrepreneurial skills development (Kanyari & Namusonge, 2013), financial and non-financial support by the fund agents, close cooperation among the parties involved, experience of the fund manager, good accessibility to clients, positive approach towards small and inexperienced businesses, regular analysis of demand and market circumstances, and established possibilities of applying for other instruments . Empirical findings indicate that beneficiary entrepreneurs have been found to be affected by lack of sufficiently clear regulations on a fund, difficult business conditions during implementation, lack of flexibility in implementation. It has also been found that Government subsidized loan programs simply cannot provide the managerial and technical support entrepreneurial companies need (Hall & Sobel, 2006). Government funding agencies also tend to select firms based on their likelihood of success, regardless of whether government funds are needed, simply so they can claim credit for the firm's eventual success (Hall & Sobel, 2006). Public officials at times put significant pressure on Government grant-making agencies to fund companies in their district regardless of their satisfaction of competitive evaluation (Hall & Sobel, 2006). Furthermore, distortions in the award process may have led to the selection of firms that really could not benefit from the funds. Worse still firms receiving large awards actually performed worse than other firms. So it has been concluded that additional awards appear to have had minimal positive benefits, and the pursuit of these awards may even have had detrimental effects on the firms. A firm may also be vulnerable to debt crises due to structural factors beyond its own control. It has also been reported that lack of financial integrity on the sides of both lenders and borrowers have warranted a multilateral surveillance approach to debt sustainability to devise a means of discerning "bad loans" from "good loans," and a leverage strategy to deter misbehaviors once identified (Xu & Carey, 2013).

3. CONCEPTUAL FRAMEWORK

The conceptual framework helps to create a blueprint to study a phenomenon. In view of the reviewed literature and the background information of the study the researcher adopted the following independent variables as critical success factors for the Public Financed Entrepreneurship: characteristics of the beneficiary entrepreneur, loan characteristics, business characteristics, and business development services. These factors have been represented in a conceptual framework in Figure 1 below.

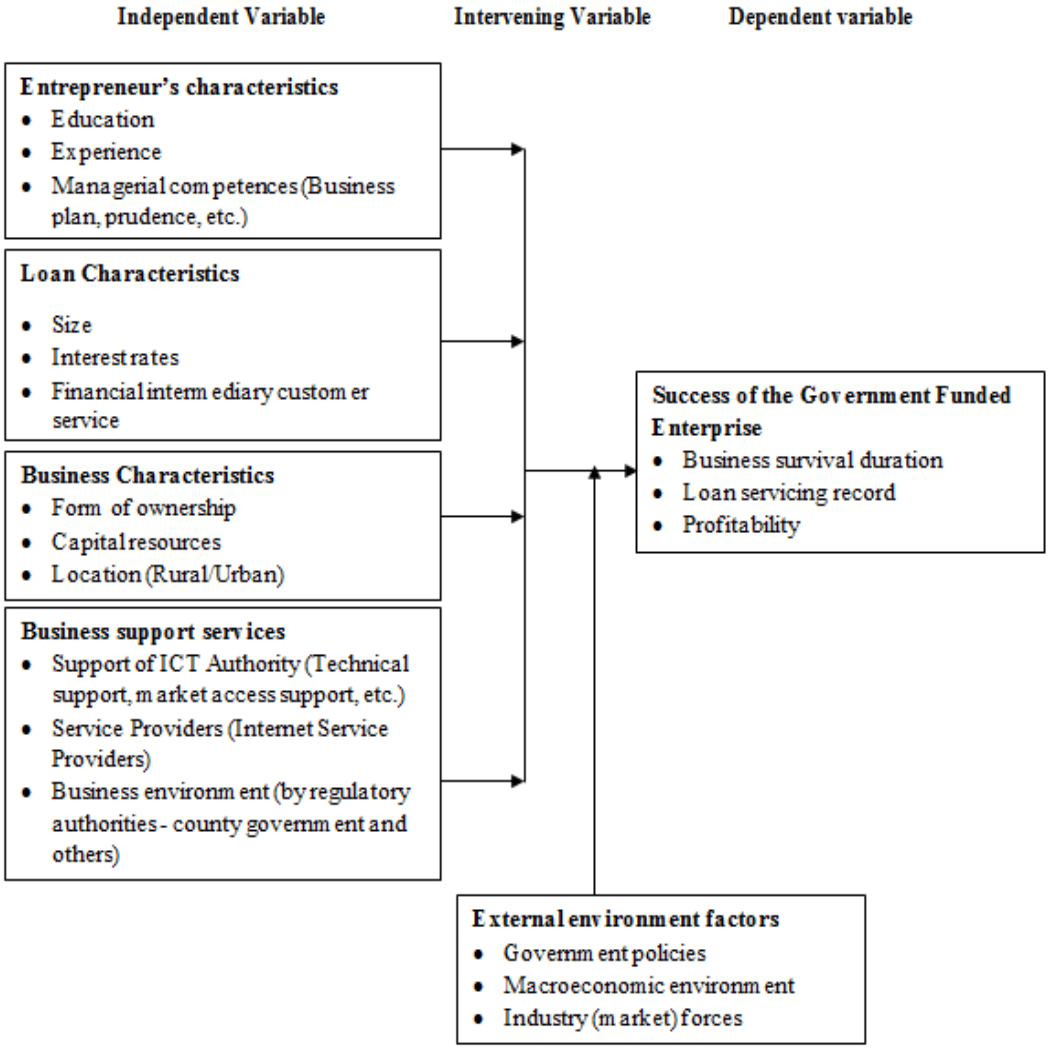

Figure 1: Conceptual Framework of Critical Success of Public Financed Entrepreneurship

Entrepreneur's Characteristics

Whereas the subject of characteristics of an entrepreneur has received overwhelming studies, there exists no agreeable qualities or traits that identify a potentially successful entrepreneur from one who cannot. Nevertheless, characteristics of an entrepreneur has been found to be contributory to success or failure of a business (Burns, 2010). The characteristics of an entrepreneur in this paper refers owner manager cum entrepreneur's personal characteristics (educational qualifications, managerial competencies such having a good business plan and prudent financial management, and experience among others). Negative characteristics such as incompetency, inadequate formal education, lack of creativity and innovativeness, poor commitment, lack of pro-activeness, risk averseness, and many others have been found among failed entrepreneurs.

Loan characteristics:

The loan product characteristics may also be an important factor to consider. They include amount given, was the amount too much or too little for the purpose or as compared to the capacity of the business to effectively use. Inadequate funding

could mean a short-fall in meeting the initial resources needed and the working capital for the business. Too much funding in excess of the capacity of the business utilization when it is credit financing implies the business would be paying interest rates for idle funds. It may also tempt incompetent and unethical owners to utilize the funds for personal use or unsound investments. Other characteristics could include the interest rates (compared to the profit margins that a business can return), and financial intermediary services such as the timeliness of the loan disbursement, loan collection policy, credit risk controls, loan rescheduling policy, among others (Muthoni, 2016).

Business Characteristics:

Each of the beneficiary business was selected on the basis of a satisfactory business plan. However, these businesses had different characteristics in terms of ownership, capital base, business plan, and business strategy, among others. These were capabilities that the beneficiary businesses brought with them as resources that they could leverage on to obtain success. According to the resource based view, the resources possessed by a firm and how they are leveraged are not a significant factor that could affect the success or failure of a firm (Gitau, Mukulu & Kihoro, 2016). Ownership of the business consists of whether it is sole proprietorship, partnership or limited company. The form of ownership of the business affects issues such as decision making, and source of capital, among others. The capital base controlled by the business enables the business to plow in additional funds as needed since a business start-up may need frequent and timely injection of capital to remedy cash-flow short falls. Location of a business whether rural or urban affects its performance (Kihonge, 2017). These were the parameters used to evaluate effect of business characteristics on the performance of the funded business.

Business Development Services:

The role of the fund granting agents goes beyond disbursement of funds. Effective business development services to funded projects can also determine the success or failure of the projects undertaken by the beneficiary businesses (Kemunto, Munene, & Charles, 2014). The *Pasha* project was funded by the Government of Kenya through the ICT Authority (ICTA). The Service Level Agreement (SLA) between ICTA and the beneficiary entrepreneurs included provision of different business development services including cost shared Internet service, technical support and marketing, among others. The extent to which these services were received by the beneficiary business could vary since even the distribution of Internet infrastructure varied with the locality of a business.

Intervening external environmental factors:

Intervening external factors to a business may include industrial forces, Government and its regulatory framework, macroeconomic factors, and other uncontrolled environmental factors. Industrial forces are factors that affect the firm's position within the industry it operates such as the competitors and the intensity of their rivalry, suppliers and the bargaining power, customers and their buying power, new entrants, and substitute products. Government and its regulatory environment can support on impede the growth and development of a business. This may be due to factors that promote ease of doing a business in a given locality. The macroeconomic factors relate to the wider economic issues such as inflation, peace and stability, among others. There are also other uncontrolled environmental factors such as natural calamities that can be catastrophic to a business are not even insurable (Obasan, 2014). In the case of the *Pasha* centers, competitors included cyber café businesses and service bureaus. The two key suppliers of the *Pasha* centers included landlords of the business premises, and Internet service providers (ISPs). Their customers included their immediate community of users who largely depended on the location of the *Pasha* center. New entrants included other similar projects such as the e-Government project implemented through regional centers called "Huduma" centers. Substitute products included mobile Internet services and e-Document processing, among other emerging innovations that had a potential of replacing traditional digital centers services.

Success of public financed entrepreneurship:

The classical motivation of an entrepreneur is to make profit (Kuratko, 2016). In order for these pasha centers to be successful, they need to sell enough products and services to meet their financial obligations including loan repayment and profitability for the entrepreneurs. So this outcome or dependent variable could be measured by survival duration of the business, ability to service the loan promptly and profitability of the business (Fisher, Maritz, & Lobo, 2014). This was so because the entrepreneurs wanted the loan facility to help them grow their enterprises and pay back their loans and the Government of Kenya expected use the loan facility to reduce the digital divide of urban and rural areas by making the loan a revolving fund by changing low interests for managing the fund and efficiently disbursing to qualifying businesses and collecting the repayments. It was expected between 2011 and 2016 the fund will have become well established so that it would continue revolving henceforth.

4. RESEARCH METHODOLOGY

The research methodology presents the framework for research design including the approach for data collection, analysis and presentation of results. This research was based on interpretivist research philosophy. An interpretivist researcher enters the field with some sort of prior insight of the research context but assumes that this is insufficient in developing a fixed research design due to complex, multiple and unpredictable nature of what is perceived as reality (Chowdhury, 2014). This approach was necessary because unstructured data about the performance of the *Pasha* centers has had been shared in media at certain times during the period under review (2011 to 2016). However, there was need to access primary data through a census of the 65 beneficiary entrepreneurs, who formed the target population. The census was carried out using email address list provided by ICT Authority of Kenya on the beneficiary entrepreneurs. Data was collected using structured questionnaires with closed and open ended items generated and administered online with an email invite using Survey Monkey. The data was analyzed using descriptive statistics and inferential statistics. Descriptive statistics was used to summarize data on characteristics of the respondents in a distribution table (Creswell, 2014). Inferential statistics were obtained using Pearson Correlation Coefficient and Multiple Linear Regressions.

5. DATA ANALYSIS, PRESENTATIONS AND DISCUSSIONS

The study had endeavored to determine the critical success factors for public financed entrepreneurship in Kenya. It was guided by four objectives: 1.To evaluate the effects of beneficiary entrepreneur's characteristics on the funded business performance; 2.To determine the effect of loan characteristics on the funded business performance; 3. To assess the effect of business characteristics on the funded business performance; and 4.To establish the effect of business development services on the funded business performance. Data was collected by an online questionnaires using Survey Monkey sent out to all the 65 beneficiary digital village businesses out of which 54 returned their questionnaires but only 45 were satisfactorily completed for analysis. The analysis of the data has been presented as follows: Out the 45 business that responded among the 65 funded businesses between 2011 and 2016, only 23 (51.1%) had survived past 6 years after end of the project funding. However, majority of the business suffered mortality in the second and the third year (20% and 13.3% respectively). Thereafter the business death rate progressively reduced.

Table 1: Business survival rate distribution

	Years	**1**	**2**	**3**	**4**	**5**	**6 or more**
How many years did your Pasha survive?	Frequency	3	9	6	3	1	**23**
	Percentage	**6.70%**	**20%**	**13.30%**	**6.70%**	**2.20%**	**51.10%**

The above findings seem to agree with many authors that many small business die between their first and third anniversary and majority of those that survive beyond third year of the operation are likely to survive on.

Table 2: Correlation analysis

		Entrepreneur_ Characteristics	Business_ Characteristics	Loan_ Characteristics	Business_ Development _Services	Funded_ Business_ Performance
Entrepreneur_ Characteristics	Pearson Correlation	1	.			
	Sig. (2-tailed)					
	N	45				
Business_ Characteristics	Pearson Correlation	.506**	1			
	Sig. (2-tailed)	.000				
	N	45	45			
Loan_ Characteristics	Pearson Correlation	.682**	.551**	1		
	Sig. (2-tailed)	.000	.000			
	N	45	45	45		
Business_ Development_ Services	Pearson Correlation	.370*	.388**	.393**	1	
	Sig. (2-tailed)	.012	.008	.008		
	N	45	45	45	45	
Funded_ Business_ Performance	Pearson Correlation	.686**	.607**	.728**	.589**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	45	45	45	45	45
****. Correlation is significant at the 0.01 level (2-tailed).**						
***. Correlation is significant at the 0.05 level (2-tailed).**						

The correlation coefficients above show that there exists significant positive correlation in all the independent variables to the dependent variable ($p<0.05$). This means an increase on indicators of each of the explanatory factors (entrepreneur characteristics, business characteristics, loan characteristics and business development services) also led to an increase in funded business performance. Further, the correlation between all the independent variables is below 0.75 ($p<0.05$), and so one can conclude that multicollinearity between the independent variables was not observed.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
	.838[a]	.703	.673	1.562
a. Predictors: (Constant), Entrepreneur Characteristics, Business Characteristics, Loan Characteristics, Business Development Services				

The model summary indicates R square of 0.703. This implies that the independent variables used in the regression model can explain 70.3% of the outcome predicted (dependent) variable: Funded Business Performance.

Table 4: Linear Regression Coefficients

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-4.379	1.297		-3.375	.002
Entrepreneur's Characteristics	.286	.136	.255	2.099	.042
Business Characteristics	.260	.159	.176	1.636	.110
Loan Characteristics	.517	.190	.343	2.727	.009
Business_Development_Services	.790	.263	.291	3.011	.004
a. Dependent Variable: Funded Business Performance					

Table 4 represents Linear Regression Coefficients for the dependent variable Funded Business Performance. This report indicates that all the independent variables, except business characteristics were significant critical success factors for funded business performance ($p<0.05$). Their coefficients are as follows: Entrepreneur's characteristics $\beta_1=0.286$, Loan Characteristics $\beta_2=0.517$, Business Development Services $\beta_3=0.790$, and constant = -4.379. The regression model can be summarized as: FBP= -4.379 + 0.286EC + 0.517LC + 0.790 BDS

Where, FBP is Funded Business Performance

EC is Entrepreneur's characteristics

LC is Loan characteristics

BDS is Business Development Services

6. SUMMARY OF THE FINDINGS

This means the success or failure of the public financed *Pasha* project run through the ICT Authority of Kenya was largely due to the Business Development Services (technical support, market access support, infrastructure support, and favorable business environment of the regulatory agencies), the Loan Characteristics (size of loan, interest rate of the loan, and financial intermediary customer service), and the entrepreneur's characteristics (education, experience, and managerial competences). However, Business Characteristics (form of ownership, its initial capital resources and rural or urban location) did not have significant contribution to success or failure the "Pasha" project since $p = 0.11$ was higher than acceptable $p<0.05$. These findings agree with reviewed literature on the critical factors that affect success or failure of an enterprises (Burns, 2010; Kemunto, Munene, & Charles, 2014; Muthoni, 2016; and Gitau, Mukulu & Kihoro, 2016).

7. CONCLUSIONS

1. Hypothesis **Ho_1:** "The beneficiary entrepreneur's characteristics had no significant effect on the funded business performance" was rejected at $p=0.042$ and it was concluded that the beneficiary entrepreneur's characteristics had significant effect on the funded business performance.
2. Hypothesis **Ho_2:** "Loan characteristics no significant effect on the funded business performance" was rejected $p = 0.009$ and conclusion made that Loan characteristics had significant effect on the funded business performance.

3. Hypothesis **Ho_3:** "Business characteristics had no significant effect on the funded business performance", was not reject p = 0.110 was above the acceptance level p <0.05 so it was concluded that business characteristics had no significant effect on the funded business performance.
4. Hypothesis **Ho_4:** "Business development services had no significant effect on the funded business performance" was reject p=0.004 and conclusion made that business development services had significant effect on the funded business performance.

8. RECOMMENDATIONS

In view of the above findings the researcher recommends that in order for the Government of Kenya, both at the national level and the county level, to succeed in its future public financed entrepreneurship interventions it should pay a lot of attention on the characteristics of the beneficiary entrepreneur, the loan characteristics and the business development services needed by the beneficiary businesses. However, the beneficiary business characteristics such as its form of ownership, its initial capital resources and rural or urban location are not critical in determining if the financed business will succeed or not. Therefore, there should be no preferential treatment in selection of beneficiary business based on whether it is sole proprietorship, partnership or limited company, nor whether it has strong initial financial base, nor whether it is located in rural or urban area. All these businesses will have an equal chance to succeed when the other discussed independent factors are present.

Further research recommendations:

The research recommends that further research be conducted to determine whether there would be any significant difference based on other characteristics such as gender and age of the entrepreneur. This is important because several public financed interventions are focused on women and youth exclusively.

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