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Group Size and Performance of Funded Youth Groups' Enterprises in Nakuru Municipality, Nakuru Country; Kenya

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Abstract:

Group size is a fundamental attribute of groups that influences various group processes which in turn affects group performance. Not much attention in research has been focused on this phenomenon. This study, therefore, investigated the influence of group size on performance of youth group enterprises in Nakuru Municipality. Understanding the influence of group size is important in that it can be used to design appropriate guidelines for group funding. The study used survey research design. The population of study comprised of youth group members and leaders of the 20 groups in Nakuru Municipality which received enterprise funds in 2007. A random sample of 165 was selected from the 20 youth groups whose records were available. Data was collected through interview schedule and Focus Group Discussions (FGDs). Data was then analyzed using Statistical Package for Social Sciences. Qualitative data from Focus Group Discussions was analyzed thematically. The results indicate that group size has a negative correlation with groups' enterprise performance. This relationship is, however, dependent on group tasks/activities. The study concluded that a small group size (11-20) enhances performance. Currently the funding guidelines do not give any limit to the maximum number a group should have. This study, therefore, recommends that a maximum number of group members a group should have should be set at not more than 20.

Keywords: Group Size, youth group's enterprises, Nakuru municipality, small groups, large groups

1. Introduction

Youth unemployment around the globe has become a major challenge in the 21st century. According to the World Youth Report (2005) approximately 88 million youth around the world are unemployed and underemployed. According to International Labour Organization report by Elder and Sparreboom (2013), the long term impact of youth unemployment could be felt for decades. The report projects that 73.4 (12.6%) million young people are expected to be out of work in 2013 an increase of 3.5 million between 2007 and 2013. While youth unemployment is a widespread phenomenon in the world, the case is much worse in Kenya. Today, Kenya's youth unemployment rate, according to Youth Employment Marshall Plan (2009) is at 67 percent, among the highest in the world. This clearly indicates that unemployment in Kenya is a youth problem. The situation is exacerbated by the shrinking economy and pervasive income inequality (WYR, 2007).

Against this background, the Youth Enterprise Development Fund (YEDF) was initiated in late 2006 to boost employment and entrepreneurship among the youth. Through YEDF, youth groups from 10 people can apply for funding in addition to other services such as training, mentorship and market access. No limit was put on the maximum number, a group should have. The fund's strategic focus is on small enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building. The Ministry of Youth Affairs collaborates with YEDF to administer loans to youth enterprises and create a framework for the development of youth and the provision of commercial infrastructure for youth businesses (Republic of Kenya, 2006).

Youth groups are provided with non interest loans starting from Ksh50,000 upwards to Kshs400,000 through existing financial institutions, Micro-Finance Institutions (MFIs), registered Non Governmental Organizations (NGOs) and Savings and Credit Cooperative Societies (SACCOs) through the Constituency Youth Enterprise Scheme (C-YES). Members of the youth groups must be aged between 18 and 35 or 80% of the members must belong to the age group. The leadership in the groups, however, must be by a youth member as defined by their age (Republic of Kenya, 2002). Nakuru Town C-YES advanced credit to 40 youth groups in Nakuru Municipality in 2007 from the data provided by the District Youth Office. Four of these groups existed before the fund was initiated. Records of twenty groups, including telephone numbers of the group leaders were available at the time of the study. Since the inception of Youth Enterprise Development Fund, many youth groups' beneficiaries in Kenya have started small businesses. While data is largely available on the amount of funds disbursed, repayment rate and status of youth enterprises, little is known about youth enterprise performance. Also, the factors, particularly relating to groups' functioning, have partially or often been overlooked.

Inattention to these factors will definitely affect the youth groups in achieving their full potential. One such factor is group size. With regard to the main aim of this study, the research objectives included;

- i) To establish the actual group size of youth groups in Nakuru Municipality
- ii) To determine the influence of group size on the performance of youth groups' enterprises in Nakuru Municipality.

2. Literature Review

Group size is a fundamental attribute of groups that influences various group processes. Hare (1981) argues that group size is inversely related to group members' feelings of identity and commitment to group values, and positively related to the aggregation of skills and resources in groups. This effect has interesting implications for group outcomes. When group size is small, for example, groups tend to be more effective at facilitating collective action because of the visibility of other group members' actions (Olson, 1965). To explicate the advantage of a smaller group size, researchers show that small groups have more coherent perceptions of tasks and social cohesion are more likely to share high-quality knowledge because of a heightened sense of accountability among members (Voelpel, Eckhoff & Forster, 2008), and have higher cooperation rates for tasks that require simultaneous coordination. Also, in small groups higher proportion of people are likely to participate- there is potentially more time for each, and the smaller number of people involved means that speaking may not be as anxiety- making as in large groups (Baron, 2004).

On the other hand, group size can be positively related to the aggregation of important resource such as expertise and skills. Larger groups, for instance, tend to be better at accumulating expertise to execute tasks more effectively (Littlepage and Silbiger, 1992). The benefits of a larger group likely depend on the objective of the team and its operational environment (Kozlowski and Klein, 2000). Therefore, for groups whose functioning relies on the possession of resources such as time, energy, money and expertise; a greater team size is more beneficial. Regardless of groups' objective and external environment, these studies generally imply that group size has an indirect effect on group outcomes as it influences group processes in different ways. This current study, therefore, sought to establish the key variable that linked group size with performance.

Hackman and Vidmar (1970) study results showed that group size had negligible effects on performance characteristics and strong effect on member reaction. The type of task strongly affected member characteristic and member reaction, but there was no substantial interaction between size and task type in predicting member reaction or group performance. The focus of this current study was youth groups doing business collectively as a group bringing into focus some of the needed resources that individuals need to bring to the group. These resources include knowledge, skills, talent which requires coordination to enhance productivity. The current study thus attempted to establish the influence group size has on group enterprise by comparing the size of the groups and their performance to determine a correlation between the two variables.

Contrary to Hackman and Vidmar (1970), Wheelan (2009) study indicated that groups with 3-8 members were significantly productive and developmentally advanced than groups with 7-10 members or 11 or more. Groups with member's between 7-10 were not different from each other. The groups with members between 3-4 were, however, significantly more productive and more developmentally advanced on a number of measures than groups with 5-6 members. The study concluded that the work group size is a crucial factor in increasing or decreasing both group development and productivity. Wheelan (2009) study focused on work groups spread in various parts of the United States. The study was silent on any factor that made group size have the effect it had. This current study focused on groups within a similar environment and delved into the details of the relationship between group size and group performance measured by business outputs.

According to Makanda (2012), cheap and easy supervision, management and administration of the group, better ideas and faster decision making, full members' participation, commitment and teamwork, reduced conflicts and focus on group goals were some of the reasons cited by respondents that preferred smaller group sizes (less than 21 members). This study sought members' preferred group size and the reasons for such preference as indicated in the excerpts from FGDs.

3. Methodology

3.1. Study Design

The study made use of cross-sectional survey research design of selected youth groups. This design involved interviewing youth group members and their leaders. The choice of this research design was made possible based on its ability to obtain information by conducting personal interviews at a time convenient for respondents and make predictions about the population being studied (Koul, 1984). It also has the ability to determine the amount of correlation between two or more variables. In the case of this study, the survey design was useful in examining the possibility of the relationship between group size and performance.

3.2. Unit of Analysis

The unit of analysis for this study was an individual youth group member and a group leader who gave information that provided insights into group dynamics.

3.3. Population and Sampling

The target population was all the youth group members and leaders in Nakuru Municipality whose groups benefited from Nakuru Town Constituency Youth Enterprise Scheme in 2007 and whose records are available at the Nakuru District Youth Office. The total number of these youth groups was 20 and the total number of youth group members inclusive of the leaders was 358.

Probability sampling was used where each sampling unit of the population had a known and specified probability of inclusion in the sample. A sampling frame which had details of youth groups in Nakuru Municipality had already been obtained. In order to determine a representative sample size of youth groups' members to be drawn from the total population of 358, this study adopted a formula by Kathuri and Pals (1993) for estimating a sample size n from a known population size N . Therefore, a sample size of 165 group members inclusive of the group leaders was studied. A leader from each of the selected youth groups (chairperson, treasurer or secretary) was purposefully selected by virtue of their position to constitute sample for group leaders. The rest of group members were randomly selected to constitute sample for group members. This gave every individual member in each group an equal chance of being selected into the sample.

3.4. Data Collection

To collect primary data, the study used interview schedules, and focus group discussions. The choice of interview schedule was deemed necessary because many of the group members may not be adequately educated. Each group member was approached through their leader separately, interviewed and appropriate responses filled in the questionnaire by the researcher. A total of 4 FGDs was conducted to supplement data and also explain any variations in responses of group leaders and group members. Participants ranged between 4 to 8 discussants in a group.

3.5. Data Analysis

Qualitative data was generated from FGDs. The interviews were first transcribed. Data was then summarized and grouped to each question and coded based on established themes, sub-themes and patterns. The researchers extracted selected comments, and used selected material to generate short case studies to illustrate findings generated using interview schedule. Quantitative data from the completed interview schedule was edited, coded and entered into SPSS 19.0 and cleaned for analysis. Frequencies, percentages, mean, mode, standard deviation were computed and presented in tables and charts. Spearman Correlation was used to measure the relationship between the independent and the dependent variables.

4. Results and Discussion

4.1. General Groups' Information

The study also captured general information of interest to the study about the groups as follows: the type of business activities engaged by the youth groups, the year when the respective groups were formed, the stage at which youth enterprise projects received funding (at start up or expansion)

The main purpose of the C-Yes program was to provide capital for start-up or expansion of business undertaking by the youth. It is therefore mandatory that the group is engaged in a certain business activity to qualify for the funds. The study sought to find out the type of business activities engaged by the youth groups in Nakuru Constituency as shown in the figure below

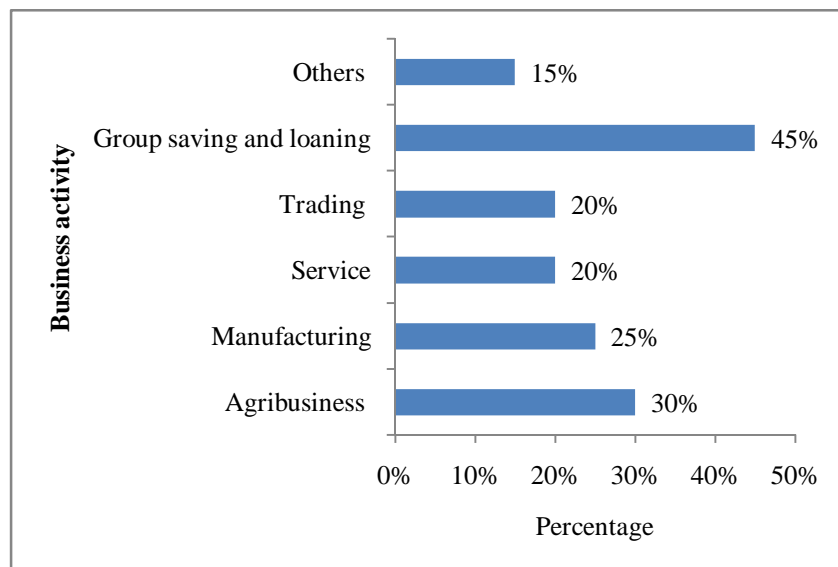


Figure 1: Business Activities Engaged by the Groups

The findings revealed that the majority of the youth group enterprises were engaged in more than one business activity. Group saving and loaning is the most widely adopted business activity by 45% of the groups 30% engaged in agribusiness activities such as buying and selling cereals, followed by 25% who were in manufacturing. Those that offered services such as garbage collection among others, were 20%, while a similar percentage were involved in trading activities such as operating shops. There were other groups involved in business other than those that were categorized and they formed 15%, inclusive here are the groups involved in theatre activities.

This current study also established the respective year when the groups were started to establish whether the groups were formed as a result of the initiation of the Youth Fund or they were in existence before the fund was initiated. The figure below indicates the year when the respective groups were formed.

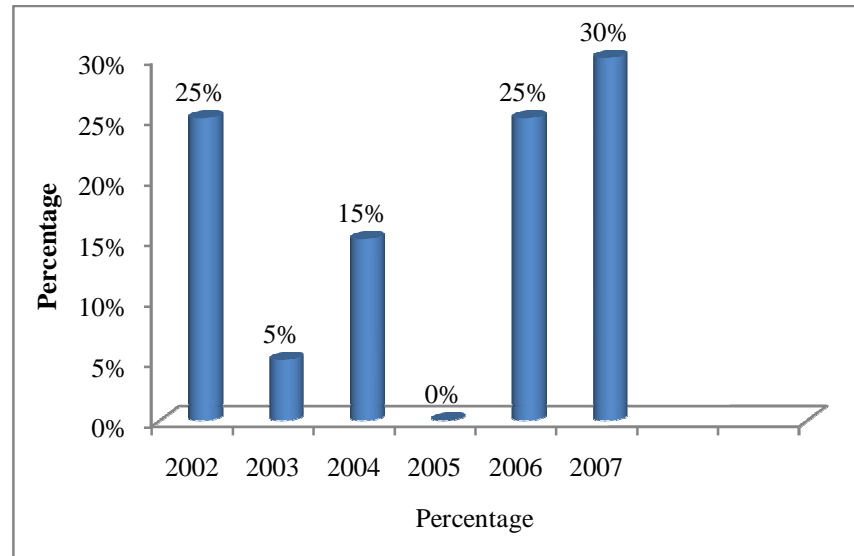


Figure 2: Year of Group Start up

From the figure above, 45% of the groups were already in existence before the inception of the Youth Enterprise Development Fund program at the beginning of 2007. Those formed in 2002 and before formed 25%, while in 2003 only 5% were formed and 15% in 2004. In 2005 no group was formed. However, in 2006, 25% formed and in 2007, 30% were formed. The trend indicates a decline in group formation from 2002 to 2005. This could be due to the sampling frame (20 groups whose records existed in Nakuru District Youth Office at the time of the study were selected). However, this reignited in 2006 and 2007 due to the anticipation of Youth Enterprise Funds. Despite the fact that majority (70%), were formed before the inception of a youth fund in 2007, majority 65% (see figure 3 below) received the funds for enterprise startup. This clearly implies that first; most of groups were already in existence, but were not undertaking business activities. Secondly, group activities were modified to incorporate business activities so as to benefit from the C-Yes program. The inception of Youth Fund therefore contributed a lot in igniting entrepreneurship culture among the youth through joint ventures.

The introduction of the C-YES programme was aimed at supporting the already existing youth enterprises by providing expansion capital and provision of seed capital for new start-ups. On this note, the study sought to find out the stage at which youth enterprise projects received funding as captured in the figure below

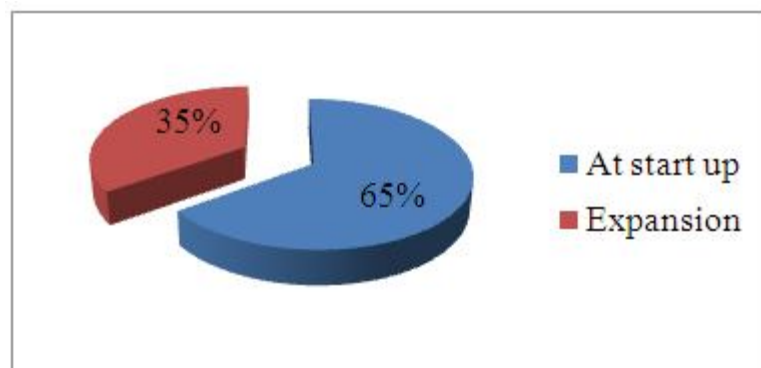


Figure 3: Stage of Enterprise Funding

The study revealed that 65% of the enterprises received funding at start up while 35% received the funding as expansion capital as they were already in existence. This implies that majority of group enterprises in Nakuru municipality, were formed to take advantage of the youth funds after the launch of the program in 2007.

4.2. Size of the Studied Groups

The number of members in a group is an important determinant of members' motivation and commitment as well as overall group performance. According to the guideline given by Ministry of Youth Affairs for the formation of youth group enterprises for funding, the minimum number of members was put at 10. No limit was placed on the maximum number. This study sought to establish whether

there exists a relationship between the size of the groups and group enterprise performance. The size of the studied groups was first established as shown on the table below

No. of Members in a Group	Frequency	Percentage
10 and below	2	10
11-20 members	12	60
30 members and above	6	30
Total	20	100

Table 1: Group Sizes

The table above shows that majority (60%) of the groups studied had between 11-20 members followed by those with 30 and above (30%). Those that were 10 and below were 10%.

4.3. Youth Groups' Enterprise Performance

Enterprise performance of Nakuru C-Yes group businesses was determined in terms of Capital growth, profitability and business growth.

Performance index	Frequency	Percent	Cumulative Percent
-.07	1	5.0	5.0
.08	1	5.0	10.0
0.19	1	5.0	15.0
.26	1	5.0	20.0
.30	1	5.0	25.0
.30	1	5.0	30.0
.32	1	5.0	35.0
.35	1	5.0	40.0
.44	1	5.0	45.0
.46	1	5.0	50.0
.59	1	5.0	55.0
.66	1	5.0	60.0
.67	1	5.0	65.0
1.03	1	5.0	70.0
1.28	1	5.0	75.0
3.73	3	15.0	90.0
5.79	1	5.0	95.0
26.60	1	5.0	100.0
	20	100.0	

Table 2: Business Performance of Youth Groups in Nakuru Municipality

Mean = 2.52
 Std.Dev = 5.896
 Range = 2.82
 50th percentile = 0.525

The performance index of various groups is shown above. Negative performance index indicate a declining group enterprise performance experienced in one group (5%). A moderate performance between 0.1-1.0 was recorded by 60% of the groups. More than one third of the groups exhibited performance with a PI greater than 1.0, that is 1.0 -26.60. There was one group which recorded a supernormal enterprise performance and was treated as an outlier. The average enterprise performance index was thus 2.52, Range = 2.82. Further distribution of the enterprise performance on the ogive curve is also shown in the figure below

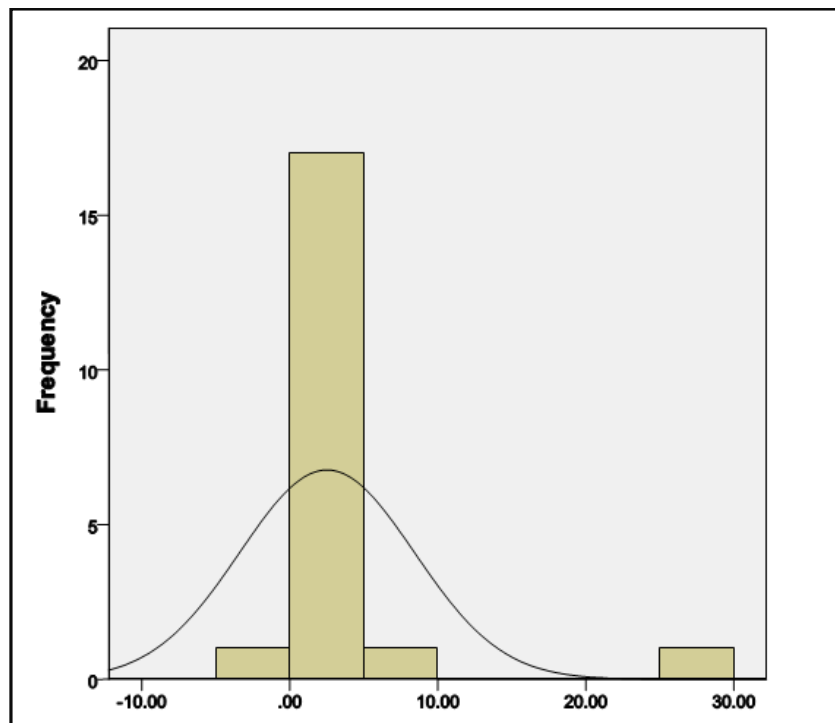


Figure 3: Distribution of Enterprise Performance of Youth Groups in Nakuru Municipality

The figure 3 above further suggests that the performance index varied across the groups. It shows significant difference in how the groups performed in different enterprises. From the figure above its clear that individual group performance was spread out around the mean. This is attributed to group dynamics.

4.4. Correlation between Group Size and Enterprise Performance

“Drop in size would affect performance as auditions would not be fruitful and the demand of theatre would not be met in terms of numbers.”(9th August, 2013)

“The group size (16) helped accomplish group activities. This was particularly crucial when we were running a car wash business where we would allocate tasks to ourselves and we would wash up to 70 vehicles in a day.”(14th August, 2013)

To establish whether a relationship exists between group size and group enterprise performance, rank correlation was done. The value of $r = -0.213496843$ indicates a negative correlation between group size and groups’ enterprise performance. This implies that a certain decrease in group size positively influenced group enterprise performance in Nakuru Municipality. Majority of the groups which had a performance index greater than 1 had a group size of 18 members. Majority of the large groups (group size of 30 members and above) had a performance index of between 0.3 and 0.6. Groups with the least number of members (group size of 10 members) were the least performing. These observations can be explained by two factors; the nature of group tasks and the advantages of small groups verses large ones. On the nature of group tasks, Jones and George (2004) note that when deciding upon the appropriate size for any group, managers should attempt to gain the advantages of small group size while also forming groups with sufficient resources to accomplish their goal. Insights from FGDs support this view as shown:

This therefore means that for the groups that had 10 members there is a high possibility that the groups lacked sufficient resources for the tasks they were engaged in. The groups that had members between 11- 20 could be said to be small while those above 30, large. To a large extent, the small groups are doing better than the large ones. From literature review when group size is small, groups tend to be more effective at facilitating collective action (Olson, 1965), have more coherent perception of tasks (Carron and Spink, 1995) and high cooperation rates for tasks that require simultaneous coordination (Franzen, 1995). High proportions of people are also likely to participate since there is a potential time for each. The following excerpt gives more insight to the advantages of small size to groups in Nakuru Municipality:

“A small group size allows every member to give his or her contribution during meetings.”(9th August, 2013)

“When a group is small discussions move fast and the group quickly moves forward.”(13th August, 2013)

“With more members there would be a problem of consensus building and faithfulness in terms of loan repayment.” (14th August, 2013)

In Makanda (2012), cheap and easy supervision, management and administration of the group, better ideas and faster decision making, full members’ participation, commitment and teamwork, reduced conflicts and focus on group goals are some of the reasons cited by respondents that preferred smaller group sizes (less than 21 members). Large groups on the other hand, for instance, tend to be better at accumulating expertise to execute tasks more effectively (Littlepage and Silbiger, 1992). In Makanda (2012), the groups that preferred big groups (21 members and above) cited accessibility to more capital in terms of members’ contributions and easy allocation and execution of group tasks as the main reasons. In as much as large groups have more resources, Steiner (1972) notes that it may be

more difficult or costly for them to motivate members and coordinate group actions. This is particularly obvious in tasks that require complex coordination. There were divergent views held by group member on the issue of a large size as captured below:

“At first we were forty in number. There was a lot of disagreement during meetings and too much politics. A Small groups emerged from the group and they broke away to start their own group. Later on, the group that had broken away collapsed as a result of leadership wrangles. We are now comfortable with the group that remained (14 members).” (9th August, 2013)

“For us a large group is important for mobilization and recognition. When a group involved in theatre is small it cannot be felt.” (14th August, 2013)

Clearly the observations indicate that appropriate or effective group size also depends on the nature of group tasks, though this was observed only in the group doing theatre activities thus, May not be generalized. Small group of between 11-20 is preferred and is effective for the kind of activities; youth group enterprises in Nakuru Municipality are engaged.

4.5. Conclusions and Recommendations

Based on the findings, the study concludes that group size influences group enterprise performance. Specifically a small group size of between 11-20 members is recommended as performance is better than those that are 30 and above. Group size just as indicated by past research is an important determiner of group performance. When group size is small, groups tend to be more effective at facilitating collective action, there is high cooperation and a high proportion of people are also likely to participate since there is a potential time for each.

The collective Action theory was adequate in spelling out group size as the best predictor of a groups' level of collective action. Olson's central conclusion that as large groups will fail small ones will succeed is in line with the study results. The theory could not however explain the role played by group activities in the relationship between group size and group performance as partly established by the current study.

From the guidelines given by Youth Enterprise Development Fund for group funding, the minimum number for groups to benefit from the fund is 10. Based on the findings of the study, the researcher recommends that the maximum number of group members a group should have should also be set at not more than 20 members in consideration of research that has been done in this area. Youth groups should nonetheless be equipped with information on optimum and effective group size such as amount of interactions required and nature of group tasks so that they can have a group size that works to their advantage.

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