EFFECT OF ECONOMIC, INSTITUTIONAL AND SOCIAL FACTORS ON ACCESS TO YOUTH ENTERPRISE DEVELOPMENT FUND IN MIGORI COUNTY, KENYA

BY

MORDECAI ATINGA OGEMBO

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN ECONOMICS

SCHOOL OF BUSINESS AND ECONOMICS

MASENO UNIVERSITY

DECLARATION

I, Mordecai Atinga Ogembo, declare that this Thesis is my original work and has not been submitted in any institution of learning for the award of any certificate in any program.

Signature……………………………………….Date…………………………………….

MORDECAI ATINGA OGEMBO

PG/MA/06014/2012

Supervisors:

Signature……………………………………….Date…………………………………….

Dr. Scholastica Odhiambo

Department of Economics

Maseno University

Signature……………………………………….Date…………………………………….

Dr. G. Momanyi

Department of Economics

Maseno University

ACKNOWLEDGEMENTS

First and foremost, I give glory and honour to the almighty God for seeing me through this programme. To my supervisors, Dr. Odhiambo Scholastica and Dr. Momanyi Gedion, I owe you all for holding my hands and guiding me throughout this academic journey.

To the members of Economics department headed by Dr. Obange and all my lecturers I say thank you for the role you have played in shaping my academic life not forgetting Prof. Mukras.

To all my classmates with whom we started this academic journey moreso Judith Akinyi, I owe you for the words of encouragement and support that made me to reach this far. Thank you Judith Akinyi for coming to stand by me during my oral defense. To my long time friend Mr. Onyango Peter, have never met a friend as genuine as you. You always brought the best out of me and encouraged me to push on.

To my late parents William Oyieko and Dorsila Ogembo, thank you for instilling the virtues of hard work and laying foundation for my academic journey.To my brother Willis Ogembo, you sacrificed a lot to give me a bearing in life.

To my dear wife Grace and lovely children Shina, Ziola, Marleen and William, thank you for believing in me, giving me the space and support to go on with this program. My brother Erick Ogembo, thank you for always wanting the best for me and being a trusted brother.

To all the others I may not have mentioned there names but played a role in making me reach this far,feel appreciated and valued. Not forgetting, Francis, Jared, Billy, Ochieng Ongati and Allan, thank you for accepting to go through my work and offer valuable critique.

DEDICATION

To my late parents William Oyieko and Dorsila Ogembo for instilling the virtues of hard work and discipline in me.

To my dear wife Grace and champion children Shina, Ziola, Marleen and Rodney for their unconditional love and affection

ABSTRACT

More than 50 percent of the current global population aged 15-24 years, survive on below 2 dollars daily. This state of affairs is particularly pronounced in less developed economies like Kenya where youths are subjected to problems of unemployment, job insecurity as well as low incomes. Youth Enterprise Development Fund (YEDF) supports the social pillar of the Vision 2030 towards addressing challenges of poverty as well as unemployment among youths in Kenya. The World Bank's Global Findex Database reports that 71 percent of youths from high-income economies save and access credit while 43 per cent have been reported from developing countries. However, access to YEDF has been all-time low in Kenya covering only 30 to 35 percent. The reviewed studies have mainly concentrated on the effect of YEDF in eradicating poverty and youth unemployment by studying the youths who have accessed the funds but they have neglected those who have not accessed the funds and why. The purpose of this study was to investigate effect of economic, institutional and social factors on access to YEDF by youth groups in Migori County. The specific objectives of the study were; to investigate the effect of economic factors on access to YEDF, to determine the effect of institutional factors on access to YEDF, and to analyze the effect of social factors on access to YEDF in Migori County. This study was founded on information assymetry theory. It used correlational research design. Targetting all the 293 registered youth groups and 8 representatives of Youth Enterprise Development Fund in each Sub-County of Migori County, Yamane formula was used to determine the sample size. Cluster, proportionate and simple random sampling were adopted in which 169 youth group leaders and 8 administrators of the YEDF were selected for the study which gave rise to 177 respondents. Questionnaire and interview schedule assisted in gathering primary data. Piloting of the study was carried out to ascertain the validity and reliability of the data collection instruments. Given the economic factors, the study found that income status and access to YEDF in Migori County have a positive and significant relationship (.200, p=0.000). However, business support services and access to YEDF in Migori County have a positive but an insignificant relationship (.035, p=0.599). Likewise, the findings indicated that institutional factors (disbursement procedures and physical location of youth groups) and access to YEDF in Migori County have a positive and significant relationship (.118, p=0.026; .244, p=0.000 respectively). Likewise, social factors (education level, entrepreneurship training and group dynamics) and access to YEDF in Migori County have a positive and significant relationship (.240, p=0.000; .214, p=0.001 and .208, p=0.000 respectively).This is evidenced by the R square value which is 0.781 which is more than 0.5 implying that all the three factors explain 78.1% of the access to YEDF in Migori County. This is further supported by the $F_{statistic} = 66$ where the value was greater than the critical value at 0.05 significance level, $F_{statistic} = 66 > F_{critical} = 2.669$ (7, 133). The study recommends that the low-income earners be reached for inclusivity; YEDF loan disbursements procedures be simplified; the YEDF offices be located also in remote parts of the country for ease of accessibility and entrepreneurial training be offered to youth groups. The outcome study would be useful in enhancing the understanding of factors affecting access to YEDF and help in formulating strategies to improve access, use and repayment of YEDF. The study concludes that the economic, institutional and social factors affect access to YEDF in Migori County.

TABLE OF CONTENTS

DECLARATION ii

ACKNOWLEDGEMENTS iii

DEDICATION iv

ABSTRACT v

TABLE OF CONTENTS vi

ABBREVIATIONS AND ACRONYMS xii

OPERATIONAL DEFINITION OF THE KEY TERMS xiii

LIST OF TABLES xiv

LIST OF FIGURES xvi

CHAPTER ONE:INTRODUCTION 1

1.1 Background of the Study 1

1.2 Statement of the Problem 6

1.3 Objectives of the study 7

1.3.1 General Objective 7

1.3.2 Specific Objectives 7

1.4 Research Hypotheses 7

1.5 Justification of the Study 8

1.6 Scope of the Study 9

1.7 Conceptual Framework 10

CHAPTER TWO:LITERATURE REVIEW 11

2.1 Introduction 11

2.2 Theoretical Review 11

2.3 Empirical Literature Review..12

2.3.1 Definitions and Concepts...12

2.3.2 The State of Kenyan Youths..13

2.3.3 Finance for Young people...13

2.3.4 Access to YEDF...16

2.4 Historical Development of YEDF in Kenya..18

2.5 Factors Affecting Access to YEDF Loans...20

2.5.1 Economic Factors...20

2.5.1.1 Income Status..20

2.5.1.2 Business Support Services...21

2.5.2 Institutional Factors 23

2.5.2.1 Disbursement Procedures and Access to YEDF..23

2.5.2.2 Physical Location of the Group 25

2.5.3 Social factors..25

2.5.3.1 Level of Education...26

2.5.3.2 Entrepreneurship Training 27

2.5.3.3 Group Dynamics..29

2.6 Review of Previous Studies 30

2.7 Summary of Literature and the Research Gap...34

CHAPTER THREE:METHODOLOGY...36

3.1 Introduction..36

3.2 Research Design..36

3.2 The Study Area 36

3.3 Target Population..37
3.4 Sample Size and Sampling Procedures...38
3.5 Data Collection Instruments 40
3.6 Data Types 41
3.7 Pilot testing 41
3.7.1 Validity of the Research Instrument 41
3.7.2 Reliability of Research Instrument 42
3.8 Data Collection Procedure 42
3.9 Data Measurement and A Priori Expectation 43
3.10 Data Analysis Techniques...43
3.10.1 Diagnostic Testing 44
3.11Model Specification 45
3.12 Ethical Consideration...46
CHAPTER FOUR:RESULTS ANALYSIS AND DISCUSSION...............................48
4.1 Introduction..48
4.2 Response Rate 48
4.3 Pilot Results 49
4.3.1 Reliability of the Research Instrument 49
4.3.2 Test for Validity..50
4.4 Demographic Data 51
4.4.1 Age in years 51
4.4.2 Respondent`s Gender 51
4.4.3 Highest level of education 52

4.4.4 Have you had access to credit before?.....52
4.4.5 Total Number of Months since taking first loan.....53
4.4.6 The total amount of the loan borrowed.....53
4.4.7 Loan Repayment.....54
4.4.8 What guarantee did you give for the loan?.....55
4.5 Factors affecting access to YEDF by Youth Groups.....55
4.5.1 Economic factors that affect access to YEDF in Migori County.....56
4.5.1.1 Income Status.....56
4.5.1.2 Business Support Services.....57
4.5.2 Institutional factors that affect access to YEDF in Migori County.....59
4.5.2.1 Disbursement Procedures.....59
4.5.2.2 Physical Location of Youth Groups.....62
4.5.3 Social Factors that affect access to YEDF in Migori County.....63
4.5.3.1 Education Level of Youth.....63
4.5.3.2 Entrepreneurship Training of Youth Groups.....65
4.5.3.3 Group Dynamics.....66
4.5.4Access to Youth Funds.....68
4.5.4.1Loan Affordability.....68
4.5.4.2Adequacy of YEDF.....69
4.5.4.3Availability of YEDF.....70
4.5.4.4Timeliness of YEDF.....70
4.5.5 Key Informant responses towards the factors influencing the attraction of more applicants for YEDF financing.....70

4.5.6 Key Informant responses towards the aspects posing a challenge to the implementation of YEDF in the constituency 72

4.6 Pearson's Correlation between Economic Factors, Institutional Factors, Social Factors and Access to YEDF in Migori County 75

4.7 Diagnostic analysis 80

4.7.1 Normality Test 80

4.7.2 Linearity Test 82

4.7.3 Multicollinearity 87

4.7.4 Heteroscedasticity Test 88

4.8 Multivariate Regression model of the Main Variables 89

4.9Multivariate Regression model of the Sub variables 90

4.9.1Estimated Coefficients of the Sub-Variables 90

4.9.2ANOVA for the Sub-Variables 91

4.9.3Coefficient of Determination, R^2. 91

4.11 Discussion of the Research Findings 93

4.11.1 Economic Factors 94

4.11.2 Institutional Fcators 94

4.11.3 Social Factors 95

CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATIONS 96

5.1 Introduction 96

5.2 Summary of Major Findings 96

5.2.1 Economic factors 96

5.2.2 Institutional Factors 97

5.2.3 Social Factors 97

5.3 Conclusion of the Study..97

5.4 Policy Recommendations of the Study...98

5.5 Suggestions for Further Study 98

5.6 Limitations for the Study 99

REFERENCES...101

APPENDICES 107

ABBREVIATIONS AND ACRONYMS

CBOs: Community Based Organizations

C-YES: Constituency Youth Enterprise Scheme

FIs: Financial Intermediaries

GDP: Gross Domestic Product

GoK: Government of Kenya

ILO: International Labour Organization

Km: Kilometer

MSME: Micro, Small and Medium Enterprises

MUSERC: Maseno University Scientific and Ethics Review Committee

NACOSTI: National Commission for Science Technology and Innovation

OECD: Organization of Economic Cooperation and Development

PCGS: Partial Credit Guarantee Scheme

SMEs: Small Medium Enterprises

UK: United Kingdom

UN: United Nation

YEDF: Youth Enterprise Development Fund

OPERATIONAL DEFINITION OF THE KEY TERMS

Access In this study, access to as used, is the ease of youth groups/ youth to obtain the YEDF loans.

Communication: Communication between lender and borrower is the exchange and flow of information and ideas from one person to another.

Disbursement: The act of paying out money especially from a fund.

Education Level: It is qualitative in nature which can be categorized into three mutually exclusive levels: less than high school, high school and college/University.

Entrepreneurship Training: Training in core business skills or enterprise formation and management

Group: Youths in a formerly registered group

Group Dynamics: The ability to belong or subscribe membership to multipurpose organisation, cooperatives, associations.

Income Status: Sum of money received by those in formal employment (employed) or the self-employed

Physical Location of Funds Office from Youth Group: Distance a youth group is located from the YEDF offices within the county

Training: A formal or informal engagement, organized with an aim of instilling knowledge on financial management to the youth.

Youth: Individuals aged 18-35 years old who can access YEDF according to the stated requirements.

Youth Fund: Is the Youth Enterprise Development Fund (YEDF).

LIST OF TABLES

Table 3.1: Target Population 38
Table 3.2: Sample Size Distribution 40
Table 4.1: Response Rate 49
Table 4.2: Reliability Results 50
Table 4.3: Age of the respondents 51
Table 4.4: Highest level of education of the respondents 52
Table 4.5: Total Number of Months 53
Table 4.6: The total amount of the loan borrowed 54
Table 4.7: Loan Repayment 54
Table 4.8: Guarantee Loan Repayment 55
Table 4.9: Means, percentages and standard deviation for Income Status 56
Table 4.10: Means, percentages and standard deviation for Business Support Services . 58
Table 4.11: Means, percentages and standard deviation for Disbursement Procedures ... 60
Table 4.12: Means, percentages and standard deviation for Physical Location of Youth Groups 62
Table 4.13: Means, percentages and standard deviation for Education Level of Youth .. 64
Table 4.14: Means, percentages and standard deviation for Entrepreneurship Training of Youth Groups 65
Table 4.15: Means, percentages and standard deviation for Group Dynamics 67
Table 4.16a: Descriptive statistics in percentage showing the responses regarding Affordability of YEDF 68
Table 4.16b: Descriptive statistics in percentage showing the responses regarding Adequacy of YEDF 69
Table 4.16c: Descriptive statistics in percentage showing the responses regarding Availability of YEDF 70
Table 4.16d: Descriptive statistics in percentage showing the responses regarding Timeliness of YEDF 70
Table 4.17: Means, percentages and standard deviation for the factors influencing the attraction of more applicants for YEDF financing 71

Table 4.18: Means, percentages and standard deviation for the factors posing a challenge to implementation of YEDF in the constituency 73
Table 4.19: Correlation matrix 76
Table 4.20: Normality Results 81
Table 4.21: Collinearity Statistics 87
Table 4.22: Regression of Coefficients of the Main Variables 89
Table 4.23: Regression of Coefficients of the Sub variables 90
Table 4.24: ANOVA 91
Table 4.25: Model of fitness 92
Table 4.26: Hypotheses Test Results 93

LIST OF FIGURES

Figure 1.1: Unemployment, total (% of total labor force) (modeled ILO estimate) ……..1

Figure1.2: Effect of Economic, Institutional and Social Factors on Access to YEDF..... 10

Figure 4.1: Respondent`s gender 51

Figure 4.2: Access to credit 52

Figure 4.3: Normality plot 81

Figure 4.4: Linearity Test for Income status.. 82

Figure 4.5: Linearity Test for Business Support Services 83

Figure 4.6: Linearity Test for Disbursement Procedures.................................... 84

Figure 4.8: Linearity Test for Education Level 85

Figure 4.9: Linearity Test for Entrepreneurship Training 86

Figure 4.10: Linearity Test for Group Dynamics 86

Figure 4.11: Error variance of the residuals.. 88

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The issue of unemployment among the youths is a major pandemic among the less developed economies across the world. In Kenya, more than 15 million people are cited to live in abject poverty, with more than 3 million grouped as unemployed, (KNBS, 2020).According to International Labour Organization and World Bank Data, unemployment rate has in the past 2 decades been declining from 3.0% in 2000 to 2.8% in 2016. However, it has been picking up ever since to 5.7 in 2020 and 2021 respectively as shown in Figure 1.1. The unemployment rate in Kenya increased to 6.6 percent in the first quarter of 2021, against 5.4 percent in the previous quarter. It was also higher than in Q1 2020, when 5.2 percent of the population aged 15-64 years was unemployed (The World Bank Data, 2022).

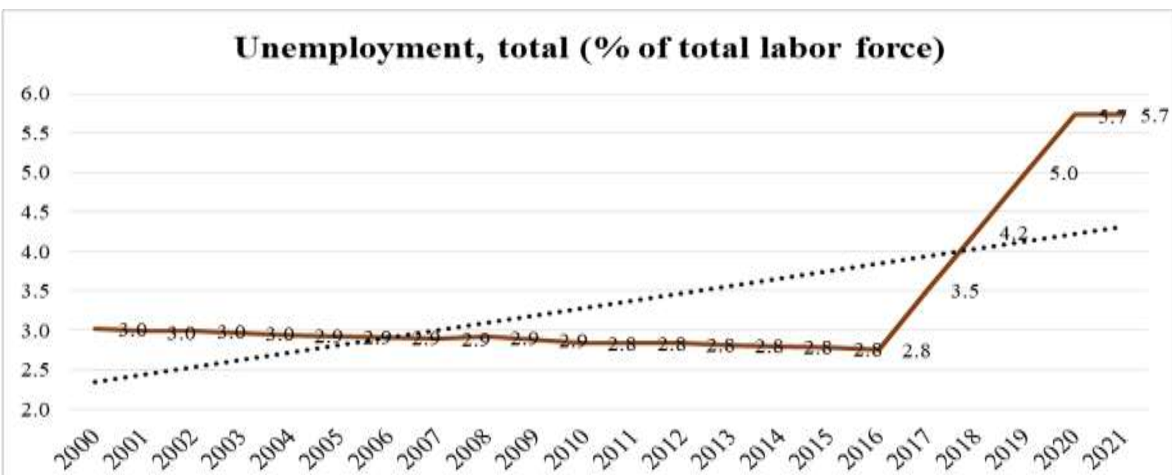


Figure 1.1: Unemployment, total (% of total labor force) (modeled ILO estimate) - Kenya

Adapted from The World Bank Group (2022).

Youth forms 55 percent of the unemployed Kenyan population, indicating that unemployment is an issue that mostly affects youths. The predominantly rising unemployment among the youth has been escalated by shifts in economic policies. This has been evidenced by the shift from formal to informal *Jua Kali* employment sector. Secondary negative impacts include systematic degradation of social value, drug and substance abuse, prostitution, crime, and eroded education as direct effect (Wohoro, 2016).

Escalated poverty is cited as a major drawback to the realization of development in Kenya. Youths are the mostly affected by the issue of unemployment, health challenges, and inadequate housing (specifically in urban setups). Poverty has a direct influence on the level of education and children who come from poor economic backgrounds are less likely to secure adequate schooling compared to their counterparts from well-to-do families (Lubanga, 2016). Poor levels of education result in less chances of securing gainful employment. Further factors that influence youth negatively comprise inadequate recreational facilities, a lack of representation in decision-making, limited voice accorded to the youths, and marginalization (Ayele et al., 2017; Trucco&Ullmann, 2016).

Some areas of concerns identified in literature are geographic transitions (migrations) among the youth, transition from school to employment, youth integration in urban setups, youth groups facing risky situations as well as implementation of programmes and policies concerning the youth (Mueller &Thurlow, 2019). Due to lack of opportunities in the labour market, most youths join informal sector that is widely unregulated as well as characterized by risky conditions of informal contracts, longer working hours without adequate compensation, and low wages (Palmer, 2017).

Youth Enterprise Development Fund (YEDF) was conceived in 2006 and formed into a state corporation on May 11, 2007 to tackle issues affecting youth access to credit (Karanja, 2014). YEDF has partnered with 32 Financial Intermediaries (FI) to enable youths to access credit, in groups or as individuals. Constituency Youth Enterprise Scheme (C-YES) that provides funds to youth group enterprises across various constituencies complements the YEDF (Sikenyi,2017). The YEDF pays attention to the development of enterprises as a major strategy to promoting economic opportunities and as a way of engaging youths in building the nation.

YEDF intends to promote young entrepreneurs' access to capital so that the level of youth unemployment can be reduced. Approximately 5.96 billion Kenya shillings has been distributed to 315, 076 individuals as well as group enterprises across Kenya. YEDF has managed to finance 141, 552 individual and group enterprise with a sum of 5.3 billion Kenya shillings through the FI initiative. The disbursed funds should be repaid to the lending institution so that other youth groups can have money to access because of inadequate treasury allocation. The amount allocated is insufficient to meet all demands and expectations of the youth (Awiti& Scott, 2016). Access to this fund by every youth calls for its proper management. It is crucial to continue highlighting major potentials, priorities as well as issues youths to come up with appropriate interventions to handle their problems.

A positive link exists concerning youth owned businesses and the development of economy. In France and the US, several studies have demonstrated that opportunity for youth enterprises positively influence their growth and the entire growth of economy. Credit is critical for the development of new enterprises (OECD, 2018). However, the cost of credit in most OECD countries remains very low in historical perspective. Moreover, collateral requirements decreased in 2018 and rejection rates were low. This was attributed to weak trade and investment flows and the re-organization of supply chains that negatively impact the availability of credit and other forms of finance for SMEs in the years to come. Overview of the evolution in SME finance policies indicate a strong increase in credit guarantee volumes, direct lending and credit mediation up to the year 2020 (OECD, 2020). To that extent, a positive link has been evidenced between enterprise choice and credit access by youths. Loans give the required opportunity for young entrepreneurs to begin their businesses. However, banks mainly lean towards low-risk enterprises (Alshubiri et al., 2019; Babu, 2017; Johnen et al., 2021).

In Africa, majority of the youth-owned enterprises experience challenges of growing and sustaining their businesses. The problem can be linked to the prevailing business environment that is confronted by complex technological, economic, and socio-cultural forces leading to complex challenges for business owners in Africa (OECD, 2020). The challenge has prompted youths to trade-off between tradition and the nature of enterprise activities which are pertinent to their traditional roles that are considered the least profitable. Further, socio-cultural beliefs as well as values concerning entrepreneurship significantly affect motivational antecedents of entrepreneurship goals as well as business performance (Calza et al., 2020). Most factors are referenced to youths' underrepresentation among owners of enterprises such as poor networking and inadequate motivation when choosing entrepreneurial career.

Youth entrepreneurs in the developed economies tend to enjoy several advantages compared to those in the less developed economies. They enjoy greater support in terms of access to formal training in business planning, access to fund, financial management, role models, and business mentors (Mwatsika, 2021). Developed nations enjoy wide access to capital as well as level of acceptance of business ownership has greatly improved while youths from the developing countries are confronted with the challenges of access to finance as well as education (Chauhan & Aggarwal, 2017). One major channel through which inflows of foreign capital, of foreign direct investment (FDI) in particular, affect labour markets in developing countries is economic growth. If capital inflows enable the recipient developing countries to increase the investment rate beyond what they could sustain with their domestic savings, they should achieve accelerated economic growth with favorable consequences for employment, wages and labour productivity (Mwatsika, 2021).

MSMEs (among them the youth groups) are the lifeblood of Kenya's economy and employment. However, they face several constraints to growth, a key one being limited access to finance. The lack of adequate collateral is a serious obstacle for MSMEs to access finance. The 2018 World Bank Enterprise Survey identified that banks in Kenya require collateral worth 240 percent of the loan amount for 88 percent of small borrowers (World Bank, 2018). Most firms have experienced an unforeseen and dramatic fall in revenues and face cash flow constraints due to COVID-19. However, MSMEs have been disproportionately affected, and require immediate life-line interventions. At the same time, the increased risk-aversion of financial institutions is making it harder for MSMEs to access finance (World Bank, 2020).

The Kenyan government has put in place the partial credit guarantee scheme (PCGS); a policy tool to facilitate access to finance by creditworthy MSMEs, which would have been denied credit in the absence of sufficient collateral. PCGSs are particularly relevant and effective when there is enough liquidity in the financial system, yet it does not flow to some sectors or segments because there exist high level of (real or perceived) credit risk (World Bank, 2020). Therefore, given the challenges they face this thesis sought to establish effect of economic, institutional and social factors on access of YEDF by youth groups in Migori County, Kenya.

1.2 Statement of the Problem

Youth groups' growth and expansion are limited with their incapacity to access credit. The situation has led to escalating unemployment problem in the country, where youths remain unemployed, underemployed, or idle without taking part in meaningful economic activities. The formation of the YEDF was aimed towards eradicating unemployment among the youths but the rate of disbursement is still low as not every youth group has been reached. The limitation to access YEDF is fueled by socio-economic and cultural factors. The problem is more pronounced in the less developed economies such as Kenya. More so, there is a gap in the microfinance sector as little has been done to tailor products that meet the demands of youths. Youths are underrepresented in such credit schemes and are often perceived as potentially risky clients, with few assets to provide as collateral and low credit rating to make the required loan repayments. The barriers impede youth groups' ability to access loans to start and grow their own businesses. Unemployment forms one of the daunting economic issue the Kenyan youth experiences. The government has prioritized employment creation as one of the policy manifestos. Establishment of the YEDF in 2006 was one of the bold and radical interventions to address the youth unemployment question, but yet there are many youths who cannot access the YEDF. Outreach of financial institutions has only covered 30-35 percent of entire population. The Youth Enterprise Development Fund focuses on youths (18-35 years old). Most studies reviewed in this research have focused on challenges facing youth enterprise development as well as YEDF effect on youth enterprise but fails to show factors affecting access of YEDF. Furthermore, no known study on YEDF has been carried out in Migori County. Many of the known studies also mainly focus on youth groups that have accessed the youth fund and neglect those who have not. However, the study was on economic, institutional and social factors affecting access of the youth fund for those that have already accessed the funds and those that have not in Migori County. This study was necessitated by the need to establish the effect of economic, institutional and social factors on access to YEDF by the youth groups in Migori County.

1.3 Objectives of the study

1.3.1 General Objective

The genaral objective for this thesis was to investigate the effect of economic, institutional and social factors on access to Youth Enterprise Development Fund by youth groups in Migori County, Kenya.

1.3.2 Specific Objectives

The specific objectives include:

1. To investigate the effect of economic factors on access to YEDF in Migori County.
2. To determine the effect of institutional factors on access to YEDF in Migori County.
3. To analyze the effect of social factors on the access to YEDF in Migori County.

1.4 Research Hypotheses

The following null hypotheses were tested during this study:

1. H_{01}: $\lambda_i = 0$ where $i = 1, 2$.

   H_{11}: $\lambda_i \neq 0$

   λ_i represents the economic parameters namely Income Status and Business Support Services

2. H_{02}: $\mu i = 0$ where $i = 1, 2$.

H_{12}: $\mu i \neq 0$

μi represents the institutional parameters namely Disbursement Procedures and Physical Location of Funds Office from Youth Group

3. H_{03}: $\Omega i = 0$ where $i = 1, 2, 3$.

H_{13}: $\Omega i \neq 0$

Ωi represents the social parameters namely Education Level , Entrepreneurship Training and Group Dynamics repectively.

1.5 Justification of the Study

The research results and recommendations of the actual study will benefit various people in different organizations and institutions as discussed below: First, the findings and recommendations of the study will provide beneficial information to the YEDF, County Youth Fund Committees, the youth and youth groups and also institutions that offer loans to groups including Government institutions like Women Enterprise Fund and Poverty Eradication Funds.

The study will also help to point out the effect of economic, institutional and social factors on access of the YEDF in Migori County. This will assist the youth groups in the study area to find ways to overcome the hindrances to the access of YEDF, so that they can benefit from the fund. The youth are the main target of the fund and for success to be achieved they must utilize the money available and take advantage of the opportunities available. This study will also be of importance to the government through the Ministry of Youth. This is because it will inform on whether the funds objectives are being met, and especially in Migori County. The fund is meant to help youth group access funds for their enterprises and reduce unemployment. The findings of this study will help to know whether that is being achieved.

The funding Organizations and managers will also find this study useful in that it will provide feedback from the ground on the access of and utilization of the fund. This study will give them insights into the difficulties the youth especially in Migori County experience in access to the YEDF. This will help them devise ways to make access easier and faster for the youth to be able to take advantage of available opportunities. It will also provide knowledge to researchers in the field of Funds for the Youths in various parts of Kenya or even at Global level in their future studies.

The study of factors that affect youth groups' access to YEDF loans and assessing the status of various youth groups in the study is important in providing information that will enable effective measures taken by YEDF administrators and policy makers to improve access to YEDF loans. The findings of this study will also create awareness to policy makers on the factors that need to be looked into to ensure youth are more effective in contributing to Gross domestic product of the country as well as solving the ever increasing unemployment levels. Researchers will find the study useful as it will give highlights for further research and also contribute to new knowledge. The study will facilitate individual researchers to identify gaps in the current research work and carry out research in those areas.

1.6 Scope of the Study

The purpose of this study was to investigate effect of economic, institutional and social factors on access to YEDF by youth groups in Migori County. The actual study covered the youth groups within Migori County in Kenya. Focus was on effect of s economic, institutional and social factors on access of the Youth Enterprise Development Fund. Most of the youth groups face various difficulties that make them unable to access the fund allocated for their development. This issue challenging the funds access has been identified in Migori County. For this reason, Migori County was chosen as the study area of the research. The study was conducted in the year 2021 and 2022.

1.7 Conceptual Framework

The diagrammatic representation shows the relationship between the independent and dependent variables. In this study, the dependent variable is the access of YEDF while the independent variables are income status, business support services, disbursement procedure, and physical location of funds office from youth group, educational level, entrepreneurship training, and group dynamics shown in figure 1.2 below.

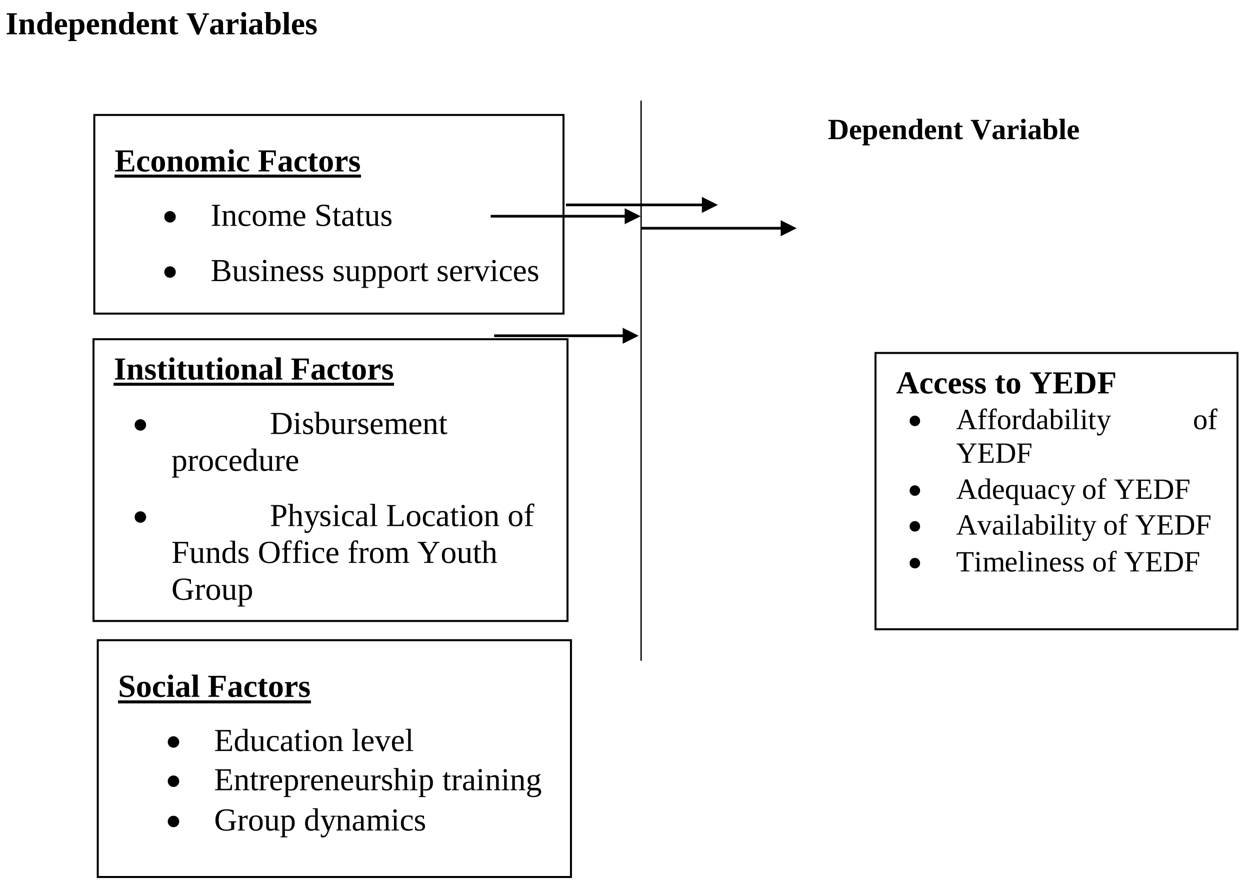


Figure1.2: Effect of Social, Economic and Institutional Factors on Access to YEDF

Source: Self-Conceptualization (2021)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter of the thesis explores the theoretical and empirical literature review.

2.2 Theoretical Review

This study situates its arguments on Information Asymmetry Theory. Joseph Stiglitz, 1961, George Akerlof, 1970 and Michael Spence, 1973 (as cited in Matagu, 2018), are the three proponent economists who developed the theory of asymmetric information which was formalized in 2001. Information asymmetry theory assumes that at least one party to a transaction has relevant information whereas the other(s) do not (Nderi & Muturi 2015). In perfect markets settings, with perfect and costless information available to both transacting parties, and no uncertainties regarding present and future trading conditions, the transacting parties do not suffer from market failure of information. However, information in the real world is neither perfect nor costless, and additionally small businesses finance market is characterized by risk and uncertainty regarding future conditions (Onyango, 2022).

Information is distributed asymmetrically between the lender and borrower (Matagu, 2018). Spence & Stiglitz, 2001 (as cited in Nderi & Muturi, 2015) demonstrated that a market may break down completely in the presence of asymmetric information and the three distinct consequences emerge namely: adverse selection, moral hazard, & monitoring cost. From the lender's (YEDF) perspective, it has incomplete information with regard to underlying quality of the project and the management of the youth groups, giving rise to the problem of adverse selection. Furthermore, the leaders of the youth groups may fail to perform to their full capabilities, giving rise to the problem of moral hazard. Moral hazard, a consequence of asymmetric information, arises because it is too costly for lenders, in this case YEDF, to effectively monitor youth groups' projects, thereby resulting in equilibrium credit rationing and a shortfall in finance provision. The general problem of information asymmetry can manifest itself in one of three ways namely: acceptance of the loan application but at a higher than risk-adjusted interest rate; acceptance but with strict collateral requirements; or outright rejection of the loan application (Matagu, 2018). The existence of asymmetric information provides a rationale for concluding that youth groups are limited in their access to YEDF loans.

2.3 Empirical Literature Review

2.3.1 Definitions and Concepts

Youth comprises individuals between 15 to 30 years old who are Kenya residents, which is the definition provided by the Ministry of Youth Affairs (2016). Another definition provided by the Constitution 2010 of Kenya under article 260 perceives youth as the collective of individuals aged 18 years old and yet to attain 35 years old. A similar viewpoint presented by the *Sector Plan for Labour, Youth and Human Resource Development* (2008-2012) considers youths as individuals between 18 to 35 years old. Youth is considered as period of transition where one transits from childhood phase to adulthood. This is an important phase where a person assumes to be independent and stop depending on others. The phase is marked by an important stage of joining the job market, thus justifying quantity and quality of employment opportunities available to the youth is paramount.

2.3.2 The State of Kenyan Youths

Youths in Kenya significantly occupy 30% of the entire population with unemployment rate that is twice fold the national average. Thirty percent of Kenyans are currently within the age bracket of 11 to 29 years. However, this significantly large cohort face worrying concerns of escalating levels of unemployment as well as high rates of underemployment (Opiyo, 2015). Statistical findings on unemployment among the youths in Kenya show 21% rate, which is almost, double that of adults. The trend is coupled with inactivity among the youths, with soaring statistics of 38 percent representing youths who are neither employed nor in school.

Drawing reference to 2008 post-election violence in Kenya, most idle and unemployed youths took a centre stage in the wanton destruction of property and cause of loss of lives. The aftermath of violence prompted the need to come up with viable solutions to address inequality and poverty among the youth, specifically the idle and unemployed ones (YEDF, 2015). Unemployment, particularly among the male youths is a significant cause to tension as well as frustration among the youths (YEDF, 2017). This forms a serious policy concern that needs pragmatic and urgent approach to address. Limited action to address challenges which directly impact the youth raises costs of socio-economic development in Kenya's economy.

2.3.3 Finance for Young people

Approximately 50 percent of the global population currently falls below 25 years old, with 351 million below 18 years making up the economically active population (Awiti& Scott, 2016). The UNFPA statistics put the figures for youths at 1.2 billion. MF has become an effective tool for championing the development of poor women, but the unmarried youths have appeared as side-lined in the development agenda. Individuals yet to marry appear forgotten in the MF development initiative, probably because of their social status, age as well as perceived risk. The informal sector barely offers young people descent pay as they are compelled to work for longer hours at very low wages. In some situations, young people are forced to accept work alongside their education as a means of fending for themselves and their families, which eventually compromises their level of output in school or productivity in the assigned tasks (Awogbenle& Iwuamadi, 2010). Youth's ability to control their work schedules can positively impact their educational output while work schedules can be controlled when they are given support to operate and manage their own enterprises. However, the major hindrance to success of youth-owned ventures is evidenced in the limited access to finance support.

The escalating numbers of young people coupled with the rising unemployment negatively affect youths, thus justifying the need for MF services to be rolled out towards supporting youth-owned or youth-led initiatives. EACID has been cited to have slightly modified loan products that they offer and has strived to market them to enterprises that employ youths as well as family-run ventures that engage youth in the day-to-day management. Youths are resourceful, enthusiastic, and persistent in operating businesses, especially in managing risks, selling, rationing, budgeting, and building business networks just as adults do.

Youth entrepreneurs are industrious, fast with mathematical transactions, and sales savvy, irrespective of being self-learned. Competent and reliable youth entrepreneurs engage other young people to eff1iciently run their businesses. This is contrary to the perception that this group comprises un-bankable risky clients.

Developed economies, for example Britain has created Prince's Trust Enterprise Programme, which is meant for 18 years to 30 years old with business ideas to explore. Individuals in this group include people without employment or those who work less than sixteen hours weekly. The trust provides services such as business mentorship, loans for start-ups, business support, planning, training in core business skills, advice concerning employment choices, legal services for starting businesses, as well as access to free and discounted services/products.

Within the context of South Africa, National Youth Development Agency (NYDA; 2011) highlights its objectives which involve promoting youth development to guide and support programmes for societal wellbeing, supporting programmes directed towards the development of youths as well as coordinating Integrated Youth Development and Strategy implementation within the country (Awagbenie & Iwuamadi, 2010). The agency has assisted youths to attain the individual goals as well as explore their capacity to maximum level. Most young people have benefited from the programme, especially through loan disbursements to SMEs, youth's engagement in the National Youth Service Initiative, and Business Consultancy Services Vouchers.

Within Kenya, the youth enterprise development fund (YEDF) focuses on youth-owned businesses (co-operatives, groups, companies as well as individuals) and the funds are accessed by youth-owned businesses that operate in the respective districts in Kenya (GoK, 2020). Constituency Youth Enterprise Scheme (C-YES) constitutes another initiative that provides funds to enterprises which are owned by youth groups in every constituency. Further, Divisional Youth Enterprise Development Fund Committees (Divisional YEDFC) are created to establish as well as recommend suitable enterprises owned by youths that qualify for loans (YEDF, 2020).

Eligible groups for C-YES are the ones whose membership comprises individuals within the age bracket of 18-35 years old. However, for mixed groups, it is a requirement that at least 70 percent of their members must fall between 18-35 years old as well as 100 percent of group leaders in the stated age bracket while the group has to be duly registered with the registrar of societies or Department of Social Services, and this has to be implemented at least three months prior to making the loan application. The group needs to have a physical location or operation in the respective constituency, has a bank account, and carries out a business activity (YEDF, 2020).

2.3.4 Access to YEDF

Access to formal financial services represents the possibility for individuals to use them. However, greater access does not necessarily imply a higher level of financial inclusion. There is a threshold for access since, when it reaches a certain level; a marginal increase does not necessarily generate a financial inclusion increase. It may enhance frequency in the use of financial services, by improving intensive margin of usage but does not necessarily increase extensive margin, in terms of higher percentages of accounts held or any other financial service. However, greater access is expected to foster financial inclusion when access levels are below the threshold, via greater availability, if financial services meet the needs of the population. Also, when increasing access is generated from different financial companies, more intense competition may increase the consumption of financial services via prices too, even above the threshold (CBK, 2021).

Youths have benefited from the YEDF initiative as they can start and operate their own enterprises as well as achieve financial independence. Kenya requires long-term initiatives to engage youths in rewarding as well as productive activities. A problem of homogeneously treating youths can result in isolating some youths who fail to meet the requirements of YEDF like creating a business plan, registering a youth group, as well as having a bank account (YEDF, 2017). This calls for flexibility to benefit even the illiterate youths who need thorough training as well as more support to make it in their businesses.

Reports indicate that SMEs within Britain are offered 40 pounds weekly to do their businesses. This is witnessed more among the employed who intend to start their own businesses. Despite that the loaning programme was critical to this category of urban residents; the study found that MFIs could not meet the escalating demand for loans because of limited loanable funds (Gumbo, 2010).

According to Lubanga (2016), knowledge is a critical determinant for effectiveness and overall success of enterprises. It is therefore imperative to leverage on knowledge to enhance the growth of ventures. Mburu (2010) also identifies that majority of youth-owned enterprises needed other sources of finances to guard against risks met in the course of conducting businesses. However, the loan advanced to the youths is minimally below 50,000 Kenya shillings, with most lenders demanding for collaterals. This demonstrates clearly that only a small portion of youths probably access loans.

Amenya(2011) recommended YEDF initiative as a viable source to fund youths so that they can successfully start or run their businesses. Nonetheless, the study cited the challenge of limited monitoring as well as evaluation derailing the implementation. The major challenge small businesses face is inadequate funding as well as inflation that erodes a currency’s monetary value. According to access to World Bank Group, financial services are measured in terms of availability of and access to financial services. That is, the number of financial access points, such as branches, agents, and automated teller machines (World Bank Group, 2017).

Financial access is all about the affordability, awareness, adequacy, and availability of financial services from financial institutions or governmental/budgetary allocations (Espinosa-Vega et al., 2020; Sujlana&Kiran, 2018). Access to an organized financial system implies availability, equity and inclusivity of standardized financial products from regulated institutions (Mader, 2018).For MSMEs, start-ups and individuals, the lack of access to finance is the biggest obstacle since they are particularly credit constrained, as lenders have little information on their performance or credit worthiness (Chavez, 2017; UNCTAD, 2021).Ailaet al. (2013) recommended an increase in the number of financial intermediaries (FIs)in partnership with the fund and an active involvement of all the stakeholders in mobilization of the youth on group formation and YEDF activities. Therefore, based on the above measurements of the term access to financial services, access to YEDF in the current study was operationalized in terms of;

2.4 Historical Development of YEDF in Kenya

As a strategy to help in containing unemployment among the youth, the Kenya government launched the YEDF in 2006. The fund was created to complement the social pillar of the Vision 2030. This vision perceives the creation of this fund as a way to engage the majority youth into gainful activities. The objective is to be realized through loaning and imparting core business skills into the youths so that they can undertake meaningful activities (YEDF, 2015). The aim of this fund is to give loans as well as business development services to youths, incentivize financial institutions to give credit to youths, provide support services, create linkages, expand marketing of products/services, and promote youth employment (YEDF, 2018). The youth fund has disbursed over 6 billion shillings to over 157,000 youth enterprises as well as created more than 300,000 jobs. Some challenges facing the YEDF includes insufficient policy and legislative frameworks, scarce disbursement as well as limited repayment infrastructures within most rural areas of Kenya inadequate funds to meet growing demand among the youth.

On May 11, 2007, YEDF was changed to a state corporation. YEDF targets youths (18-35 years old). To date the funds has advanced loans worth Kshs5.9 billion to 158,000 youth enterprises. Kenya shillings 615 million from this sum of money has been lent to 13,341 group initiatives whereas 66 million Kenya shillings have been advanced to 2,645 individual businesses within constituencies. Through financial intermediaries YEDF has financed 141,552 groups as well as individual businesses to a sum of Kenya shillings 5.2 billion. The funds have further trained to more than 200,000 youths in entrepreneurship as well as helped 1,800 youths in marketing their products/services (YEDF, 2017). It has also enabled 6,000 youths to secure jobs abroad.

There are two levels of YEDF disbursements, which are constituency-based disbursement and through financial intermediaries. There are two types of disbursement under constituency-based scheme which are Constituency Youth Enterprise Scheme (C-YES), where the youth through groups’ access funding up to a maximum of 50,000 shillings either to start businesses or for expansion. For new enterprises the loan product extended is called C-YES Rausha while for expansion, it is called C-YES Inua. Repayment commences after three months grace period and should be completed within a year i.e., 12 months. The C-YES loans attract no interest but a management fee of 5% deducted up front. The second type of disbursement under constituency-based scheme is Enhanced Youth Enterprise Scheme (E-YES); this is a loan facility extended to youth groups which have completed repaying C-YES. It is usually extended to individuals within the group or the group itself. E-Yes loans are extended to individual(s) (up to a maximum of 4 members) in three stages, first loan individual(s) receive Kshs.25, 000.00, second loan individual(s) receive Kshs.50, 000.00 and third and final loan individual(s) receive Kshs.100, 000.00. E-YES loan given to youth groups is also in three stages, the groups receive Kenya shillings100,000, Kenya shillings200,000 and Kenya shillings 400,000 within the first, second and third loans respectively (YEDF, 2017).

2.5 Factors Affecting Access to YEDF Loans

The access to YEDF loans can be more effective if based on better understanding on selected factors influencing the access and a more comprehensive strategy for organizational development. The factors affecting access to YEDF loans by the Youth Groups in Migori County are broadly categorized into economic, institutional and social factors as presented in section 2.5.1, 2.5.2 and 2.5.3 respectively.

2.5.1 Economic Factors

The economic factors considered in the study includes income status and business support services.

2.5.1.1 Income Status

Available estimates show that a large number of low-income people in developing countries are currently financially excluded (Wachira 2012). There are many reasons why low-income people are financially excluded. Lending institutions tend to limit advancing money to clients who are perceived as credit risk “high risk’ and businesses with unpredicted cash flows. Finance lenders often incur high costs in servicing small borrowers, specifically those with low levels of income stream or those situated in remote areas of the country, which are characterized by poor infrastructure. Such areas are usually difficult to access. The level of access is also impacted by limited competition within concentrated market areas, which lowers incentives for lending institutions to explore such market areas. Low-income people and small firms are usually limited of information or credit histories regarding their financial operations (Storm et al, 2010).

Asymmetries of information, moral hazard risks, and adverse selection from credit reduce incentive to lend to clients. To secure such risky loans, lenders often demand collateral such as land or property that many borrowers lack (Awiti & Scott, 2016). Demand side challenges comprise limited information regarding products/services offered by banks, perception that the facility is not extending credit to low-income earners, limited collateral, application process, insufficient secure income, and incapacity to make repayment. Income is a major reason for financial exclusion in both developed and developing countries.

2.5.1.2 Business Support Services

Agola (2014) observed that access to business support services such business incubators, clubs, and support networks as well as mentoring offered to youths tend to increase their chances of sustaining their new ventures to go beyond the start-up phase. Nonetheless, young entrepreneurs often do not have sufficient skills which are fundamental for transforming start-up businesses into successful ventures. The study further found that young people lack adequate business networks as well as contacts compared to older individuals, which result in entrepreneurial isolation as well as more pressure. Entrepreneurial isolation happens because of the failure to know a person in the business world. Further, business contacts are specifically crucial for young as well as experienced entrepreneurs.

According to MaryStella & Kithae (2015), young individuals with weak business experience as well as low customer base or established supplier base to rely on are likely to fail to know what experienced or professional buyers expect from them. The Dutch Ministry of Economic Affairs, for example, has developed a policy to promote networks among growth-oriented entrepreneurs to cut down search costs that Dutch companies incur while creating peer networks. Coaching as well as mentor support services are imperative to young entrepreneurs who are beginning their enterprises. Formal mentoring comprises assigned relationship created to offer young entrepreneurs with guidance as well as advice from experienced professionals (MaryStella & Kithae, 2015). Trade associations, non-governmental organizations (NGOs) as well as governments in most countries have begun formal mentoring programmes. The situation usually renders self-employed as well as young individuals perceive themselves somewhat “strange” or “abnormal” in comparison to their peers. Developed economies such as the US, UK, Finland, Netherlands, Taiwan, Australia as well as China have created mentoring programmes which link new entrepreneurs with business leaders and experienced entrepreneurs.

MaryStella & Kithae (2015) posit that mentoring support provides a significant value to potentially young entrepreneurs since it assists them to counter the challenges of lack of business networks, contacts, and experiences as they conduct businesses. The study further confirms that business incubators constitute powerful tool to support the process of entrepreneurship and assist create more opportunities for survival rates of businesses started or run by young entrepreneurs. Business incubation supports innovative start-ups of enterprises. Success of a business incubator greatly depends on offering relevant packages for entrepreneurs. The other drawback young entrepreneur's encounter is inadequacy of tailor-made business training as well as advice to start and sustain their businesses. Young entrepreneurs need tailor-made training as well as counseling which conform to their specific start-up situation, enterprise, and their sector of operation. The observation is supported by Musha (2014) that young entrepreneurs are usually attracted to explore unusual sectors and would appreciate tailor-made support services to access finances. In this regard, counseling services and availability of adequate support agencies or financial institutions are imperative. Generally, a few entrepreneurs receive guidance, training, business advices as well as professionals to provide exclusive financial services, and thereby increasing access to funds to finance their business operations.

2.5.2 Institutional Factors

The institutional fators included disbursement procedures and the physical location of the YEDF offices from the Youth Group location.

2.5.2.1 Disbursement Procedures and Access to YEDF

The requirements to access YEDF constitutes age (18-35 years old), belonging to a registered group, and engaging in economic activity (YDEF, 2017). The group requirement is deemed important because it acts as safety as well as facilitates credit access. It provides collateral for the loans secured for members without or with limited assets. The joint liability is extended through group membership whereby credit repayments transfer the related risk from one group member to another.

In the less developed economies such as Kenya, credit markets have created approaches to maneuver credit limitations. Credit-seekers with poor collateral whose information is scanty to credit providers regarding their creditworthiness are leveraging in social capital as a way of promoting their loan accessibility (Ngige & Sakwa, 2015). The link between individuals in a social network is the social capital that promotes reciprocity norms as well as trustworthiness. Hence, the sources comprise experts, family, friends, peers, as well as colleagues, where social link exists between the credit provider and borrower.

In Kenya, youth groups are free to secure credit as per their credit line. The credit comprises C-Yes Rausha that is meant for groups starting enterprises, C-Yes Inua meant for expanding businesses, and C-Yes special aimed at special enterprise projects in different economic sectors. Despite the availability of these funds, full accessibility is yet to be realized. The claim is pertinent to Ahaibwe (2014) argument that youths do not access funds because of fear of losing finances as well as not being in the position to make loan repayments. Other challenges identified include loan processing complexity as well as perceived risk of taking credit. It often takes one to three months before the YEDF loan is disbursed to applicants, and owing to this time span, it is evident that the disbursement procedures can discourage some applicants to seek this fund.

Ability to access the required credit within the stipulated time as well as the right amount enables an individual to benefit from the prevailing opportunities. Awiti and Scott (2016) established that access to finance was a major detriment to expanding entrepreneurship among youths. The study also found that money received was inadequate for growing businesses. According to Gachuru & Mwirigi (2014), government should work towards ensuring that youths have full access to funds and enabling business environment to grow and expand their ventures, particularly by providing support to micro-credit ventures, securing loans, subsidizing credit, and promoting access to cheap loans. This will promote start-ups and growth of youth-owned businesses. Kaliisha (2014) emphasizes that situations need to be flexible and friendlier to the youths so as to remove fears of securing loans, limit default risks, and grow sustainable businesses. Group lending encompasses co-signatures of members, which acts to minimizes cases of defaults.

2.5.2.2 Physical Location of the Group

Rural areas are mostly isolated by poor communication and utility infrastructure. Local organization located near large cities and enjoying access to institutions and having a more literate and relatively modern population were prospering comparing with those in mountains with little access to outside world. The study also indicated that remoteness and lack of infrastructure did not appear to be a barrier but a stimulus to effective local organization activity but limited access financial support.

Ngige & Sakwa (2015) also stated that asset rich, better educated, closer to town have a large social and economic assistant network. The proximity to urban centres may have an influence on the accessibility to youth funding. The main determining factor to small group enterprise (SGE) seems to be distance one can cover on foot in one day. The greater the distance the more difficult intergroup network will have in ensuring full member participation in group meetings and eventual funding support.

2.5.3 Social factors

The social factors includes educational level, entrepreneurship training and group dynamics.

2.5.3.1 Level of Education

According to Kimando et al (2012), training and level of education is imperative to firm's functioning and specifically for assisting organizations respond to technological advances. The study identified the level a firm is prepared to undertake investment in training as well as development of its members shows whether members are perceived to be rationalized cost or a resource with potential contribution to the organization. The study identifies a gap in the disbursement of YEDF in Kigumo District, citing that financial management, business planning as well as entrepreneurship skills should be given to the youths before the board disburses the funds. However, this study only concentrated on youth group official and members without seeking opinions of YEDF representatives in the study area. The current study intends to fill this gap by also incorporating representatives of YEDF in Migori County as respondents. Besides, the study relied only on one instrument, which is questionnaire to collect data. The current study therefore intends to fill this methodological gap by also utilizing interview guide to gather data from representatives of YEDF (key informants) and a data collection form to gather secondary data on amount of YEDF disbursed to youth groups.

According to Musha (2014), educating is mainly treated as a cost as well as economic situation has rendered it harder for organizations to view training as an investment. It is generally acknowledged in modern times that success of any organization be it community based, public or private sector depends on its human assets - the skills available, ability of staff to work as teams, motivation commitment, adaptability, intelligence and the collective competitiveness that when focused produces desired results. The author goes on to state that if organizations are to make the best of education and training function in their response to and promotion of change, the education function need to be linked with the organization strategies and built in the training strategies. Training and development of existing members in the community-lead projects offer great opportunities for generating improvement in productivity and quality.

2.5.3.2 Entrepreneurship Training

Entrepreneurship training is a structured instruction which disseminates entrepreneurship knowledge as well as creates a focused awareness regarding identification of opportunities and development of new ventures among trainees (Ngige & Sakwa, 2015). The key goal of entrepreneurship training is to create enterprising individuals as well as develop an attitude of self-reliance applying relevant learning processes. The objective of entrepreneurship training is majorly to create an entrepreneurial culture among youths, which also promotes their choice of careers in the fields of entrepreneurship. Entrepreneurship training therefore focuses on starting new ventures and consequently sustaining such enterprises.

According to Wahoro (2016), entrepreneurship should not be perceived as an easy choice for every individual as it best suits individuals with relevant acumen and skills. The study further asserts that entrepreneurship training is critical in helping youths develop behaviours, attributes as well as create enterprise awareness that enhances the realization of entrepreneurship career choices. OECD (2020) most experts contend to the idea that entrepreneurial training should start at an early age in life as it constitutes a crucial component for the preparation of potential entrepreneurs to join the business world. It further inculcates entrepreneurial habits into individuals' mind as well as work skills that can act well for successful employees or employers on a global scale which is driven by strong competition and innovative approaches. This also extends to benefit individuals who would wish to start their own new business ventures.

Zachary (2013) observes that there is a rapid development in entrepreneurship training and knowledge acquisition in creating and sustaining enterprises, specifically in Nordic areas of Iceland, Finland, Norway, Sweden as well as Denmark. Nonetheless, the effect is yet to be realized in the less developed economies such as the Sub-Saharan Africa. Youths exit O-levels or colleges before they adequately acquire entrepreneurial skills to help them start and run new enterprises. The integration of entrepreneurship training in the formal education system at early stages is therefore paramount to equip young people with skills as they plan to join the job market, be it formal employment or self-employment.

Ouko & Otengah (2019) further re-affirms that less developed economies lack sufficient entrepreneurial skills, specifically among youths who have exited schools and where provided it is inadequately used in every level of education such as higher education of learning, vocational training, secondary as well as primary. The study further found that entrepreneurship training in the developing economies which is offered through technical and vocational training (TVET) as well as the applied pedagogy has remained limited to traditional forms of classroom learning, yet the learning objective is aimed at teaching learners how to start and manage their own businesses. Further findings reveal that in Kenyan secondary schools, entrepreneurship education provided is often shallow in content and scope and barely assists learners to begin their own business ventures once they transit from school. It has been observed that entrepreneurship training equips learners with higher motivational achievement, greater self-esteem as well as personal control. As observed by Ouko & Otengah (2019), individuals who have successfully completed their entrepreneurship training have higher chances to employment and job-creation by starting new ventures and employing others, by an increment of 28 per cent and raising their household income by 85 per cent within the first two years of operation as they can access financial services to invest more in their businesses.

In order to increase economic opportunities for the youth requires a holistic approach (Kitonga, 2012). This means putting all efforts together to offer the youth the full range of products they require, which includes effective entrepreneurial skills. These are financial knowledge and training, including basic budgeting, the importance of mobilization and understanding of how to calculate returns on investments and interest costs, among others. Opiyo (2015) reveals that entrepreneurial skills positively influence the uptake of YEDF, in that the youth with these skills are more likely to apply and access the funds. The study recommends the need for more seminars and workshops on entrepreneurship to equip the youth with skills to run successful enterprises.

2.5.3.3 Group Dynamics

Different definitions of a group have been put forward by different scholars. Pathak et al. (2011) have defined a group as a number of items or people gathered, located, and classified together. It further defines it as individuals who share some beliefs, pursue a common goal or work together. Scholars have however defined a group depending on the context of application of group. In this regard, group is considered as the number of individuals with a joint undertaking, mostly around economic function, but usually portrays strong socio-political roles. Therefore, a group can be considered as two or more persons linked to each other through social connections (Pathak et al., 2006). In this study, youth groups are perceived to be the one created for economic purposes, registered, and has a composition of people aged between 18 to 35.

Sustainability and cohesion of youth groups are maintained by their formation and reasons behind the formation. Individual action must be pertinent to the shared objectives of the group members for better functioning. The strength of group formation is critical in making members achieve their stated goals and aspirations. Group formation requires social capital that entails networks as well as norms which make individuals act collectively. The networks can comprise professionals or experts, friends, neighbors as well as colleagues. Social capital is critical in the networks in enhancing interpersonal trust, gives sanctions against deviants as well as acts as institutional deficiencies' substitutes. The social networks promote funding access (YEDF, 2020).

People who form a group often network and link with each other. According to Wahoro (2016), the linkage can either be strong or weak (easily dismantled as time progresses or in situations of association-damaging attributes). In this regard, it is critical to handle situations that are threatening to the sustainability of group cohesion. YEDF focuses majorly on groups but has various packages for individuals who want to access funds, in case they are in registered groups.

2.6 Review of Previous Studies

Amenya (2011) undertakes an analysis of the challenges facing youth enterprise development in Nyaribari Chache constituency, Kenya. The study reveals that the YEDF is preferred finance source for the youth ventures though the major challenge is its access. As a consequence, majority of youths have resorted to depend on inherited property, loans from Banks while others rely on savings from their CBOs. It further sought to identify factors influencing the use or failure to use the YEDF by analyzing each factor based on the extent the respondents felt it influenced their decisions to seek funding through YEDF. The study reveals that the interest rate was the most appealing factor to the applicants followed by the amount granted relative to the amount requested. On the challenges facing access to the YEDF, the factors considered as posing greatest challenge to access to the YEDF are insufficient funding, capacity building, and unfair distribution of beneficiaries, loan repayment problems, political interference, gender issues and administrative problems. The study involved youths as the respondents but left out representatives of YEDF, a gap that the current study seeks to fill.

Odera et al. (2013) presents the effects of the Youth Enterprise Development Fund on Youth Enterprises in Siaya County, Kenya. By the use of multiple linear regression model, the study reveals that the number of registered youth groups, average loan disbursed and the amount of revolved repayment were the most critical factors. The study applied structured survey questionnaire to gather the perceptions of youths regarding the attributes of YEDF but left out the perceptions of YEDF financiers who are key stakeholders in the fund. The current study therefore intends to fill this gap by involving YEDF representatives. The study also failed to incorporate the use of descriptive analysis, which is considered appropriate in investigating the nature and strength of relationship between YEDF and performance of youth enterprises. The current study aims to fill this gap by incorporating descriptive analysis. The study further focused on youth enterprises and not youth groups. A calculation is also missing how 128 youths were sampled from the population of 202,897 youths in the County.

Omondi (2013) presents the inhibiting factors and opportunities of the YEDF in Kenya. The study establishes challenges young entrepreneurs experience as they seek to access markets for their products in various sectors as well as ascertain development opportunities of strategic marketing and arrangements of market linkages for young entrepreneurs in the country. Instead of relying on descriptive statistics and chi-square alone to analyse data, the study ought to have engaged more of inferential statistics such as correlation and regression to find the link between challenges among young entrepreneurs in market access and performance of youth enterprises. Face to face interviews were used to collect primary data from the respondents (households). However, the study failed to incorporate secondary data, a gap that the current study intends to fill by collecting amounts of YEDF disbursed to successful youth groups.

Musha (2014) investigates the factors influencing uptake of credit by youths in Nairobi County. Specific objectives were; to establish the influence of credit terms on the uptake of credit by youth in Nairobi County; to determine the extent to which awareness of credit facilities influences uptake of credit by Nairobi youth; and to find out the influence of entrepreneurial skills in credit uptake by youths in Nairobi County. The study targeted all the youth in Nairobi aged between 18 and 35 years numbering 1,462,803 out of which a sample size 381, was selected. Respondents were drawn from all the four administrative districts namely Nairobi West, Nairobi East, Nairobi North and West lands. Primary data was collected using structured questionnaires administered by the researcher. The study reviewed literature on the factors influencing uptake of credit. Data was analyzed by use of quantitative methods, which included the uses of descriptive statistics. The regression results of the study revealed that, holding other variables constant, the credit terms, the business and entrepreneurial skills and the awareness of the youths account for 82.3% of the variability in the amount of credits taken by the youths. Also, the regression model developed illustrates clearly that, the credit terms attached to the loans has an inverse relationship with the youth's credit uptake.

MaryStella & Kithae (2015) studies the effects of lending conditions on accessibility of funds for youth entrepreneurs in Matungu Constituency, Kakamega County, Kenya. The study employs descriptive survey design and stratified sampling design to select a sample size of 66 respondents from registered youth groups in Matungu Constituency. The study adopted questionnaires as instruments of data collection. Additionally focus group discussions were conducted to have an in-depth understanding of the issues. The data collected was analyzed using descriptive statistics and presented using tables and charts enhanced by a narrative explanation.

Ngige & Sakwa (2015) assesses the social factors that influence loan accessibility by youth entrepreneurs in Kenya for the case of Youth Enterprise Development Fund in Gatundu South Constituency. Data for analysis was received from 112 youth entrepreneurs from the study area collected using questionnaires while using statistical analysis tool of SPSS to analyze data. Social factors such as background characteristics of youth entrepreneurs' i.e. personal interest to entrepreneurship, entrepreneurship education and supportive family and friends were attributable in influencing youth entrepreneurs to access loan facilities. 93.9% of respondents indicated that they accessed youth fund because they had personal interest to be entrepreneurs, 64% were influenced by their family and friends who provided information on sources of finance, business ideas and moral support.

Wahoro (2016) analyses the challenges affecting youth access to Youth Enterprise Fund. The population of the study was composed of 50 youth entrepreneurs under Youth Empowerment Support Services (YESS) Kenya youth program. The study was a census;therefore, all 50 youth entrepreneurs took part in the study. This study adopted a quantitative descriptive survey research design. The study used a closed ended questionnaire to collect primary data. Descriptive statistics was used to analyze frequencies, and percentages; while inferential statistics were analyzed for correlations and regression. Data analysis was conducted using Statistical Package for Social Services (SPSS). The study findings were presented using tables and figures.

Ouko & Otengah (2019) studies the influence of socio-economic factors on utilization of Uwezo Fund among the rural youths in Rongo Sub-County, Migori County, Kenya. The study adopted a cross-sectional descriptive survey design. It targeted youths who were recipients of Uwezo Fund in Rongo Sub-County. The target population was 1,296 youths from 108 youth groups and two government officials who were charged with a duty of implementing the fund. Cluster, Proportionate and Simple random sampling were adopted in which 125 youths were select for the study. Questionnaires, key informant interview and focus group discussion were used to collect data. The data was subjected to descriptive statistical analysis where frequency distribution and percentages were used to summarize data. Inferential statistics was used with Chi-squire and Cramer's V Test employed to calculate and test association between study variables. Results were presented in tables, bar charts and pie charts.

2.7 Summary of Literature and the Research Gap

The review of literature has revealed that economic factors (income status and business support services), institutional factors (disbursement procedures and physical location of YEDF offices), as well as social factors (educational level, entrepreneurship training, and group dynamics) affect access of Youth Enterprise Development Fund (YEDF). Further, the literature review as presented in this section has revealed a number of valuable studies on access to the YEDF in Kenya. However, little known studies have been undertaken in Migori County to determine effect of social, economic and institutional factors on access to the Youth Enterprise

Development Fund. The current study intends to fill this literature gap and assists in setting a platform for other investigations.

Most studies focused mainly on youth-owned enterprises and not youth groups. In addition, methodological gap was evidenced in most studies as they concentrated on collecting views of youths regarding YEDF and several of them left out the perceptions of representatives of YEDF or YEDF financiers. Several studies reviewed concentrated on primary data while secondary data were limited. Moreover, a number of studies ignored descriptive analysis, which is preferred for investigating the strength and direction of a link between factors of YEDF access and youth group performance.

Several studies have been done on effectiveness of the YEDF towards handling unemployment issue as well as how it promotes youth's entrepreneurship. Those studies concentrate on the youth groups who have already accessed the youth fund. However, the proposed study will be on the access to the youth fund for those that have already accessed the funds and those that have not in Migori County. Lack of adequate funds has been cited in many studies as one of the major challenges facing the youth entrepreneurship. In general, the main reason for poverty is believed to be weak or lack of access to initial resources to start a business. There is therefore a need to study further the effect of social, economic and institutional factors on access to the youth fund especially in Migori County.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter explores design as well as methodology that have been applied in addressing research questions. It describes research design, study location, sample size and sampling procedure, data gathering instruments, validity and reliability of instruments, data gathering procedure, data types, and data analysis methods. The chapter also encompasses ethical consideration.

3.2 Research Design

A correlational research design involves measuring inferences and testing causality among variables. It involves collecting evidence leading to causal questions, correlation between independent variables and probabilities of interrelationship among the variables in research.

3.2 The Study Area

Migori County is situated in the former Nyanza province of Western Kenya and sits on the boarder of Narok to the East and South West, Kisii to the North-East, Homa Bay to the North, Lake Victoria to the West, and Tanzania to the South. The county hosts Migori town, which has the largest population of 919,170 as per the 2009 census. It has an area of 2, 5866.4 square kilometre, with a population density is 353 square kilometre and 43 percent population living under poverty. The County sits on the longitude 0.9366° S, and the latitude 34.4198° E. Age distribution in this county comprises 0-14 years 49 percent, 15-64 years 48 percent and above 65 years 3 percent. Migori County experience adequate rainfall of about 1,000 mm per year, arable fertile soil for agriculture such as growing horticulture, tobacco, and sugarcane among others. Minerals such as copper and gold are also found in this area. Financial institutions such as Post Bank, K-Rep, Standard Chartered Bank, Family Bank, Equity Bank, Cooperative Bank, and Kenya Commercial Bank are also available. According to NCIDP (2013), the county's labour force comprises 48.6 percent youth, with most youths having basic education; they need additional training for both formal and informal employment.

A study by Ouko & Otengah (2019) found that socio-economic factors such as income as well as education of the youths affect planned utilization of the Uwezo fund in Migori County. For example, the study identified a significant relationship between income as well as education level and utilization of Uwezo fund (Ouko&Otengah, 2019). The study found this gap and recommended the consideration of socio-economic factors in the distribution of the fund by the Ministry of Public Service, Youth and Gender Affairs. It is against the backdrop of these findings and recommendation that the current study sees YEDF access among youth groups in Migori County suitable for the analysis.

3.3 Target Population

Research population concerns a specific cluster of people under investigation (Ngechu, 2004). The population has observable characteristics that enable the study to generalize findings (Mugenda&Mugenda, 2003). Study population needs to be homogenous and has to fit a particular specification. For this project, the target population consisted of all the 293 registered youth groups spread across the 8 sub-counties(Rongo, Awendo, Suna east, Suna West, Uriri, Nyatike, Kuria Eastand Kuria West) in Migori County (Ministry of Social and Cultural Services records, 2019). The target comprised male and females aged 18-35. They also belong to some form of group meant for economic purposes. This is because according to the YEDF status report (2011), this fund is meant to finance youth enterprises that should be in a group formed for economic purposes. Therefore, the unit of analysis was the 293 registered youth groups in Migori County while the 293 registered youth group leaders/chairpersons were the unit of observation. The youth groups are distributed according to table 3.1 below.

Table 3.1: Target Population

Sub-County	Population	Percentage (%)
Rongo	29	10%
Awendo	42	14%
Suna East	36	12%
Suna West	38	13%
Uriri	46	16%
Nyatike	44	15%
Kuria East	31	11%
Kuria West	27	9%
TOTAL	**293**	**100%**

Source: Ministry of Social and Cultural Services records, Migori County (2020)

3.4 Sample Size and Sampling Procedures

In a survey, a sample is considered a smaller portion of respondents. Kothari (2004) asserts that only a representative sample of the entire population is chosen. In this regard, sampling entails the process applied in choosing study sample in a way that the selected participants form a representative portion. The sampling frame for this study was the list of the registered youth groups in the county since it forms the list from which a study draws its sample. Since the targeted population was all the 293 registered youth groups in Migori County, 95% confidence interval, and the error level of 0.05 was used to calculate the sample size. The sample size that is calculated by using Yamane method:

$n = N / (1 + Ne^2)$

Where: n = required sample size

N = total population size

e = margin of error

The calculation follows:

= 293 / (1 + 293(0.0025)

= 293 / 1 +0.7325

= 293 / 1.7325

= 169.11

A sample of 169 registered youths was therefore arrived at using Yamane method. Sampling process involved clustering of the study area into eight sub-counties. Proportionate sampling was then employed to select 169 youth groups and distribute them across the 8 sub-counties. Lastly, simple random sampling was employed to select youths from the youth groups each represented by one youth group leader (chairman, treasurer or secretary) to form the main respondents. One administrator of Youth Enterprise Development Fund was randomly chosen from each of the 8 sub-counties in Migori County as key informants. The distribution is presented in table 3.2.

Table 3.2: Sample Size Distribution

	Sample size of Registered Youth Groups	Number of Main Respondents	Number of Key Informants	Total
Sub-County				
Rongo	17	17	1	18
Awendo	24	24	1	25
Suna East	21	21	1	22
Suna West	22	22	1	23
Uriri	27	27	1	28
Nyatike	25	25	1	26
Kuria East	18	18	1	19
Kuria West	15	15	1	16
Total	**169**	**169**	**8**	**177**

Source: Author's Own Computation (2020)

3.5 Data Collection Instruments

The study engaged questionnaire to collect primary data on effect of social, economic and institutional factors on access to YEDF among youth groups in Migori County, Kenya since it enabled the researcher to collect large amount of data from the respondents within a short time. A five-point Likert scale was used, where 1 represented the lowest while 5 denoted the highest. The questionnaire was administered to 169 leaders of sampled youth groups in Migori County. These were administered through a drop and pick method. The questionnaires were structured into three parts, Part A represented demographic data, part B captured data on factors influencing access to YEDF, and part C was developed to capture data on perception of youth groups on access to YEDF. Further, interview guide was used to collect data from 8 key informants who were randomly selected from the representatives of YEDF of the eight sub-counties in Migori County.

3.6 Data Types

The study utilized primary as well as secondary data. Gathering primary data was facilitated by the use of structured survey questionnaires from the youths on their perception of the various aspects of the YEDF. Secondary data was obtained from the financiers of the YEDF on the number of applicants, number of successful applicants, the amount of loan disbursed as well as repayment which was all the necessary data types to be required in the actual study.

3.7 Pilot testing

Prior to conducting the actual data collection, the study conducted a pilot test in order to establish the validity and reliability of data collection instruments. Pilot test is used to detect and remedy any possible errors in questionnaire design prior to administering the main survey (Lee, 2014). It is used to refine and revise questionnaire to ensure validity and reliability of the research instruments. The respondents participating in the pilot study were not included in the actual study to avoid biasness. The pilot study covered 54 respondents representing 30% of the target population (**0.3* 177 =51 + 3 ≈ 54)** but was not included in the sample. Whitehead, Julious, Cooper and Campbell (2016) recommend between 1 and 10 percent of the actual sample size. The 54 respondents (51 youth group leaders and 3 representatives of Youth Enterprise Development Fund) were selected from registered youth groups spread across the 8 sub-counties in Migori County since they were not included in the main study.

3.7.1 Validity of the Research Instrument

Validity was measured by Content, face and construct validity. Content validity is a logical process where connections between the test items and the job-related tasks are established through expert judgment; face validity is determined by a review of the items anyone examines and other stakeholders developing an informed opinion as to whether or not the test is measuring what it is supposed to measure while construct validity involves statistical tests to be interpreted as a measure of some attribute or quality which is not operationally defined (Cronbach & Meehl, 1955). Content and face validity was assessed by seeking expert opinion of YEDF senior representative at the county level and the university supervisor to ascertain the content validity of the instrument.

3.7.2 Reliability of Research Instrument

Consistency of measurement is considered its reliability, which is clarity in a well-defined questionnaire. It does not confuse study respondents and provides exactly the same findings upon repeating the survey. Reliability of questionnaire instruments is the ability of a tool to give the same findings when tested more than five folds. The researcher employed Cronbach co-efficient alpha to test internal consistency. The test determined reliability of the tool when the threshold of 0.7 Cronbach co-efficient is achieved. It has successfully been applied in several studies, such as Mugenda and Mugenda (2003).

3.8 Data Collection Procedure

Upon receiving approval for the research, Maseno University provided the introductory letter to proceed to the field and gather data. Authority was also given from the Ministry of Higher Education, Science and Technology and this was followed by permission from YEDF office from Migori County.

The study used questionnaire and interview guides to gather data on opinions or perceptions of respondents concerning effects of social, economic and institutional factors on access to YEDF.

Data collection form was applied to gather data on amount of YEDF disbursed to the youth groups. The study encouraged respondents to complete the questionnaire and interviews guides. YEDF representatives in the county were asked to give a list of all the registered youth groups, which formed contacts for engaging the respondents.

3.9 Data Measurement and A Priori Expectation

The measurement of the Dependent and Independent variables as well as the expected signs of the corresponding estimated coefficients are presented in Table 3.3.

Table 3.3: Scales of Measurement And A Priori Expectation

Variables	Indicators	Measurement scale	Expected Sign
Economic Factors	Income status, Business support services	Ordinal	Positive
Institutional factors	Disbursement procedure, physical location of funds office from youth groups	Ordinal	Positive
Social factors	Education level, entrepreneurship training, group dynamics	Ordinal	Positive
Access to youth fund	Affordability, Adequacy, availability, timeliness	Ordinal	-

3.10 Data Analysis Techniques

Data from the field was coded, cleaned, and properly analysed. It was further organized systematically in a way that enhances analysis. In this research thesis, mean as well as standard deviation (descriptive statistics) were used to analyse data. Inferential statistics were employed to analyse the expected and observed relationship between the dependent and independent variables by use of SPSS version 25.0 software.

3.10.1 Diagnostic Testing

Diagnostics seeks to identify the possibility of bias that may occur in research. These tests include the linearity test, normality test, multicollinearity test, and the test for heteroscedasticity. Firstly, normalization is essential so as to ascertain whether the data provided by the dependent variable is normally distributed. The normality tests are supplementary to the graphical assessment of normality (Elliott & Woodward, 2007). The main tests for the assessment of normality are the K-S is a much-used test (Thode, 2002) and the K-S and Shapiro-Wilk tests can be conducted in the SPSS (Elliott & Woodward, 2007). The null hypothesis (**H_O**) is that sample distribution is normal. Therefore, the current study used the K-S and Shapiro-Wilk tests and the graphical presentation to test for normality.

The study used the graphical method to check for data linearity and graphical method to visually illustrate whether there is a linear or curvilinear relationship between the independent variables and the dependent variable (Osborne & Waters, 2002). The null hypothesis (**H_0**) is that data is normally distributed. (Siddiqi, 2014; Ghasemi&Zahediasl, 2012).Multicollinearity test helps in determining the strength of a linear relationship between two variables. A high degree of correlation between variables brings about the problem of Multicollinearity (Taylor, 1990; Schober, Boer &Schwarte, 2018). Therefore, the independent variables should not correlate highly with one another (Kothari &Garg, 2014). Multicollinearity was tested by using the tolerance value with a tolerance level of more than 0.1 and variance inflation factor (VIF) with a tolerance level of less than 10 (Taylor, 1990).

The study likewise, sought to test for heteroscedasticity. The null hypothesis of the OLS regression model assumes that the error term is homoscedastic, that is, it has a constant variance.

The p-value was checked and where the significance value is greater than 0.05, then the null hypothesis was not rejected and therefore, the error variance is homoscedastic. The null hypothesis is rejected if the error term is found to be varying. Running a regression model without accounting for heteroscedasticity would lead to biased parameter estimates. The graphical method of testing error variance was used to test for heteroscedasticity.

3.11Model Specification

Regression analysis was carried out using multivariate linear regression model to determine the relationship between predictors and the dependent variable. That is the causal effect the independent variables have on the dependent variable (with the critical p value set at 0.05 to establish whether the whole model was significantly fit for the data). Econometric model is represented as follows:

$$Y_i = \beta_{0i} + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \mu_I \quad \ldots\ldots\ldots\ldots \quad (3.1)$$

Where:

Y_i=Access to Youth Enterprise Development Fund
β_{0i} = Constant of the model
$\beta_1 - \beta_3$ = Coefficients of the regression equation
X_{1i} = Economic factors
X_{2i} = Institutional factors
X_{3i} = Social factors
i = period of study
μ_i = Error term

The specific form of the equation is as follows:

$$Y_i = \alpha_0 + \lambda_1 X_1 + \lambda_2 X_2 + \mu_1 X_3 + \mu_2 X_4 + \Omega_1 X_5 + \Omega_2 X_6 + \Omega_3 X_7 + u_i \quad \ldots\ldots\ldots\ldots (3.2)$$

Where:

Y_i =Access to Youth Enterprise Development Fund

α_0, λ_1, λ_2, μ_1, μ_2, Ω_1, Ω_2 and Ω_3 are parameters to be determined

X_1 = Income Status

X_2 = Business Support Services

X_3= Disbursement Procedure

X_4 = Physical location of Funds Office from Youth Group

X_5 = Educational Level

X_6 = Entrepreneurship Training

X_7 = Group Dynamics

μ_i = Error term

The assumptions governing the error term u_i are as follows:

1. The zero mean assumption:
2. The assumption of homoscedasticity or equal variance of u_i:
3. The assumption of non-autocorrelation between the disturbances u_i and u_j $(i \neq j)$:
4. The disturbance term is normally distributed:
5. Assumption of no multicollinearity:

3.12 Ethical Consideration

In this part, certain considerations have to be factored in for integrity protection as well as high quality of outcomes. The study was guided by several principles so that respondents are not exposed to harm, their rights upheld, and undue pressure not piled on them. Adequate information was given to respondents and their consent for participation was sought before commencing the survey. The study was for academic purpose only and no publicity was made that compromises confidentiality of respondents as in line with Maseno University Scientific and Ethics Review Committee's approval (see Appendix IV).

CHAPTER FOUR

RESULTS ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents results of the data processed during analysis. Results were processed in line with the study objectives from which the study problem was investigated and interpretations of results were carried out. Both descriptive and inferential statistics were used for analyses of the data.

4.2 Response Rate

Total of 169 questionnaires were issued from which 141 were properly filled and returned which represents a response rate of 83.43%. The response rate comes as some of the respondents did not voluntarily participate in the study while some questionnaires were not filled satisfactorily. The use of survey questionnaires can rarely provide 100% response rate. This is in line with Fincham (2008) who recommends a response rate of ≥ 80%. Baruch (1999) and Agustini (2018) also indicated that a response rate of above 50% is adequate for a descriptive study.

Likewise, the study targeted 8 key respondents all of them who responded to the Key interview guide. This was displayed in table 4.1.

Table 4.1: Response Rate

	Response	Frequency	Percentage (%)
Registered youth groups	Returned	141	83.43%
	Unreturned	28	16.57%
	Total	**169**	**100**
Key Informants	Returned	8	100%
	Unreturned	0	0%
	Total	**8**	**100**

Source: Research Data (2022)

4.3 Pilot Results

The respondents that were piloted were not included in the main study. The pilot results for 54 participants (51 youth group leaders and 3 administrators of theYEDF) were distributed as per the organization in the table 4.2.

4.3.1 Reliability of the Research Instrument

Reliability analysis was done to evaluate survey construct using Cronbach's alpha. Sekaran and Bougie (2016) states that coefficient greater than or equal to 0.7 is acceptable for basic research. Reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test- internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. Table 4.2a shows the reliability results for the pilot study.

Table 4.2: Reliability Results

Variables	Cronbach's Alpha	Number of Items	Conclusion
Access to Youth Funds (YEDF)	0.791	8	Reliable
Income Status	0.840	6	Reliable
Business Support Services	0.939	6	Reliable
Disbursement Procedures	0.802	8	Reliable
Physical Location	0.962	6	Reliable
Education Level	0.776	5	Reliable
Entrepreneurship Training	0.750	5	Reliable
Group Dynamics	0.916	6	Reliable

Source: Research Data (2022)

Table 4.2a proved the internal consistency for all the items was within Cronbach's alpha acceptable level of 0.7-1. Therefore, all the variable statements were concluded to be valid for the main data analysis. These findings are in line with Sekaran and Bougie (2013) who stated that coefficient greater than or equal to 0.7 is acceptable for basic research. Bagozzi(1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy).

4.3.2 Test for Validity

Validity test seeks to determine whether the instrument is able to serve the purpose of collecting the purported data. A valid instrument must meet the reliability threshold (Kimberlin & Winterstein, 2008 as cited in Jerono, 2017). Validity of the research instruments was addressed by ensuring that the questionnaire items sufficiently covered the research objectives and this was subsequently confirmed by the pilot study. Besides, instruments validity was also ascertained by exposing the questionnaire to the experts for judgment and peers for review.

4.4 Demographic Data

This section indicates the findings from the demographic characteristics of the 141 participants in the survey as shown in table 4.3:

4.4.1 Age in years

The respondents were asked to indicate their age in years. The results are presented in Table 4.3.

Table 4.3: Age of the respondents

Age in years	Frequency	Percentage (%)
18-23 years	34	24.1
24-29 years	61	43.3
30 - 35 years	46	32.6
Total	**141**	**100**

Source: Research Data (2022)

Table 4.3 portrays that majority of the respondents (43.3%) are falling in the age of 24-29 years followed by repsondents in the age age of 30-35 years (32.6%)

4.4.2 Respondent`s Gender

The respondents were asked to indicate their gender. The results are presented in Figure 4.1.

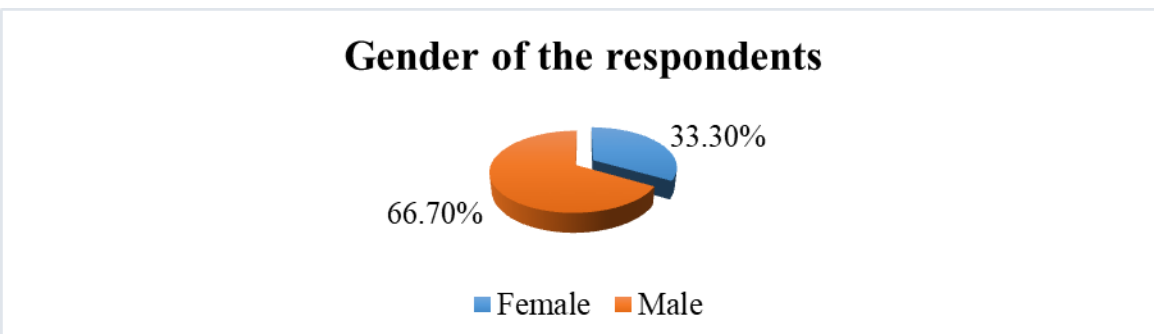


Figure 4.1: Respondent`s gender

Source: Research Data (2022)

Figure 4.1 indicates that majority of the respondents (66.7%) are male while 33.3% of them are their female counterparts.

4.4.3 Highest level of education

The respondents were asked to indicate their highest education qualification. The results are presented in Table 4.4.

Table 4.4: Highest level of education of the respondents

Level of education	Frequency	Percentage (%)
Post graduate	12	8.5
Undergraduate	36	25.5
Diploma	20	14.2
Secondary certificate	73	51.8
Total	**141**	**100**

Source: Research Data (2022)

Table 4.4 indicated that more than half of the respondents (51.8%) have secondary certificate qualifications, 25.5% of them have up to undergraduate education, 14.2% of them have diploma education while 8.5% of them have up to post graduate education.

4.4.4 Have you had access to credit before?

The respondents were asked to indicate whether they have accessed credit before. The results are presented in Figure 4.2.

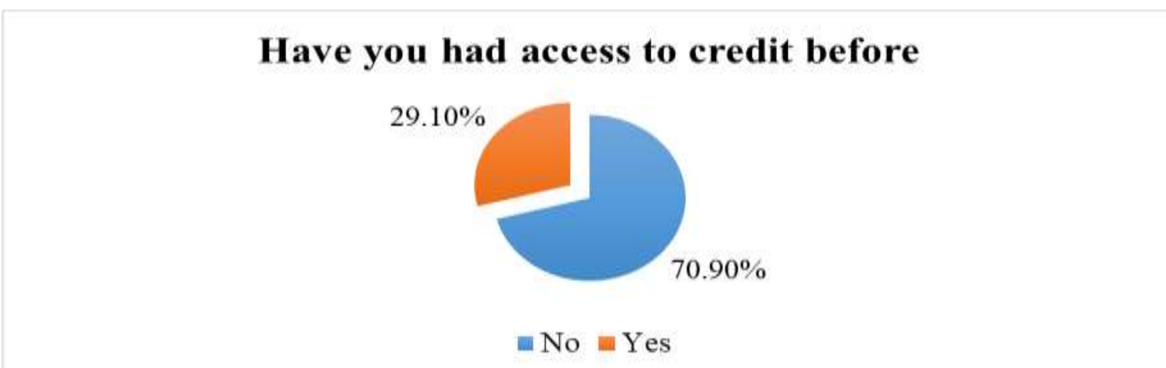


Figure 4.2: Access to credit

Source: Research Data (2022)

Figure 4.2 indicates that majority of the respondents (70.9%) have never accessed to credit before while only a paltry 29.1% of them have accessed to credit before.

4.4.5 Total Number of Months since taking first loan

For those who have accessed credit, they provided the total number of months since first loan taking and the total amount of loan borrowed as shown in Table 4.5 and Table 4.6. The respondents were asked to indicate to provide the total number of months, year and total number of months since their first loan taken.

Table 4.5: Total Number of Months

Total Number of Months	Frequency	Percentage (%)	Valid Percent
1 Month	5	3.5	12.2
2 Months	2	1.4	4.9
4 Months	3	2.1	7.3
5 Months	1	0.7	2.4
6 Months	4	2.8	9.8
7 Months	3	2.1	7.3
8 Months	8	5.7	19.5
9 Months	5	3.5	12.2
10 Months	2	1.4	4.9
11 Months	3	2.1	7.3
12 Months	5	3.5	12.2
Valid Total	**41**	**29.1**	**100**
N/A	100	70.9	
Total	**141**	**100**	

Source: Research Data (2022)

Table 4.5 indicates that most of the respondents indicated that they took up to 8 and 9 months since they received their loan.

4.4.6 The total amount of the loan borrowed

The respondents were also asked to state the sources of loan, amount of the loan and purpose of borrowing

Table 4.6: The total amount of the loan borrowed

Amount of loan	Frequency	Percentage (%)	Valid Percentage
Up to Kshs. 10000	5	3.5	12.2%
Kshs. 10001 - Kshs. 20000	5	3.5	12.2%
Kshs. 20001 - Kshs. 40000	8	5.7	19.5%
Kshs. 40001 - Kshs. 60000	7	5	17.1%
Over Kshs. 60000	16	11.3	39.0%
Valid Total	**41**	**29**	**100**
N/A	100	71	
Total	141	100	

Source: Research Data (2022)

Table 4.6 indicates that 39% have borrowed over Kshs. 60000, while 19.5% of them have borrowed between Kshs. 20001 and Kshs. 40000, 17.1% of them have borrowed between Kshs. 40001 and Kshs. 50000 while 24.4% of them have borrowed up to Kshs. 20000.

4.4.7 Loan Repayment

For those who have accessed credit and borrowed funds, they were requested to indicate whether they have repaid the loan. The findings are as shown in Table 4.7.

Table 4.7: Loan Repayment

Have you repaid the loan?	Frequency	Percentage (%)	Valid Percent
Fully Repaid	12	8.5	29.3
Partially	15	10.6	36.6
No	14	9.9	34.1
Valid Total	**41**	**29.1**	**100**
N/A	100	70.9	
Total	**141**	**100**	

Source: Research Data (2022)

Table 4.7 indicates that 36.6% have partially repaid their loans, 34.1% of them have not repaid their loans while 29.3% of them have fully repaid their loans.

4.4.8 What guarantee did you give for the loan?

The respondents were asked to indicate guarantee they provided for loan repayment. The results are presented in Table 4.8.

Table 4.8: Guarantee Loan Repayment

Guarantee Loan Repayment	Frequency	Percentage (%)	Valid Percent
Group responsibility	16	11.3	39.0
Guarantee of salaried individuals	10	7.1	24.4
Guarantee of individuals having assets like a home, a car etc.	15	10.6	36.6
Valid Total	**41**	**29.1**	**100**
N/A	100	70.9	
Total	**141**	**100**	

Source: Research Data (2022)

Table 4.8 indicates that 39.0% indicated that they provided group responsibility as the guarantee for loan repayment, 24.4% of them gave the guarantee of salaried individuals while 36.6% of them gave the of individuals having assets like a home, a car etc.

4.5 Factors affecting access to YEDF by Youth Groups

In this section, the study sought to investigate the social, economic and institutional factors affecting access to Youth Enterprise Development Fund by youth groups in Migori County, Kenya. This was done as per the objectives of the study where the social factors, economic factors, institutional factors and the access to YEDF in Migori County were assessed descriptively. Descriptive statistics was done to show the summary of the findings by including, counts, frequencies, mean and the standard deviation.

4.5.1 Economic factors that affect access to YEDF in Migori County

The study sought to include income status and business support services as the economic factors that affect access to YEDF in Migori County. The descriptive results are shown below:

4.5.1.1 Income Status

The respondents were asked to indicate to what extent they agree with the following statements regarding income status and access to youth funds. The results are presented in Table 4.9.

Table 4.9: Means, percentages and standard deviation for Income Status

Statements	1	2	3	4	5	M	S.D
Youths enjoy high income status	5.70%	32.60%	9.90%	43.30%	8.50%	3.99	1.18
Level of income influences youth group's ability to access YEDF	1.40%	5.70%	19.10%	32.60%	41.10%	4.06	0.98
Income is a major reason for financial exclusion	5.00%	14.90%	0.00%	63.80%	16.30%	3.72	1.06
Financial institutions limit their outreach to individuals and enterprises with low and unpredictable income	0.00%	1.40%	43.30%	28.40%	27.00%	3.81	0.85
Low-income people and small firms often lack credit histories or information on their financial operations	2.80%	3.50%	24.10%	11.30%	58.20%	4.18	1.09
Demand collateral such as land or property affect YEDF access	14.20%	14.20%	24.80%	26.20%	20.60%	3.25	1.32
Average						**3.84**	**1.08**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation

Source: Research Data (2022)

Table 4.9 indicates that 51.8% of the respondents agreed that youth enjoy high income status (mean=3.99≈4, SD=1.18). The results also indicate that 73.70% of the respondents agreed that the level of income influences youth group's ability to access YEDF (mean=4.06≈4, SD=0.98). The results also indicate indicates that 80.10% of the respondents agreed that income is a major reason for financial exclusion (mean=3.72≈4, SD=1.06). The results indicate that 55.4% of the respondents agreed that financial institutions limit their outreach to individuals and enterprises with low and unpredictable income (mean=3.81≈4, SD=0.85). The results indicate that 69.5% of the respondents agreed that low-income people and small firms often lack credit histories or information on their financial operations (mean=4.18≈3, SD=1.09). The results indicate that 46.80% of the respondents agreed that demand collateral such as land or property affect YEDF access (mean=3.25≈4, SD=1.32).

In conclusion, the average mean of the responses was 3.84 when viewed on a scale of five points presenting a standard deviation of 1.08. This means that the majority of the respondents agreed that income status plays a pivotal role towards them accessing the youth funds. These findings are in line with Wachira (2012) who indicated that a large number of low-income people in developing countries are currently financially excluded (Wachira, 2012). Asymmetries of information, moral hazard risks, and adverse selection from credit reduce incentive to lend to clients. To secure such risky loans, lenders often demand collateral such as land or property that many borrowers lack (Awiti& Scott, 2016).

4.5.1.2 Business Support Services

The respondents were asked to indicate to what extent they agree with the following statements regarding business support services and access to youth funds. They responded as shown in Table 4.10.

Table 4.10: Means, percentages and standard deviation for Business Support Services

Statements	1	2	3	4	5	M	S. D
Youths receive business support services	0.0%	0.0%	5.7%	44.7%	49.6%	4.44	0.60
Guidance promotes access to YEDF	5.7%	11.3%	11.3%	27.7%	44.0%	3.93	1.23
Business networks promotes access to YEDF	0.0%	5.7%	28.4%	17.0%	48.9%	4.09	1.00
Business contacts enhances access to YEDF	0.0%	5.7%	22.7%	11.3%	60.3%	4.26	1.00
Mentor supports increases chances of access to YEDF	2.1%	1.4%	17.0%	46.8%	32.6%	4.06	0.86
Business incubation increases access to YEDF	8.5%	18.4%	0.7%	56.7%	15.6%	3.52	1.20
Average						**4.05**	**0.98**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Source: Research Data (2022)

Table 4.10 indicates that 94.3% of the respondents agreed that youths receive business support services (mean=4.44≈4, SD=0.60). The results also indicate that 71.7% of the respondents agreed that guidance promotes access to YEDF (mean=3.93≈4, SD=1.23). The results also indicate indicates that 65.9% of the respondents agreed that business networks promote access to YEDF (mean=4.09≈4, SD=1.00). The results indicate that 71.6% of the respondents agreed that business contacts enhance access to YEDF (mean=4.26≈4, SD=1.00). The results indicate that 79.4% of the respondents agreed that mentor supports increases chances of access to YEDF (mean=4.06≈4, SD=0.86). The results indicate that 72.3% of the respondents agreed that business incubation increases access to YEDF (mean=3.52≈4, SD=1.20).

In conclusion, the average mean of the responses was 4.05 when viewed on a scale of five points presenting a standard deviation of 0.98. This means that the majority of the respondents agreed that business support services play a critical role towards them accessing the youth funds.

According to Agola (2014), access to business support services such business incubators, clubs, and support networks as well as mentoring offered to youths tend to increase their chances of sustaining their new ventures to go beyond the start-up phase. Nonetheless, young entrepreneurs often do not have sufficient skills which are fundamental for transforming start-up businesses into successful ventures. According to MaryStella & Kithae (2015), young individuals with weak business experience as well as low customer base or established supplier base to rely on are likely to fail to know what experienced or professional buyers expect from them.

4.5.2 Institutional factors that affect access to YEDF in Migori County

The study sought to include disbursement procedures and physical location of youth groups as the institutional factors that affect access to YEDF in Migori County. The descriptive results are shown below:

4.5.2.1 Disbursement Procedures

The respondents were asked to indicate to what extent they agree with the following statements regarding disbursement procedures and access to youth funds. They responded as shown in Table 4.11.

Table 4.11: Means, percentages and standard deviation for Disbursement Procedures

Statements	1	2	3	4	5	M	S.D
Disbursement procedures for YEDF is challenging	11.3%	17.7%	17.0%	27.0%	27.0%	3.66	1.44
Belonging to a group increases chances of access to YEDF	0.0%	0.0%	16.3%	55.3%	28.4%	4.12	0.66
Groups provide safety and ease access to loans	0.0%	5.7%	27.7%	44.7%	22.0%	3.83	0.84
YEDF uses the group as some form of collateral for those with few or no assets	4.3%	17.0%	22.0%	22.7%	34.0%	3.65	1.23
Youth groups in Kenya are eligible to borrow funds depending on their product line	0.7%	11.3%	17.0%	39.0%	31.9%	3.90	1.00
Youth fail to access funds due to fear of losing the money and not being able to pay back the loan	4.3%	12.1%	10.6%	27.0%	46.1%	3.99	1.20
Disbursement procedures are challenging and this may put off some youths from applying for YEDF	1.4%	0.0%	41.8%	26.2%	30.5%	3.84	0.91
YEDF is secured by the co-signature of members within the group and not by micro-finance institution	0.7%	5.7%	23.4%	10.6%	59.6%	4.23	1.04
Average						**3.78**	**1.04**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation

Source: Research Data (2022)

Table 4.11 indicates that 54.0% of the respondents agreed that Disbursement procedures for YEDF is challenging (mean=3.66≈4, SD=1.44). The results also indicate that 83.7% of the respondents agreed that Belonging to a group increases chances of access to YEDF (mean=4.12≈4, SD=3.66). The results also indicate indicates that 66.7% of the respondents agreed that Groups provide safety and ease access to loans (mean=3.83≈4, SD=0.84). The results indicate that 56.7% of the respondents agreed that YEDF uses the group as some form of collateral for those with few or no assets (mean=3.65≈4, SD=1.23). The results indicate that

70.9% of the respondents agreed that Youth groups in Kenya are eligible to borrow funds depending on their product line (mean=3.90≈3, SD=1.00). The results indicate that 73.1% of the respondents agreed that Youth fail to access funds due to fear of losing the money and not being able to pay back the loan (mean=3.99≈3, SD=1.20).The results indicate 56.7% of the respondents agreed that Disbursement procedures are challenging, and this may put off some youths from applying for YEDF(mean=3.84≈4, SD=0.91). The results indicate 70.2% of the respondents agreed that YEDF is secured by the co-signature of members within the group and not by micro-finance institution(mean=4.23≈4, SD=1.04).

In conclusion, the average mean of the responses was 3.78 when viewed on a scale of five points presenting a standard deviation of 1.04. This means that the majority of the respondents agreed that disbursement procedures play a critical role towards them accessing the youth funds. The claim is pertinent to Ahaibwe (2014) argument that youths do not access funds because of fear of losing finances as well as not being in the position to make loan repayments. Other challenges identified include loan processing complexity as well as perceived risk of taking credit. It often takes one to three months before the YEDF loan is disbursed to applicants, and owing to this time span, it is evident that the disbursement procedures can discourage some applicants to seek this fund. Credit markets have created approaches to maneuver credit limitations. Credit-seekers with poor collateral whose information is scanty to credit providers regarding their creditworthiness are leveraging in social capital as a way of promoting their loan accessibility (Ngige&Sakwa, 2015).

4.5.2.2 Physical Location of Youth Groups

The respondents were asked to indicate to what extent they agree with following statements regarding physical location of youth groups and access to youth funds. They responded as shown in Table 4.12.

Table 4.12: Means, percentages and standard deviation for Physical Location of Youth Groups

Statements	1	2	3	4	5	M	S.D
YEDF offices are located far away from youth groups	8.5%	16.3%	22.7%	29.1%	23.4%	3.43	1.25
Youth groups located near youth group office have easy access to YEDF	0.0%	0.0%	34.8%	46.8%	18.4%	3.84	0.71
Distance influences access to YEDF	0.0%	0.0%	4.3%	43.3%	52.5%	4.48	0.58
A lack of infrastructure limits YEDF access	5.7%	8.5%	12.1%	31.9%	41.8%	3.96	1.18
Proximity to urban influences access to YEDF	0.7%	0.0%	6.4%	48.2%	44.7%	4.36	0.67
Limited intergroup network limits chances of access to YEDF	5.7%	5.7%	13.5%	34.8%	40.4%	3.99	1.13
Average						**4.01**	**0.92**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation

Source: Research Data (2022)

Table 4.12 indicates that 52.5% of the respondents agreed that YEDF offices are located far away from youth groups (mean=3.43≈4, SD=1.25). The results also indicate that 65.2% of the respondents agreed that youth groups located near youth group office have easy access to YEDF (mean=3.84≈4, SD=0.71). The results also indicate indicates that 5695.8 of the respondents agreed that distance influences access to YEDF (mean=4.48≈4, SD=0.58). The results indicate that 73.7% of the respondents agreed that lack of infrastructure limits YEDF access (mean=3.96≈4, SD=1.18). The results indicate that 92.9% of the respondents agreed that proximity to urban influences access to YEDF (mean=4.36≈3, SD=0.67). The results indicate that 75.2% of the respondents agreed that limited intergroup network limits chances of access to YEDF (mean=3.99≈4, SD=1.13).

In conclusion, the average mean of the responses was 4.10 when viewed on a scale of five points presenting a standard deviation of 0.92. This implies that the majority of the respondents agreed that physical location of youth groups play a critical role towards them accessing the youth funds. The findings are consistent with Ngige & Sakwa (2015) who stated that asset rich, better educated, closer to town have a large social and economic assistant network. The proximity to urban centres may have an influence on the accessibility to youth funding. The main determining factor to small group enterprise (SGE) seems to be distance one can cover on foot in one day. The greater the distance the more difficult intergroup network will have in ensuring full member participation in group meetings and eventual funding support.

4.5.3 Social Factors that affect access to YEDF in Migori County

The study sought to include education level of youth, entrepreneurship training of youth groups and group dynamics as the social factors that affect access to YEDF in Migori County. The descriptive results are shown below:

4.5.3.1 Education Level of Youth

The respondents were asked to indicate to what extent they agree with following statements regarding education level and access to youth funds. They responded as shown in Table 4.13.

Table 4.13: Means, percentages and standard deviation for Education Level of Youth

Statements	1	2	3	4	5	M	S.D
Youths receive basic education	0.0%	0.0%	38.3%	28.4%	33.3%	3.95	0.85
Educating youths provide them with skills to form groups and source for YEDF	0.0%	5.7%	22.7%	11.3%	60.3%	4.26	1.00
Education equips youths with skills to access YEDF	0.0%	0.0%	11.3%	61.0%	27.7%	4.16	0.61
Education equips youths with knowledge to access YEDF	17.0%	11.3%	11.3%	27.7%	32.6%	3.48	1.47
Investing in educating the youth promotes their productivity and consequently access to YEDF	0.0%	5.7%	5.7%	44.7%	44.0%	4.27	0.81
Average						**4.02**	**0.95**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation

Source: Research Data (2022)

Table 4.13 indicates that 61.7% of the respondents agreed that youth receive basic education (mean=3.95≈4, SD=0.85). The results also indicate that 71.6% of the respondents agreed that educating youths provide them with skills to form groups and source for YEDF (mean=4.26≈4, SD=1.00). The results also indicate indicates that 88.7% of the respondents agreed that education equips youths with skills to access YEDF (mean=4.16≈4, SD=0.61). The results indicate that 60.3% of the respondents agreed that education equips youths with knowledge to access YEDF (mean=3.48≈4, SD=1.47). The results indicate that 88.7% of the respondents agreed that investing in educating the youth promotes their productivity and consequently access to YEDF (mean=4.27≈4, SD=0.81).

In conclusion, the average mean of the responses was 4.02 when viewed on a scale of five points presenting a standard deviation of 0.95. This implies that the majority of the respondents agreed that education level of the youth plays a critical role towards them accessing the youth funds.

These findings are consistent with Musha (2014) who states that if organizations are to make the best of education and training function in their response to and promotion of change, the education function need to be linked with the organization strategies and built in the training strategies. Training and development of existing members in the community-lead projects offer great opportunities for generating improvement in productivity and quality.

4.5.3.2 Entrepreneurship Training of Youth Groups

The respondents were asked to indicate to what extent they agree with following statements regarding entrepreneurship training and access to youth funds. They responded as shown in Table 4.14.

Table 4.14: Means, percentages and standard deviation for Entrepreneurship Training of Youth Groups

Statements	**1**	**2**	**3**	**4**	**5**	**M**	**S.D**
Youths receive entrepreneurship training	0.0%	0.0%	16.3%	50.4%	33.3%	4.17	0.69
Entrepreneurship training promotes youths' chances of access to YEDF	5.0%	17.0%	0.0%	61.7%	16.3%	3.67	1.09
Entrepreneurial habits influence access to YEDF	5.7%	11.3%	11.3%	27.7%	44.0%	3.93	1.23
Completing entrepreneurship promotes access to YEDF	2.8%	0.0%	44.0%	27.7%	25.5%	3.73	0.94
Entrepreneurial skills positively influenced the uptake of YEDF	6.4%	5.0%	22.7%	10.6%	55.3%	4.04	1.25
Average						**3.91**	**1.04**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation

Source: Research Data (2022)

Table 4.14 indicates that 83.7% of the respondents agreed that youths receive entrepreneurship training (mean=4.17≈4, SD=0.69). The results also indicate that 78.0% of the respondents agreed that entrepreneurship training promotes youths' chances of access to YEDF (mean=3.67≈4, SD=0.09). The results also indicate indicates that 71.7% of the respondents agreed that entrepreneurial habits influence access to YEDF (mean=3.93≈4, SD=1.23). The results indicate that 53.2% of the respondents agreed that completing entrepreneurship promotes access to YEDF (mean=3.73≈4, SD=0.94). The results indicate that 65.9% of the respondents agreed that entrepreneurial skills positively influenced the uptake of YEDF (mean=4.04≈4, SD=1.25).

In conclusion, the average mean of the responses was 3.91 when viewed on a scale of five points presenting a standard deviation of 1.04. This implies that the majority of the respondents agreed that entrepreneurship training plays a critical role towards them accessing the youth funds. Wohoro (2016) also asserts that entrepreneurship training is critical in helping youths develop behaviours, attributes as well as create enterprise awareness that enhances the realization of entrepreneurship career choices. According to Ouko & Otengah (2019), less developed economies lack sufficient entrepreneurial skills, specifically among youths who have exited schools and where provided it is inadequately used in every level of education such as higher education of learning, vocational training, secondary as well as primary.

4.5.3.3 Group Dynamics

The respondents were asked to indicate to what extent they agree with following statements regarding group dynamics and access to youth funds. They responded as shown in Table 4.15.

Table 4.15: Means, percentages and standard deviation for Group Dynamics

Statements	1	2	3	4	5	M	S.D
Youths enjoy group dynamics	0.0%	0.0%	22.0%	55.3%	22.7%	4.01	0.67
Group formation influences access to YEDF	0.0%	11.3%	27.7%	44.7%	16.3%	3.66	0.89
Group norms strength cohesion of youth groups	5.0%	6.4%	32.6%	10.6%	45.4%	3.85	1.21
Social capital in networks promotes interpersonal trust	0.0%	0.0%	6.4%	61.0%	32.6%	4.26	0.57
Interpersonal trust among youth group members promotes access to YEDF	9.2%	7.8%	52.5%	7.8%	22.7%	3.27	1.17
Relationship-damaging events limit access to YEDF	1.4%	22.7%	7.8%	31.9%	36.2%	3.79	1.20
Average						**3.81**	**0.95**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S.D = Standard Deviation
Source: Research Data (2022)

Table 4.15 indicates that 78.0% of the youth agreed youths enjoy group dynamics (mean=4.01≈4, SD=0.67). The results also indicate that 61.0% of the respondents agreed that Group formation influences access to YEDF (mean=3.66≈4, SD=0.89). The results also indicate indicates that 56.0% of the respondents agreed that group norms strength cohesion of youth groups (mean=3.85≈4, SD=1.21). The results indicate that 93.6% of the respondents agreed that social capital in networks promotes interpersonal trust (mean=4.26≈4, SD=0.57). The results indicate that 52.5% of the respondents were neutral to the opinion that interpersonal trust among youth group members promotes access to YEDF (mean=3.27≈4, SD=1.17). The results indicate 68.1% of the respondents agreed that relationship-damaging events limit access to YEDF (mean=3.79≈4, SD=0.20).

In conclusion, the average mean of the responses was 3.81 when viewed on a scale of five points presenting a standard deviation of 0.95. This implies that the majority of the respondents agreed that group dynamics plays a critical role towards them accessing the youth funds. Likewise, according to YEDF (2015), the strength of group formation is critical in making members achieve their stated goals and aspirations. Group formation requires social capital that entails networks as well as norms which make individuals act collectively. The networks can comprise professionals or experts, friends, neighbours as well as colleagues. Social capital is critical in the networks in enhancing interpersonal trust, gives sanctions against deviants as well as acts as institutional deficiencies' substitutes. The social networks promote funding access. According to Wahoro (2016), the linkage can either be strong or weak (easily dismantled as time progresses or in situations of association-damaging attributes). In this regard, it is critical to handle situations that are threatening to the sustainability of group cohesion. YEDF focuses majorly on groups but has various packages for individuals who want to access funds, in case they are in registered groups.

4.5.4 Access to Youth Funds

4.5.4.1 Loan Affordability

The respondents were asked to indicate their perceptions towards the statements regarding their access to youth funds. They responded as shown in Table 4.16a – Table 4.16b.

Table 4.16a: Descriptive statistics in percentage showing the responses regarding Affordability of YEDF

Statements	1	2	3	4	5	M	S. D
The funds offer affordable financial and business development support services	0.00%	0.00%	39.00%	49.60%	11.30%	3.72	0.66
The loans offered are offered at cheap interest rates	49.60%	5.70%	0.00%	44.70%	0.00%	2.40	1.46
The loan repayment periods are considerable	36.20%	11.30%	11.30%	27.70%	13.50%	2.71	1.52

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Table 4.16a indicates that 60.9% of the respondents agreed that the funds offer affordable financial and business development support services (mean=3.72≈4, SD=0.66). The results show that 55.3% of the respondents indicated that loans offered are not offered at cheap interest rates (mean=2.40≈2, SD=1.46). The results also indicate indicates that 47.5% of the respondents were of the opinion that YEDF loan repayment periods are not considerable loan repayment periods are considerable (mean=2.71≈3, SD=1.52).

4.5.4.2 Adequacy of YEDF

Table 4.16b: Descriptive statistics in percentage showing the responses regarding Adequacy of YEDF

Statements	1	2	3	4	5	M	S. D
YEDF is adequate for youth groups	22.70%	44.00%	0.00%	28.40%	5.00%	2.49	1.26
Youth groups use YEDF for the intended purpose i.e., proper management of the fund at group level	11.30%	18.40%	5.70%	41.80%	22.70%	4.42	1.56

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Table 4.16b indicate that 66.7% of the respondents were of the opinion that the youth funds are not adequate for youth groups (mean=2.49≈3, SD=1.26). The results indicate that 64.5% of the respondents were of the opinion that Youth groups use YEDF for the intended purpose i.e., proper management of the fund at group level(mean=2.42≈2, SD=1.56).

4.5.4.3 Availability of YEDF

Table 4.16c: Descriptive statistics in percentage showing the responses regarding Availability of YEDF

Statements	1	2	3	4	5	M	S. D
Access to YEDF is easy/convenient	50.40%	16.30%	0.00%	24.80%	8.50%	2.25	1.49
The funds are available on need basis of the groups	5.00%	17.00%	0.00%	61.70%	16.30%	3.67	1.09

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Table 4.16c indicate that 66.7% of the respondents were of the opinion that access to YEDF is not easy/convenient (mean=2.25≈2, SD=1.49). The results indicate 78.0% of the respondents agreed that the funds are available on need basis of the groups (mean=3.67≈4, SD=1.09).

4.5.4.4 Timeliness of YEDF

Table 4.16d: Descriptive statistics in percentage showing the responses regarding Timeliness of YEDF

Statements	1	2	3	4	5	M	S. D
YEDF is timely distributed/disbursed	83.00%	5.70%	11.30%	0.00%	0.00%	1.27	0.66

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Table 4.16d indicate 88.7% of the respondents agreed that YEDF is not timely distributed/disbursed (mean=1.27, SD=0.66).

4.5.5 Key Informant responses towards the factors influencing the attraction of more applicants for YEDF financing

The key informants were also asked to indicate their perceptions towards the factors that affect the access to youth funds by youths in Migori County. They responded as shown in Table 4.17.

Table 4.17: Means, percentages and standard deviation for the factors influencing the attraction of more applicants for YEDF financing

Statements	1	2	3	4	5	M	S. D
Speed of processing	12.50%	12.50%	12.50%	37.50%	25.00%	3.50	1.41
Collateral requirements	0.00%	0.00%	0.00%	87.50%	12.50%	4.13	0.35
Time to process the application	0.00%	12.50%	25.00%	50.00%	12.50%	3.63	0.92
Interest rate	12.50%	12.50%	0.00%	25.00%	50.00%	3.88	1.55
Service fees	25.00%	0.00%	0.00%	12.50%	62.50%	3.88	1.81
Guarantees required by the fund	0.00%	0.00%	12.50%	37.50%	50.00%	4.38	0.74
The documents required	12.50%	0.00%	0.00%	50.00%	37.50%	4.00	1.31
The amount granted by the institution relative to the amount requested	0.00%	0.00%	25.00%	50.00%	25.00%	4.00	0.76
The time to obtain a response	12.50%	0.00%	25.00%	25.00%	37.50%	3.75	1.39
The cost of obtaining the financing	0.00%	12.50%	0.00%	12.50%	75.00%	4.50	1.07
Average						**3.97**	**1.13**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Source: Research Data (2022)

Table 4.17 indicates that 62.5% of the respondents agreed that speed of processing influences the attraction of more applicants for YEDF financing (mean=3.50≈4, SD=1.41). The results show that 100% of the respondents indicated that collateral requirements influence the attraction of more applicants for YEDF financing (mean=4.13≈4, SD=0.35). The results also indicate indicates that 62.5% of the respondents were of the opinion that time to process the application influences the attraction of more applicants for YEDF financing (mean=3.63≈4, SD=0.92).The results indicate that 75% of the respondents were of the opinion that interest rate influences the attraction of more applicants for YEDF financing (mean=3.88≈4, SD=1.55).The results indicate that 75% of the respondents were of the opinion that service fees influence the attraction of more applicants for YEDF financing (mean=3.88≈4, SD=1.81).

The results indicate that 87.5% of the respondents were of the opinion that guarantees required by the fund influences the attraction of more applicants for YEDF financing (mean=4.38≈4, SD=0.74).The results indicate 87.5% of the respondents agreed that the documents required the cost of obtaining the financing influences the attraction of more applicants for YEDF financing (mean=4.00≈4, SD=1.31).The results indicate 75% of the respondents agreed that the amount granted by the institution relative to the amount requested influences the attraction of more applicants for YEDF financing (mean=4.00≈4, SD=0.76).The results indicate 62.5% of the respondents agreed that the time to obtain a response influences the attraction of more applicants for YEDF financing (mean=3.75≈4, SD=1.39).The results indicate 87.5% of the respondents agreed that the cost of obtaining the financing influences the attraction of more applicants for YEDF financing (mean=4.50≈4, SD=1.07).

4.5.6 Key Informant responses towards the aspects posing a challenge to the implementation of YEDF in the constituency

The key informants were also asked to indicate their perception towards the aspects posing a challenge to the implementation of YEDF in the constituency. They responded as shown in Table 4.18.

Table 4.18: Means, percentages and standard deviation for the factors posing a challenge to implementation of YEDF in the constituency

Statements	**1**	**2**	**3**	**4**	**5**	**M**	**S. D**
Lack of frequent monitoring and evaluation of projects	12.50%	25.00%	12.50%	12.50%	37.50%	3.38	1.60
Insufficient funding	0.00%	37.50%	12.50%	0.00%	50.00%	3.63	1.51
Lack of support from stakeholders	0.00%	12.50%	12.50%	62.50%	12.50%	3.75	0.89
Lack of capacity building in terms of financial	12.50%	37.50%	25.00%	12.50%	12.50%	2.75	1.28
Management skills	25.00%	12.50%	0.00%	25.00%	37.50%	3.38	1.77
Administration in terms of loan processing	0.00%	12.50%	25.00%	37.50%	25.00%	3.75	1.04
Improper project selection processes	12.50%	25.00%	37.50%	12.50%	12.50%	2.88	1.25
Inadequate staff for the administration and disbursement of fund	25.00%	12.50%	0.00%	25.00%	37.50%	3.38	1.77
Access of funds in terms of gender	25.00%	0.00%	37.50%	37.50%	0.00%	2.88	1.25
Sustainability in terms of the youth groups being able to repay	0.00%	0.00%	25.00%	37.50%	37.50%	4.13	0.83
There are many fund requests from individuals and groups	0.00%	25.00%	37.50%	25.00%	12.50%	3.25	1.04
The funds are never adequate for groups and individuals seeking the funds	12.50%	25.00%	37.50%	12.50%	12.50%	2.88	1.25
Individuals and groups have problems developing business plan proposals	25.00%	0.00%	25.00%	12.50%	37.50%	3.38	1.69
Most groups experience leadership problems	12.50%	25.00%	12.50%	37.50%	12.50%	3.13	1.36
Most borrowers are servicing their loans with difficulties	12.50%	0.00%	37.50%	37.50%	12.50%	3.38	1.19
Beneficiaries are not evenly distributed across the constituency	12.50%	12.50%	37.50%	12.50%	25.00%	3.25	1.39
Most projects funded are unlikely to post greater impact in society	25.00%	0.00%	0.00%	50.00%	25.00%	3.50	1.60
Genders issues are not adequately addressed in the group levels	0.00%	25.00%	37.50%	37.50%	0.00%	3.13	0.83
There is bias in allocation of funds	37.50%	25.00%	12.50%	12.50%	12.50%	2.38	1.51
Politician interfere with funds distribution	12.50%	0.00%	0.00%	37.50%	50.00%	4.13	1.36
Average						**3.24**	**1.32**

Note: 5-strongly agree, 4- agree, 3-neutral, 2-disagree, 1-strongly disagree, M = Mean, S. D = Standard Deviation

Source: Research Data (2022)

Table 4.18 indicates that 50% of the respondents were of the opinion that lack of frequent monitoring and evaluation of projects poses a challenge to the implementation of YEDF (mean=3.38≈4, SD=1.60). The results show that 50% of the respondents indicated that insufficient funding poses a challenge to the implementation of YEDF (mean=3.63≈4, SD=1.51). The results also indicate indicates that 75% of the respondents were of the opinion that lack of support from stakeholders poses a challenge to the implementation of YEDF (mean=3.75≈4, SD=0.89). The results indicate that 50% of the respondents disagreed that lack of capacity building in terms of financial poses a challenge to the implementation of YEDF (mean=2.75≈3, SD=1.28). The results indicate that 62.5% of the respondents were of the opinion that management skills pose a challenge to the implementation of YEDF (mean=3.38≈3, SD=1.77).

The results indicate that 62.5% of the respondents were of the opinion that administration in terms of loan processing poses a challenge to the implementation of YEDF (mean=3.75≈4, SD=1.04). The results indicate 37.5% of the respondents disagreed that improper project selection processes pose a challenge to the implementation of YEDF (mean=2.88≈4, SD=1.25). The results indicate 62.5% of the respondents agreed that inadequate staff for the administration and disbursement of fund poses a challenge to the implementation of YEDF (mean=3.38≈3, SD=1.77). The results indicate 37.5% of the respondents were not sure whether access of funds in terms of gender poses a challenge to the implementation of YEDF (mean=2.88≈3, SD=1.25). The results indicate 75% of the respondents agreed that sustainability in terms of the youth groups being able to repay poses a challenge to the implementation of YEDF (mean=4.13≈4, SD=0.83). The results indicate 37.5% of the respondents were not sure whether presence of many fund requests from individuals and groups poses a challenge to the implementation of YEDF (mean=3.25≈3, SD=1.04). The results indicate 37.5% of the respondents were not sure whether inadequate funding for groups and individuals seeking the funds poses a challenge to the implementation of YEDF (mean=2.88≈4, SD=1.25).

The results indicate 50% of the respondents agreed that individuals and groups have problems developing business plan proposals (mean=3.38≈4, SD=1.69). The results indicate 50% of the respondents agreed that most groups experience leadership problems (mean=3.13≈3, SD=1.36). The results indicate 50% of the respondents agreed that most borrowers are servicing their loans with difficulties (mean=3.38≈3, SD=1.19). The results indicate 37.5% of the respondents agreed that beneficiaries are not evenly distributed across the constituency (mean=3.25≈3, SD=1.39). The results indicate 75% of the respondents agreed that most projects funded are unlikely to post greater impact in society (mean=3.50≈4, SD=1.60). The results indicate 37.5% of the respondents agreed that genders issues are not adequately addressed in the group levels (mean=3.13≈3, SD=0.83). The results indicate 62.5% of the respondents disagreed that there is bias in allocation of funds (mean=2.38≈2, SD=1.51). The results indicate 87.5% of the respondents agreed that politician interfere with funds distribution (mean=4.13≈4, SD=1.36).

4.6 Pearson's Correlation between Economic Factors, Institutional Factors, Social Factors and Access to YEDF in Migori County

In empirical analysis, the study begun by finding out the direction and strength of association between access to youth fund and the independent variables of interest. The Pearson correlation coefficient was used to determine the association between the variables which is denoted by **r**. When r is +1 (positive), the value of the other variable in linear comparison increases with a positive value, when r is -1, this shows that there is a negative association and the linear relation decreases on the same line and r = 0, we assert that there is no correlation (Gogtay&Thatte, 2017).

Table 4.19: Correlation matrix

Correlations		Access to Youth Funds	Income Status	Business Support Services	Av Disbursement Procedures	Physical Location	Education Level	Entrepreneurship Training	Group Dynamics
Access to Youth Funds (YEDF)	Pearson Correlation	1							
	Sig. (2-tailed)								
Income Status	Pearson Correlation	.625**	1						
	Sig. (2-tailed)	0.000							
Business Support Services	Pearson Correlation	.677**	.679**	1					
	Sig. (2-tailed)	0.000	0.000						
Disbursement Procedures	Pearson Correlation	.601**	.559**	.670**	1				
	Sig. (2-tailed)	0.000	0.000	0.000					
Physical Location	Pearson Correlation	.558**	.542**	.616**	.566**	1			
	Sig. (2-tailed)	0.000	0.000	0.000	0.000				
Education Level	Pearson Correlation	.669**	.641**	.777**	.681**	.606**	1		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000			
Entrepreneurship Training	Pearson Correlation	.725**	.669**	.762**	.627**	.641**	.642**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000		
Group Dynamics	Pearson Correlation	.522**	.576**	.588**	.542**	.559**	.464**	.660**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

** Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2022)

The results in the table 4.19 revealed that there is a positive and significant association between income statusand access to Youth Entreprise Development funds (r=0.625**, p=0.000). The r value of 0.625 indicates a value of greater than 0 which implies that income statusas a linear variable has a positive association with access to Youth Enterprise Development funds. These findings are in line with Wachira (2012) who indicated that a large number of low-income people in developing countries are currently financially excluded (Wachira, 2012). Asymmetries of information, moral hazard risks, and adverse selection from credit reduce incentive to lend to clients. To secure such risky loans, lenders often demand collateral such as land or property that many borrowers lack (Awiti& Scott, 2016).

The results further show that business support services and access to Youth Entreprise Development funds have a positive and significant association(r=0.677**, p=0.000). The r value of 0.677 indicates a value of greater than 0 which implies that business support services as a linear variable has a positive association with access to Youth Entreprise Development funds. The findings agree with MaryStella & Kithae (2015) that mentoring support provides a significant value to potentially young entrepreneurs since it assists them to counter the challenges of lack of business networks, contacts, and experiences as they conduct businesses. The study further confirms that business incubators constitute powerful tool to support the process of entrepreneurship and assist create more opportunities for survival rates of businesses started or run by young entrepreneurs. Coaching as well as mentor support services are imperative to young entrepreneurs who are beginning their enterprises. Formal mentoring comprises assigned relationship created to offer young entrepreneurs with guidance as well as advice from experienced professionals (MaryStella&Kithae, 2015).

The results further show that disbursement procedures and access to Youth Entreprise Development funds have a positive and significant relationship (r=0.601**, p=0.000). The r value of 0.601 indicates a value of greater than 0 which implies that disbursement procedures as a linear variable has a positive association with access to Youth Entreprise Development funds. The claim is pertinent to Ahaibwe (2014) argument that youths do not access funds because of fear of losing finances as well as not being in the position to make loan repayments. Other challenges identified include loan processing complexity as well as perceived risk of taking credit. It often takes one to three months before the YEDF loan is disbursed to applicants, and owing to this time span, it is evident that the disbursement procedures can discourage some applicants to seek this fund.

The results further show that physical location and access to Youth Entreprise Development funds have a positive and significant (r= 0.558**, p=0.000). The r value of 0.558 indicates a value of greater than 0 which implies that physical location as a linear variable has a positive association with access to Youth Entreprise Development funds. The findings are consistent with Ngige & Sakwa (2015) who stated that asset rich, better educated, closer to town have a large social and economic assistant network. The proximity to urban centres may have an influence on the accessibility to youth funding. The main determining factor to small group enterprise (SGE) seems to be distance one can cover on foot in one day. The greater the distance the more difficult intergroup network will have in ensuring full member participation in group meetings and eventual funding support.

The findings also indicated that there is a positive and significant association between education level and access to Youth Entreprise Development funds (r=0.669**, p=0.000). The positive r value of 0.669 indicates a value of greater than 0 which implies that education level as a linear variable has a positive association with access to Youth Entreprise Development funds. These findings are consistent with Kimando et al (2012) training and level of education is imperative to firm's functioning and specifically for assisting organizations respond to technological advances.

Besides, the table also shows a positive and a significant association between entrepreneurship training and access to Youth Entreprise Development funds (r=0.725**, p=0.000). The positive r value of 0.725 indicates a value of greater than 0 which implies that an increase in entrepreneurship training leads to an increase in access to Youth Entreprise Development funds. The findings are consistent with Ouko & Otengah (2019) who re-affirms that less developed economies lack sufficient entrepreneurial skills, specifically among youths who have exited schools and where provided it is inadequately used in every level of education such as higher education of learning, vocational training, secondary as well as primary.

Likewise, there is a positive and significant relationship between group dynamics and access to Youth Entreprise Development funds (r=0.522**, p=0.000). The positive r value of 0.522 indicates a value of greater than 0 which implies that an increase in group dynamics leads to an increase in access to Youth Entreprise Development funds. The findings agree with Wahoro (2016) who indicated that the linkage can either be strong or weak (easily dismantled as time progresses or in situations of association-damaging attributes). In this regard, it is critical to handle situations that are threatening to the sustainability of group cohesion. YEDF focuses majorly on groups but has various packages for individuals who want to access funds, in case they are in registered groups.

4.7 Diagnostic analysis

Before the most significant explanatory variables were identified by the model output, it was necessary to undertake diagnostic analysis. Diagnostics test sought to identify the possibility of bias that may occur in research. These tests include the normality test, linearity test, multicollinearity test, and the test for heteroscedasticity as discussed below:

4.7.1 Normality Test

The Shapiro–Wilk test is more appropriate method for small sample sizes (<50 observations) although it can also be handling on larger sample size while Kolmogorov–Smirnov test is used for $n \geq 50$ observations. For both of the above tests, null hypothesis states that data are taken from normal distributed population (Mishra wet al., 2019). Normality of data was tested using the Shapiro-Wilk test and the Kolmogorov–Smirnov test (due to the sample size being above 50) and normality plots. Here the significance value was measured as well as the Skewness and kurtosis. The criterion is that the probability value (sig) should be greater than 0.05 for the data to be normally distributed. Central limit theorem states that when sample size has 100 or more observations, violation of the normality is not a major issue Therefore, we assume normality given a higher response rate (primary data) (Altman & Bland, 1995; Ghasemi&Zahediasl, 2012).

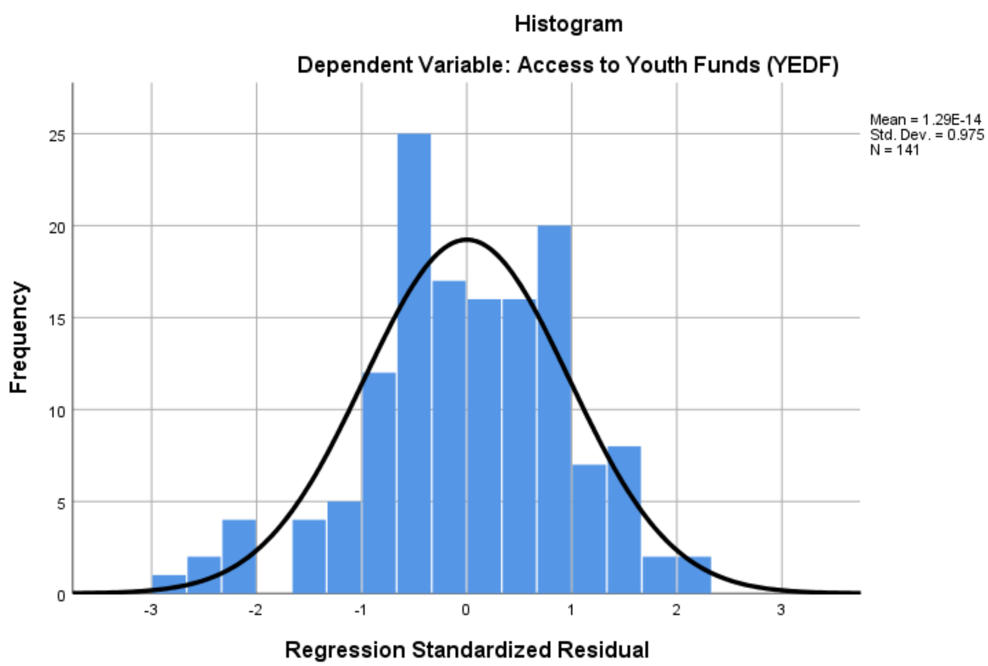
Table 4.20: Normality Results

	Kolmogorov-Smirnova			Shapiro-Wilk		
Tests of Normality	**Statistic**	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Access to Youth Funds (YEDF)	0.171	141	0.049	0.921	141	0.063
Income Status	0.112	141	0.058	0.971	141	0.077
Business Support Services	0.151	141	0.031	0.963	141	0.096
Disbursement Procedures	0.155	141	0.121	0.952	141	0.056
Physical Location	0.229	141	0.112	0.862	141	0.047
Education Level	0.228	141	0.059	0.891	141	0.053
Entrepreneurship Training	0.212	141	0.055	0.928	141	0.072
Group Dynamics	0.176	141	0.069	0.923	141	0.062

aLilliefors Significance Correction

Source: Research Data (2022)

The results are supported a histogram plotting the normality results as shown in figure



4.3.

Figure 4.3: Normality plot

Source: Research Data (2022)

The null hypothesis states that the data is normally distributed. From the study it was noted that there were values that indicated the absence of abnormality of data points due to the p- values that were greater than 0.05. Given that there was higher response rate and that the problem of abnormality could not be a challenge, normality was assumed. Thus, the null hypothesis was accepted and the data be normally distributed.

4.7.2 Linearity Test

Linearity was tested using scatter plots, which is used to show whether there is a linear relationship between two variables. It is expected that the relationship between variables should be fairly linear before the regression models are applied (Yusof& Jain, 2017). A relationship is linear if one variable increases by approximately the same rate as the other variables changes by one unit (Mindrila&Balentyne, 2017; Rensink&Baldridge, 2010).

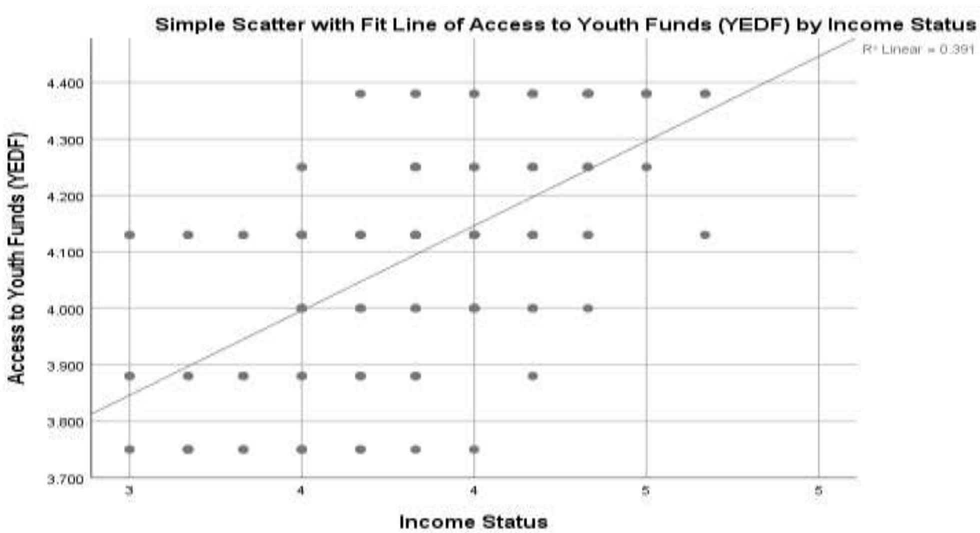


Figure 4.4: Linearity Test for Income status

The results from the scatter plot show that there is a strong positive linearity between income status and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

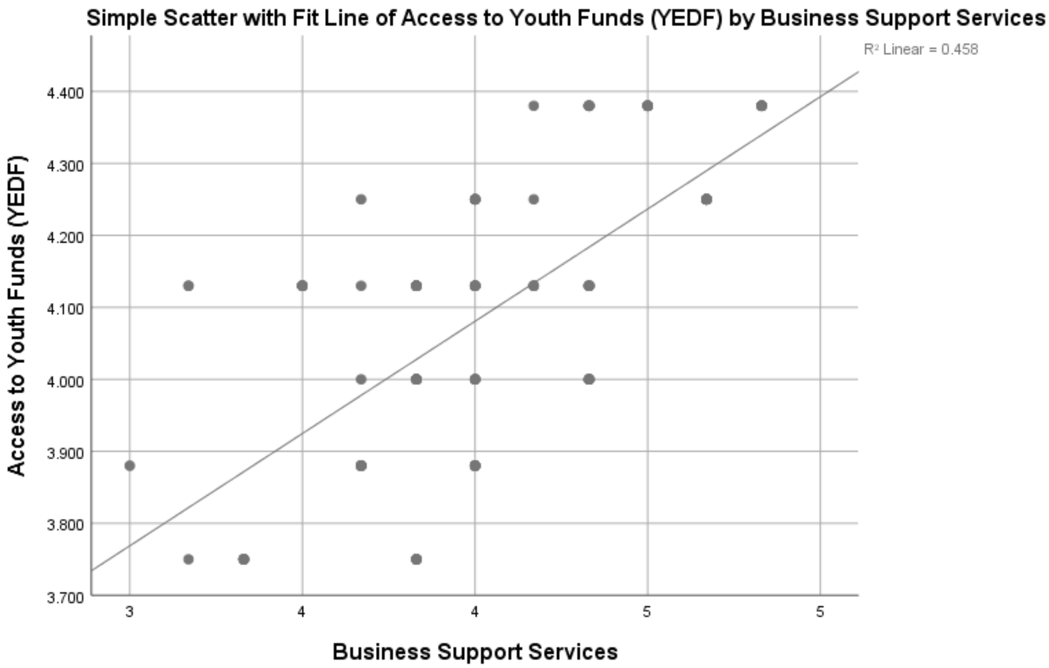


Figure 4.5: Linearity Test for Business Support Services

The results from the scatter plot show that there is a strong positive linearity between business support services and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

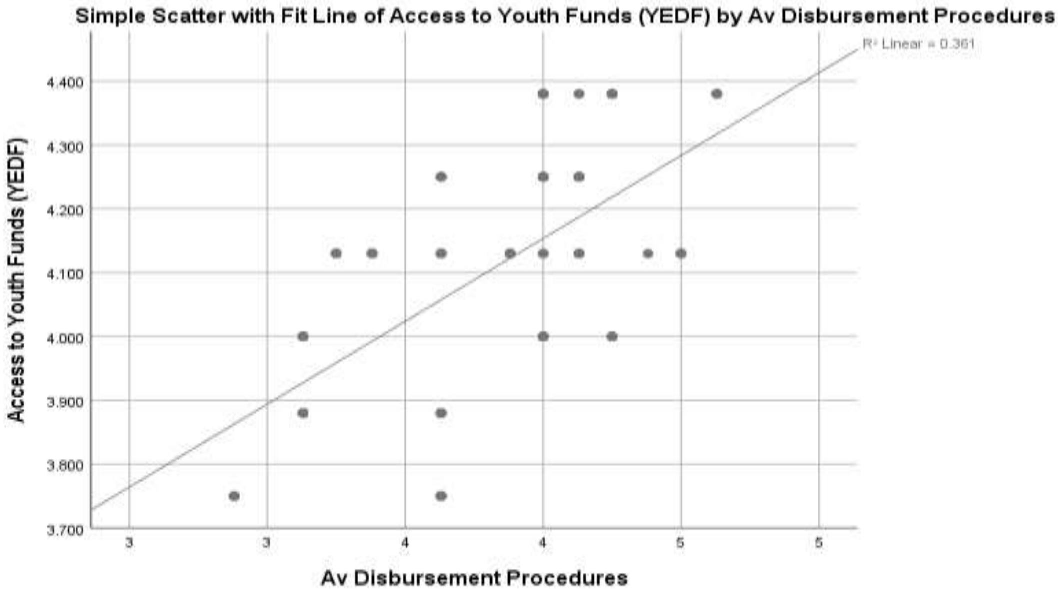


Figure 4.6: Linearity Test for Disbursement Procedures

The results from the scatter plot show that there is a strong positive linearity between disbursement procedures and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

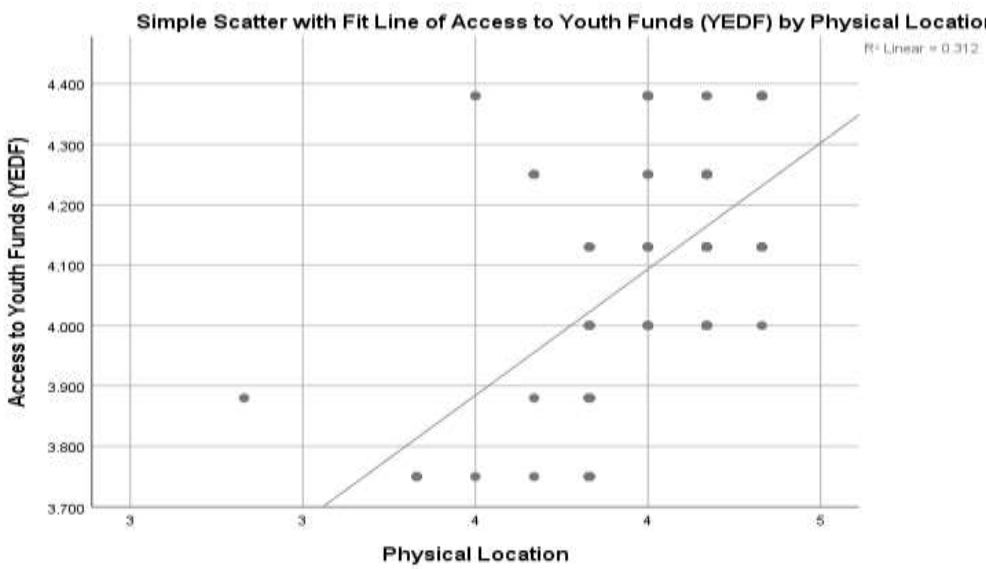


Figure 4.7: Linearity Test for Physical Location

The results from the scatter plot show that there is a strong positive linearity between physical location of Youth Groups and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

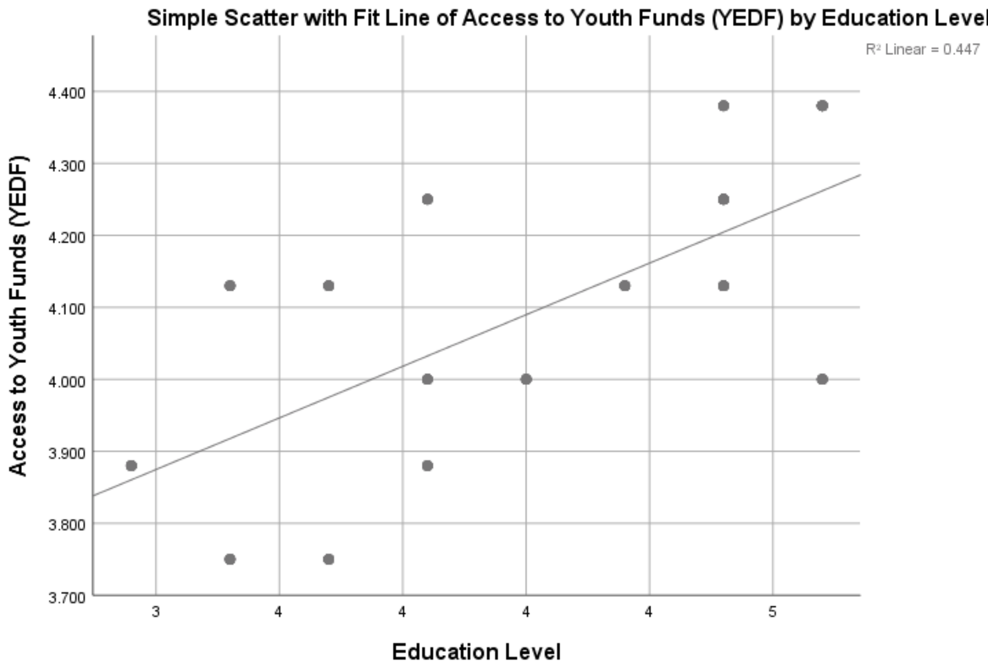


Figure 4.8: Linearity Test for Education Level

The results from the scatter plot shows that there is a strong positive linearity between education level of the Youth and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

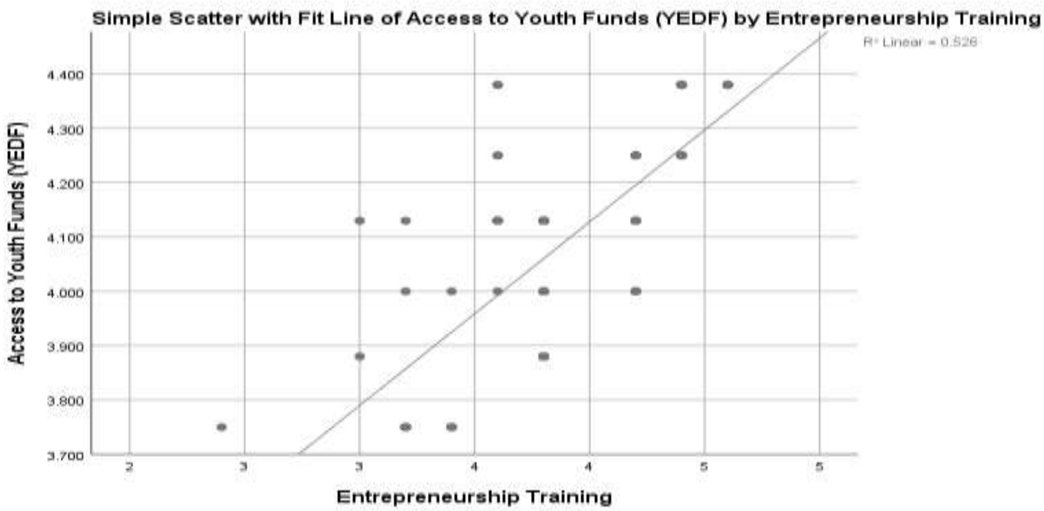


Figure 4.9: Linearity Test for Entrepreneurship Training

The results from the scatter plot shows that there is a strong positive linearity between entrepreneurship training of the youth groups and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

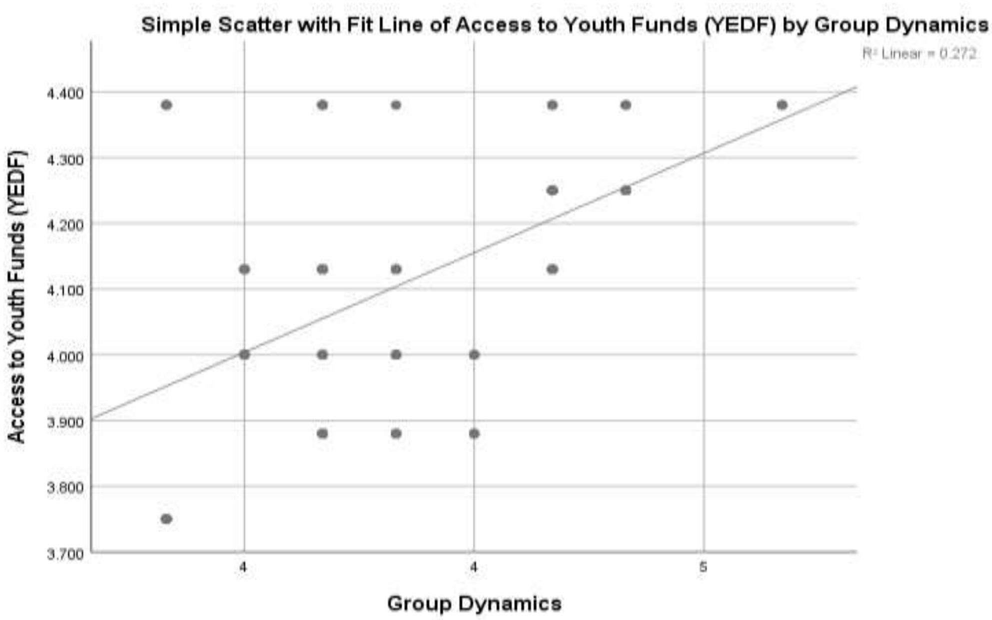


Figure 4.10: Linearity Test for Group Dynamics

Source: Research Data (2022)

The results from the scatter plot show that there is a strong positive linearity between group dynamics and access to YEDF in Migori County. This is evidenced by the steep slope of the regression line which is almost vertical to the y axis.

4.7.3 Multicollinearity

Multicollinearity analysis helps in determining the strength of a linear relationship between two variables. In perfect positive correlation, the two variables are positively related. A value of negative 1 represents a perfect negative correlation and that when the values of one variable increase, the value of the other variable decreases (Taylor, 1990; Schober, Boer &Schwarte, 2018). Multicollinearity was assessed in this study using the variance inflation factors (VIF). According to Field (2009) VIF values in excess of 10 and a tolerance value of less than 0.2 is an indication of the presence of Multicollinearity. Multicollinearity of variables was tested by using the tolerance value with tolerance level of more than 0.2 and variance inflation factor (VIF) with a tolerance level of less than 10 (Miles, 2014).

Table 4.21: Collinearity Statistics

Variables	Tolerance	VIF
Income Status	0.622	1.608
Business Support Services	0.377	2.653
Av Disbursement Procedures	0.598	1.671
Physical Location	0.776	1.289
Education Level	0.439	2.276
Entrepreneurship Training	0.432	2.317
Group Dynamics	0.719	1.392
Average	**0.566**	**1.887**

Source: Research Data (2022)

The results in Table 4.21 present average variance inflation factors results which were established to be **1.887** which is less than 10 and tolerance of more than 0.2 (**0.566**). Thus, according to (Miles, 2014) indicates that the problem of Multicollinearity was minimized.

4.7.4 Heteroscedasticity Test

The null hypothesis of this study indicates that the error variance is homoscedastic, thus the null hypothesis is rejected if the error term is found to be varying. If the error variance is not constant, then there is heteroscedasticity in the data. Running a regression model without accounting for heteroscedasticity the error variance would lead to biased parameter estimates in the model estimate. To test for heteroscedasticity, the graphical scatter plot methodand p-p plot was used.

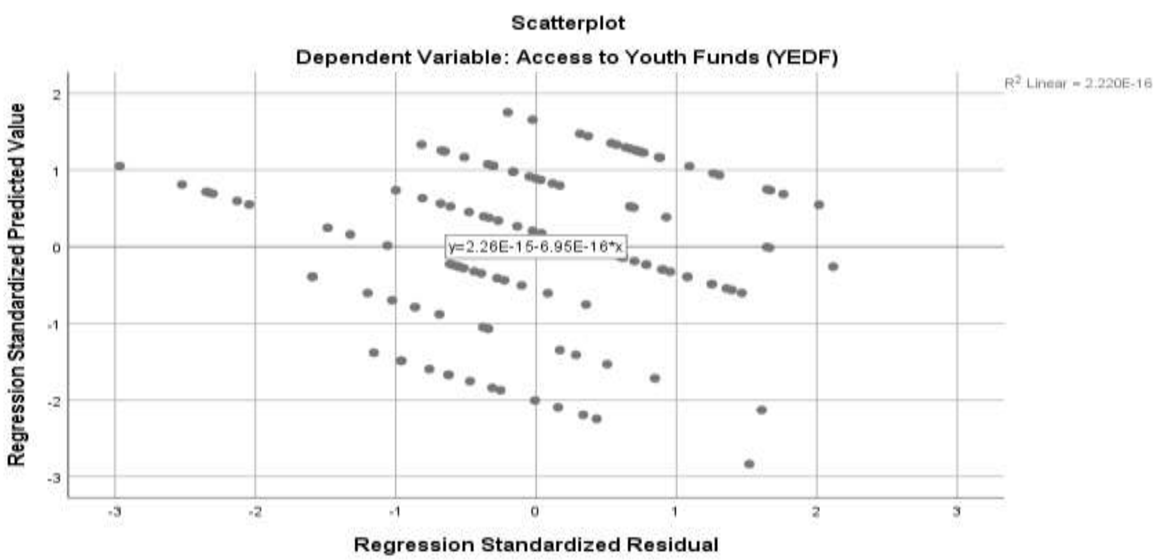


Figure 4.11: Error variance of the residuals

Source: Research Data (2022)

Since, the null hypothesis of this study indicates that the error variance is homoscedastic, the results indicate that there is the no presence of heteroscedasticity in the use of the ordinary least squares (OLS) regression. This is evidenced by the graphical scatter plots which oscillate along the standardized residual regression line.

4.8 Multivariate Regression model of the Main Variables

In general, the study sought to run a regression of the main variables and the findings are presented in Table 4.22.

Table 4.22: Regression of Coefficients of the Main Variables

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.790	0.116	–	15.494	0.000
Economic factors	0.118	0.036	0.22	3.269	0.001
Institutional factors	0.154	0.035	0.248	4.391	0.000
Social factors	0.318	0.046	0.501	6.875	0.000

a Dependent Variable: Access to Youth Funds (YEDF)
b Predictors: (Constant(Constant), ***Economic factors*** *(Income Status and Business Support Services).* ***Institutional factors*** *(disbursement procedures and physical location of youth groups),* ***Social factors*** *(education level, entrepreneurship training and group dynamics).*
Source: Research Data (2022)

Table 4.22 revealed that economic factors (income status and business support services)and access to YEDF in Migori County have a positive and significant relationship (0.22, p=0.001). The study also revealed that institutional factors (disbursement procedures and physical location of youth groups) and access to YEDF in Migori County have a positive and significant relationship (0.248, p=0.000). Regression of the coefficients results, revealed that social factors (education level, entrepreneurship training and group dynamics) and access to YEDF in Migori County have a positive and significant relationship (0.501, p=0.000).

4.9 Multivariate Regression model of the Sub variables

The study investigated the causal effect of the independent variables on the dependent variable. The findings represent the estimated coefficients, test of fitness and coefficient of determination.

4.9.1 Estimated Coefficients of the Sub-Variables

After finding out the direction and strength of association between the dependent and sub-independent variables, a correlation analysis was carried out to determine the parameter estimates. The result is presented in table 4.23 below:

Table 4.23: Regression Coefficients of the Sub variables

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Variables	**B**	**Std. Error**	**Beta**		
(Constant)	1.474	0.145	–	10.134	0.000
Income status	0.096	0.025	0.200	3.877	0.000
Business support services	0.016	0.030	0.035	0.527	0.599
Disbursement procedures	0.051	0.023	0.118	2.255	0.026
Physical location	0.183	0.034	0.244	5.297	0.000
Education level	0.103	0.026	0.240	3.920	0.000
Entrepreneurship training	0.100	0.029	0.214	3.462	0.001
Group dynamics	0.121	0.028	0.208	4.347	0.000

a Dependent Variable: Access to Youth Funds (YEDF)
*b Predictors: **Economic factors** (Income Status and Business Support Services). **Institutional factors** (disbursement procedures and physical location of youth groups), **Social factors** (education level, entrepreneurship training and group dynamics).*
Source: Research Data (2022)

The results in Table 4.23 indicate that the model was statistically significant implying that the economic factors (*income status* and *business support services*), social factors *(education level, entrepreneurship training* and *group dynamics)* and institutional factors *(disbursement procedures* and *physical location of youth groups*) affect access to YEDF in Migori County. This is further supported by the F statistic 66 where the value was greater than the critical value at 0.05 significance level, $F_{statistic} = 66 > F_{critical} = 2.669$ (7, 133).

4.9.2 ANOVA for the Sub-Variables

To show whether the linear regression model fits the data significantly, ANOVA was computed as provided in Table below:

Table 4.24: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4.16	7	0.594	66	.000b
Residual	1.169	133	0.009		
Total	5.329	140			

a Dependent Variable: Access to Youth Funds (YEDF)
*b Predictors: (Constant), **Economic factors** (Income Status and Business Support Services). **Institutional factors** (disbursement procedures and physical location of youth groups), **Social factors** (education level, entrepreneurship training and group dynamics).*
Source: Research Data (2022)

The ANOVA table shows that linear regression model significantly fits the data with F (7,133) = 66 at p <.05 (p = .000). This means that the independent variables have a statistically significant influence on Access to YEDF.

4.9.3 Coefficient of Determination, R^2.

In order to establish the proportion of the variance in the dependent variable that is predicted by the independent variable, coefficient of determination was established as shown in the table below:

Table 4.25: Model of fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.884a	0.781	0.769	0.0938

a Dependent Variable: Access to Youth Funds (YEDF)
b Predictors: (Constant), ***Economic factors*** *(Income Status and Business Support Services).* ***Institutional factors*** *(disbursement procedures and physical location of youth groups),* ***Social factors*** *(education level, entrepreneurship training and group dynamics).*
Source: Research Data (2022

Table 4.25 presents the fitness of regression used in explaining the study phenomena. The results imply that economic factors (*income status and business support services),* institutional factors *(disbursement procedures and physical location of youth groups*) and social factors *(education level, entrepreneurship training and group dynamics)* are significant predictors of access to Youth Entreprise Development Funds. This is evidenced by the R square value which is 0.781 which is more than 0.5 implying that all the three factors explain 78.1% of the access to YEDF in Migori County.

4.10 Hypothesis Testing

The testing criteria were that, if the p value is less than 0.05, the null hypothesis is not accepted. The results are as presented in table 4.26.

Table 4.26: Hypotheses Test Results

Research objective	Hypothesis	Rule	P-value	Conclusion
To investigate the effect of social factors on access to YEDF in Migori County.	**H_{01}:** There is no significant effect of social factors on the access to YEDF in Migori County.	When p value is less than 0.05, reject the null hypothesis	0.000	There is a significant effect of social factors on the access to YEDF in Migori County.
To determine the effect of economic factors on access to YEDF in Migori County.	**H_{02}:** There is no significant effect of economic factors on the access to YEDF in Migori County.	When p value is less than 0.05, reject the null hypothesis	0.001	There is a significant effect of economic factors on the access to YEDF in Migori County.
To analyse the effect of institutional factors on the access to YEDF in Migori County.	**H_{03}:** There is no significant effect of institutional factors on the access to YEDF in Migori County	When p value is less than 0.05, reject the null hypothesis	0.000	There is a significant effect of institutional factors on the access to YEDF in Migori County.

Based on the multiple regression findings, the null hypotheses were rejected since the P values were less than 0.05 and thus, there is a significant effect between social factors, economic factors and institutional factors and the access to YEDF in Migori County.

4.11 Discussion of the Research Findings

Given the regression coefficients as provided in Table 4.23, this section presents an elaboration of the explanatory variables in sections 4.11.1, 4.11.2 and 4.11.3 respectively.

4.11.1 Economic Factors

Given the economic factors, the study indicated that income status and access to YEDF in Migori County have a positive and significant relationship (0.200, p=0.000) consistent with the a priori expectation. However, business support services and access to YEDF in Migori County have a positive but an insignificant relationship (0.035, p=0.599). The estimated coefficient was consistent with the a priori research expectation even though statistically insignificant This implies that improvement in 1 unit of the aspects related to income status and business support services improves access to YEDF in Migori County by 0.2 and 0.035 units respectively and vice versa is true. These findings are in line with MaryStella & Kithae (2015) who indicated that mentoring support provides a significant value to potentially young entrepreneurs since it assists them to counter the challenges of lack of business networks, contacts, and experiences as they conduct businesses. The study further confirms that business incubators constitute powerful tool to support the process of entrepreneurship and assist create more opportunities for survival rates of businesses started or run by young entrepreneurs. Coaching as well as mentor support services are imperative to young entrepreneurs who are beginning their enterprises.

4.11.2 Institutional Fcators

The findings indicates that the institutional factors (disbursement procedures and physical location of youth groups) and access to YEDF in Migori County have a positive relationship and are both statistically significant (0.118, p=0.026; 0.244, p=0.000 respectively), consistent with the expected research results. This implies that improvement in 1 unit of the aspects related to disbursement procedures and physical location of youth groupsimproves access to YEDF in Migori County by 0.118 and 0.244 units respectively and vice versa is true. The findings are in line with Ahaibwe (2014) who argues that youths do not access funds because of fear of losing finances as well as not being in the position to make loan repayments. Ngige & Sakwa (2015) stated that asset rich, better educated, closer to town have a large social and economic assistant network. The proximity to urban centres may have an influence on the accessibility to youth funding.

4.11.3 Social Factors

Equally consistent with the expected research results, the social factors (education level, entrepreneurship training and group dynamics) and access to YEDF in Migori County have a positive relationship and are both statistically significant (0.240, p=0.000; 0.214, p=0.001 and 0.208, p=0.000 respectively). This implies that improvement in 1 unit of the aspects related to education level, entrepreneurship training and group dynamicsimproves access to YEDF in Migori County by 0.240, 0.214, and 0.208 respectively and vice versa is true. These findings are consistent with Kimando et al (2012) training and level of education is imperative to firm's functioning and specifically for assisting organizations respond to technological advances. Ouko & Otengah (2019) who re-affirms that less developed economies lack sufficient entrepreneurial skills, specifically among youths who have exited schools and where provided it is inadequately used in every level of education such as higher education of learning, vocational training, secondary as well as primary.

Wahoro (2016) also indicated that the linkage can either be strong or weak (easily dismantled as time progresses or in situations of association-damaging attributes). In this regard, it is critical to handle situations that are threatening to the sustainability of group cohesion. YEDF focuses majorly on groups but has various packages for individuals who want to access funds, in case they are in registered groups.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter deals with the summary of the findings, the conclusions made after the findings and the necessary recommendations made as a result of the findings. The summary was done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses guided to test the research hypothesis of the study.

5.2 Summary of Major Findings

The main objective of the study is to investigate effect of economic, institutional and social factors on access to Youth Enterprise Development Fund by youth groups in Migori County, Kenya. The summary of the major findings enumerates what was discovered or proved in each variable that was given as collaborated in the statistical analysis of the study. Access to YEDF is influenced by the economic, institutional and social factors.

5.2.1 Economic factors

The economic factors included income status and business support services. Given the two economic factors, the study revealed that income status and access to YEDF in Migori County had a positive and significant relationship, consistent with the a priori expectation. However, business support services and access to YEDF in Migori County had a positive but an insignificant relationship. The estimated coefficient was consistent with the a priori research expectation even though statistically insignificant.

5.2.2 Institutional Factors

The institutional factors under consideration by the study included disbursement procedures and physical location of youth groups. The results of study show that both the institutional factors and access to YEDF in Migori County have a positive relationship and statistically significant, consistent with the prior research expectations.

5.2.3 Social Factors

There were three social factors considered in the study. These inluded education level, entrepreneurship training and group dynamics. The study revealed that all the social factors (education level, entrepreneurship training and group dynamics) and access to YEDF in Migori County had a positive relationship, as was initially expected, and were both statistically significant.

5.3 Conclusion of the Study

The study made the conclusion that there is a significant relationship between economic, institutional and social factors and access to YEDF in Migori County. With regard to economic factors, only income status was found to be positively related and statistically significant in the access to YEDF in the study area. However, business support services was positively ralated but statistically insignificant in affecting access to YEDF in Migori County. The institutional factors i.e. disbursement procedures and physical location of youth groups were both positively related and statistically significant in affecting access to YEDF in Migori County. Likewise, the social factors including education level, entrepreneurship training and group dynamics were both positively related and statistically significant in affecting access to YEDF in Migori County. From the discussion of the findings above, it can be concluded that equipping the youth with education on how to seek loan, lack of financial institutions to reach the low-income individuals, and lack of credit histories by low-income individuals affect access to the Youth Enterprise Development Fund. Therefore, it can be concluded that the economic, institutional and social factors affect access to YEDF in Migori County.

5.4 Policy Recommendations of the Study

Some policy implications can be drawn from the results of this study. These include:

Given the significance of income status on access to YEDF, the administrators shuld target more low-income earners in YEDF loan disbursements for inclusivity puporses and ultimately improve access rates.

YEDF loan disbursement procedures should be simplified. The very many beaurocratic bottlenecks that hinder YEDF accessibility such as mandatory group formation, co-signatures and collateral requirements ought to be simplified.

Understandably, the distance to the nearest Fund Office to the youth groups had a signifiant influence on access to YEDF. This is not surprising as distance is directly related to the cost of borrowing, information asymmetry and accessibility. This has important policy implications in terms of improving infrastructure and distribution of branch networks. The YEDF offices should be located in remote parts of the country for ease of accessibility by the youths.

Finally, the study recommends that entrepreneurial training be offered to youth groups.

5.5 Suggestions for Further Study

From the study, economic factors (income status and business support services), institutional factors (disbursement procedures and physical location of youth groups) and social factors (education level, entrepreneurship training and group dynamics) explain 78.1% of the access to

YEDF in Migori County. This presents room for further exploration by other scholars in the same study area.

Given that there is a significant relationship between economic factors, institutional factors & social factors and access to YEDF in Migori County the study recommends further studies be done in other neighboring counties of Migori County, for a comparison approach to the current findings. This is because the findings provide generalizable findings to the case of Migori County. This will provide depth to the study and extend wells of knowledge to investigate factors affecting access to YEDF.

5.6 Limitations for the Study

Though the researcher was determined to undertake the study to completion within the given time frame, various constraints were encountered as earlier envisaged. The time allocated for data collection may not have been sufficient to enable the respondents complete the questionnaires as accurately as possible. Most participants (youth groups in Migori County) seemed hesitant to engage in the survey which posed a challenge on the response rate of the study. Some respondents were also uncooperative and failed to fill up the entire questionnaire or failed to present it back completely. Travel and other logistics were also a big challenge due to limited financial capacity.

Additionally, the study was limited to the selection of sample of youth groups in Migori County. Hence the results would have not been generalized to the whole country and even beyond. This is because youth groups are located in different market environments and thus have unique features from each other and therefore generalizing the findings may hinder the actual status of the situation. However, this forms a basis for further studies by other future scholars in the related field.

In mitigation, a humble explanation to the respondents on the importance of the study was made. The researcher administered questionnaires for those who are highly mobile at their own convenient time. The significance of the study was objectively articulated to the prospective respondents during both the piloting phase and the actual study. The explanation indicated to them that the recommendations of the study were geared towards improving the smallholder businesses in the informal sector. It was further clarified that the study was solely for academic purposes.

REFERENCES

Abramo, L. (2022). *Policies to address the challenges of existing and new forms of informality in Latin America*.https://repositorio.cepal.org/handle/11362/47774

Adan, A. M. (2010). *Influence of Youth Enterprise Development Fund on Livelihoods of Youth in Mandera East District, Kenya*. (MA Thesis. Nairobi: University of Nairobi).

Agola, T. (2014). *Credit Policy and Financial Performance of Microfinance Institutions in Kenya.* (Doctoral dissertation, University of Nairobi).

Agustini, M. Y. D. H. (2018). Survey by knocking the door and response rate enhancement technique in international business research. *Problems and Perspectives in Management*, *16*(2), 155-163.

Ahaibwe, G. (2014). *Creating Youth Employment through Entrepreneurship Financing: Is the Uganda Youth Venture Capital Fund on course*? Accessed on 29/09/2019, from:https://webcache.googleusercontent.com/search? q=cache:Y6IxCd3QBNwJ: https://editorialexpress.com/cgi-bin/conference/download.cgi%3Fdb_name%3 DCSAE2014%26paper_id%3D45+&cd=2&hl=en&ct=clnk&gl=ke

Alshubiri, F., Jamil, S. A., &Elheddad, M. (2019). The impact of ICT on financial development: Empirical evidence from the Gulf Cooperation Council countries. *International Journal of Engineering Business Management*, *11(1)*.https://doi.org/10.1177%2F1847979019870670

Amenya , C. O. (2011) The challenges facing Youth Enterprise Development Fund in Nyaribari Chache Constituency. Disssertatio. Kisii, Nyanza, Kenya.

Awiti, A., O. & Scott, B. (2016). *The Kenya Youth Survey. Nairobi*: The Aga Khan University.

Awogbenle, A. C. & Iwuamadi, K. C. (2010). Youth Unemployment: Entrepreneurship Development Programme as an Intervention Mechanism. *African Journal of Business Management*, 4 (6): 831 – 835.

Ayele, S., Khan, S., &Sumberg, J. (2017). *Africa's youth employment challenge*: new perspectives. 48(3) (2017). https://doi.org/10.19088/1968-2017.121

Babu, P. K. (2017). *Factors affecting access to formal finance by youth owned SMEs in Kenya: A case of Kiambu County* (Doctoral dissertation, United States International University-Africa).

Bartels, R., & Goodhew, J. (1981). The robustness of the Durbin-Watson test. *The Review of Economics and Statistics*, 136-139.

Baruch, Y. (1999). Response rate in academic studies-A comparative analysis. *Human relations*, *52*(4), 421-438.

Calza, F., Cannavale, C., &Nadali, I. Z. (2020). How do cultural values influence entrepreneurial behavior of nations? A behavioral reasoning approaches. *International Business Review*, *29*(5),1–13. https://doi.org/10.1016/j.ibusrev.2020.101725.

Cámara, N., &Tuesta, D. (2014). Measuring financial inclusion: A muldimensional index. *BBVA Research Paper*, (14/26).

CBK. (2021). 2021 *FinAccess Household Survey*. https://www.knbs.or.ke/wp-content/uploads/2021/12/2021-Finaccess-Household-Survey-Report.pdf

Chauhan, K., & Aggarwal, A. (2017). Youth Entrepreneurship: The Role and Implications for the Indian Economy. *Amity Journal of Entrepreneurship*, *2*(2), 1-11.

Chavez Sanchez, E. I. (2017). *Credit information and firms' access to finance: evidence from an alternative measure of credit constraints* (No. 117973, pp. 1-4). The World Bank. Available at: http://pubdocs.worldbank. org/en/188121490083074405/Credit-Information-and-Firms-Access-to-Finance-Mar-14-2017.pdf

Cicchiello, A. F., Kazemikhasragh, A., Monferrá, S., &Girón, A. (2021). Financial inclusion and development in the least developed countries in Asia and Africa. *Journal of Innovation and Entrepreneurship*, *10*(1), 1-13.

Cronbach, L. J., &Meehl, P. E. (1955). Construct validity in psychological tests. *Psychological bulletin*, *52*(4), 281.

Demirgüç-Kunt, A., Leora, K., Singer, D., Ansar, S. & Hess, J. (2018). The Global Findex Database 2017: *Measuring Financial Inclusion and the Fintech Revolution*. World Bank: Washington: DC. Fund Status Report as At 1st March 2018, YEDF, March 2018).

Devine, R. A., Molina-Sieiro, G., Holmes Jr., R. M., &Terjesen, S. A. (2019). Female-Led high-growth: Examining the role of human and financial resource management. *Journal of Small Business Management*, *57*(1), 81-109.

Deyanova, K., Brehmer, N., Lapidus, A., Tiberius, V., & Walsh, S. (2022). Hatching start-ups for sustainable growth. *Review of Managerial Science*, 1-27.

Duffee, G. (2013). Forecasting interest rates. In *Handbook of economic forecasting* (Vol. 2, pp. 385-426). Elsevier.

Egorov, E. E., Lebedeva, T. E., Prokhorova, M. P., Shobonova, L. Y., &Bulganina, S. V. (2019, June). Youth entrepreneurship: motivational aspects and economic effects. In *IOP Conference Series: Earth and Environmental Science* (Vol. 272, No. 3, p. 032129). IOP Publishing.

Espinosa-Vega, M. A., Shirono, K., Villanova, H. C., Chhabra, E., Das, B., & Fan, Y. (2020). Measuring Financial Access 10 Years of the IMF Financial Survey. *Departmental Papers*, *2020*(008).

Fincham, J. E. (2008). Response rates and responsiveness for surveys, standards, and the Journal. *American journal of pharmaceutical education*, *72*(2).

Gachuru, H. &Mwirigi, F. (2014). Challenges in the Disbursement of the Youth Enterprise Development Fund: A Case of Mombasa County Kenya. *International Journal of Social Sciences and Entrepreneurship,*1(10).

Grant, C., Bartleet, B. L., Barclay, L., Lamont, J., & Sur, S. (2022). Integrating music and sound into efforts to advance the sustainable development goals in the Asia-Pacific: case studies from Indonesia, Vanuatu and Australia. *International Journal of Cultural Policy, 28*(4), 499-512.

Gumbo, T. (2010). Microfinance institutions: challenges and prospects for sustainable poverty alleviation. *Journal of Business and Administrative Studies*, 2(1).

Hill, R. J., & Flack, H. D. (1987). The use of the Durbin–Watson d statistic in Rietveld analysis. *Journal of Applied Crystallography*, *20*(5), 356-361.

Hutcheson, G. D., &Sofroniou, N. (1999). *The multivariate social scientist: Introductory statistics using generalized linear models*. Sage.

Inoua, S. M., & Smith, V. L. (2020). Classical versus Neoclassical Equilibrium Discovery Processes in Market Supply and Demand Theory.

Jerono, S., C. (2017). Determinants of financial accessibility by small and medium enterprises in Eldama Ravine Sub – County, Kenya.

Johnen, C., Parlasca, M., &Mußhoff, O. (2021). Promises and pitfalls of digital credit: Empirical evidence from Kenya. *Plos one*, *16*(7), e0255215.https://doi.org/10.1371/journal.pone.0255215

Kaiser, H. F. (1974). An index of factorial simplicity. Psychemtika, 39(1), 31-36

Kaliisa, J. (2014). Leadership role in promoting youth participation in educational policy making: A case study of selected schools in Wakiso district. *Unpublished Thesis*, Makerere University

Karanja, G. (2014). Influence of Management Practices on Sustainability of Youth Income Generating Projects in Kangema District, Murang'a County, Kenya. *International Journal of Education and Research*, 2(2)

Kenya National Human Development Report, (2009). Youth and Human Development: *Tapping the Untapped Resource*, Kenya: UNDP Kenya

Kimando, L. N., Njogu, G. W., &Kihoro, J. M. (2012). Factors affecting the success of youth enterprise development funded projects in Kenya; A survey of Kigumo District Muranga County. *International Journal of Business and Commerce*, 1(10), 61-81.

King, M. L., & Evans, M. A. (1988). Locally optimal properties of the Durbin-Watson test. *Econometric Theory, 4*(3), 509-516.

Kitonga, S. S. (2012). Influence of Youth Enterprise Development Fund on Performance of Youth Business Enterprises in Kitui Central District, Kitui County, Kenya.*MA Thesis*. Nairobi: University of Nairobi

Kothari, C. R. (2004). Research methodology: Methods and techniques (2nd Ed.) New Delhi: New Age International.

Kryeziu, N., &Durguti, E. A. (2019). The impact of inflation on economic growth: The case of Eurozone. *International Journal of Finance & Banking Studies (2147-4486), 8*(1), 01-09.

Levine, M. R. (2021). *Finance, growth, and inequality*. International Monetary Fund.

Lubanga, L. S. N. (2016). The Relationship between Financial Literacy and Access to Credit among Youth in Rural Areas: A Case of Kimilili Constituency. *Master's Project*, University of Nairobi.

Mader, P. (2018). Contesting financial inclusion. *Development and change*, *49*(2), 461-483.

Maisiba, F. M., & George, G. E. (2013). The Role of Youth Enterprise Development Fund (YEDF) in Job Creation: A Case of Dagoreti Constituency, Nairobi County, Kenya. *Research Journal of Finance and Accounting*, 4(12), 2222-1697.

MaryStella, B. K., &Kithae, P. P. (2015). The Effects of Lending Conditions on Accessibility of Funds for Youth Entrepreneurs in Matungu Constituency, Kakamega County, Kenya. *European Journal of Business and Social Sciences,* 4(06), 30-39.

Matagu, D. (2018). Asymmetric information theory: the role of private equity financing small and medium enterprises.

Mburu, F.N. (2010). The Viability of YEDF as an Empowerment Strategy for Youth Entrepreneurs in Ruiru Division. *MBA Research Paper*. Nairobi: University of Nairobi

Mburung'a, S. M. (2011). Analysis of Youth Enterprise Development Fund Repayment Rates and Disparities of Repayment between Nyanza And Central Provinces in Kenya. Nairobi: Kenyatta University. *International Journal of Arts and Commerce*. ISSN 1929-7106

Mindrila, D., &Balentyne, P. (2017). Scatterplots and correlation. *Retrieved from*.https://www.westga.edu/academics/research/vrc/assets/docs/scatterplots_and_correlation_notes.pdf

Mueller, V., &Thurlow, J. (2019). *Youth and jobs in rural Africa: Beyond stylized facts* (p. 336). Oxford University Press.

Mugenda, O. &Mugenda, A. (2003). *Research methods*. Nairobi, Kenya: African Centre for Technology Studies.

Musha, T. B. (2014). Factors Influencing Uptake of Credit by Kenyan Youth in Nairobi County. Master's Project. Nairobi: University of Nairobi.

Mwatsika, C. (2021). Reflecting on perceived failure of entrepreneurship development initiatives to help ignite economic development in Malawi. *Journal of Innovation and Entrepreneurship*, *10*(1), 1-24.

Nderi, D. W., & Muturi, W. W. (2015). Factors influencing access to finance by Micro, Small and Medium enterprises in Meru County, Kenya. International Journal of Economics, Commerce and Management. Vol. III, Issue 4, April 2015.

Ngige, N. S., &Sakwa, M. M. (2015). Social Factors that Influence Loan Accessibility by Youth Entrepreneurs in Kenya: A Case of Youth Enterprise Development Fund in Gatundu South Constituency. *International Journal of Academic Research in Business and Social Sciences*, 5(11), 230-248.

Nkoroi, L. K. (2021). *Knowledge Acquisition and Use by Tenants to Create Businesses Through Incubation Centres in Kenya. A Case of Strathmore and Kenyatta University* (Doctoral Dissertation, School Of Education, Kenyatta University).

Odera, O., Okoth, O. S., Okelo, S., Aila, F., Awiti, A. O., Onyango, M., & Ogutu, M. (2013). Effect of the Youth Enterprise Development Fund on youth enterprises in Kenya. *International journal of Advances in management and Economic*, 2(1), 111-116.

Odongo, N. O. (2018). *Housing microfinance and the empowerment of low-income households in Kenya* (Doctoral dissertation, KDI School).

OECD (2009). Putting the young in business: Policy challenges for youth entrepreneurship [Book] LEED Notebook, no. 29. Paris and Washington, D.C. *Organisation for Economic Co-operation and Development.*

OECD. (2018). *Financing SMEs and Entrepreneurs 2018: An OECD Scoreboard*. OECD Publishing.

OECD. (2020). *Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard OECD Publishing*, Paris https://doi.org/10.1787/061fe03d-en

Omar, M. A., &Inaba, K. (2020). Does financial inclusion reduce poverty and income inequality in developing countries? A panel data analysis. *Journal of economic structures*, *9*(1), 1-25.

Omondi, P. (2013). Youth Enterprise: Inhibiting Factors and Opportunities.

Onyango F. O., (2022). Determinants of credit accessibility in the informal sector: The case of smallholder businesses in Migori County, Kenya.

Opiyo, S. A. (2015). The contribution of youth enterprise development fund on youth empowerment in Kangundo Constituency, Machakos County. *Strategic Journal of Business & Change Management*, 2(2).

Ouko, C. & Otengah, W. P. (2019). Influence of Socio-Economic Factors on The Utilization of Uwezo Fund Among the Rural Youths: A Survey of Migori County. *International Journal of Scientific and Management Research*, 2(3) 33-41

Pallant, J. (2013). *SPSS survival manual*. McGraw-hill education (UK).

Palmer, R. (2017). Jobs and skills mismatch in the informal economy. *ILO. https://www. ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_629018. pdf*.

Pathak, P., Holmes, J., & Zimmerman, J (2011). Accelerating Financial Capability among Youth: Nudging New Thinking. Washington, DC: New America Foundation.

Rensink, R. A., &Baldridge, G. (2010). The Perception of Correlation in Scatterplots. *Computer Graphics Forum*, 29(3), 1203–1210. doi:10.1111/j.1467-8659.2009.01694.x

Schoof, U. (2006). Stimulating Youth Entrepreneurship: Barriers and Incentives to Enterprise Start-ups by Young People, Series on Youth and Entrepreneurship. *International Labour Organization*, (76), 1-12.

Serdyukov P. (2017). Innovation in education: What works, what doesn't, and what to do about it? *Journal of Research in Innovative Teaching & Learning*, 10 (1), 4- 33.

Sikenyi, M. (2017). Does Kenya's Youth Enterprise Development Fund Serve Young People? 48(3) (2017).

Storm, L., Porter, B., & Macaulay, F. (2010). Emerging Guidelines for Linking Youth to Financial Services. *Enterprise Development and Microfinance*, 21(4), 451-458.

Sujlana, P., &Kiran, C. (2018). A study on status of financial inclusion in India. *International Journal of Management Studies*, *2*(3), 96-104.

The World Bank Data (2022). Unemployment, total (% of total labor force) (modeled ILO estimate) – Kenya. https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=KE

Trucco, D., &Ullmann, H. (2016). *Youth: realities and challenges for achieving development with equality*. ECLAC.

Tunio, G., Memon, N. A., & Shah, G. M. (2022). Satisfaction level of Islamic Banking Customers: A study of Pakistan. *International Journal of Emerging Business and Economic Trends*, *1*(1), 35-50.

Turner, P. (2020). Critical values for the Durbin-Watson test in large samples. *Applied Economics Letters*, *27*(18), 1495-1499.

UNCTAD. (2021). *Financial Inclusion for Development: Better Access to Financial Services for Women, The Poor, And Migrant Work*. United Nations. https://unctad.org/system/files/official-document/ditctncd2020d6_en.pdf

Wachira, M. (2012). Micro credit on the performance of youth owned income generating projects. *Journal of financial markets and developments*, 2, 21-26.

Wohoro, F. (2016). Challenges Affecting Youth Access to Youth Enterprise Fund: A Study of Youth Empowerment Support Services-Kenya. *Doctoral dissertation*. Nairobi: United States International University-Africa.

World Bank Group. (2017, November 7). *Financial Access*. World Bank. Retrieved January 24, 2022, from https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/financial-access

YEDF (2016). *YEDF Status Report 2016*. Retrieved from http://www.youthfund.go.ke

YEDF (2018). *YEDF Status Report 2018*. Retrieved from http://www.youthfund.go.ke

YEDF. (2020). *Youth Enterprise Development Fund Strategic Plan 2020/21 - 2023/24*. http://www.youthfund.go.ke/wp-content/uploads/2021/03/YEDF-STRATEGIC-PLAN-2020-TO-2024.pdf

APPENDICES

APPENDIX 1: RESEARCH QUESTIONNAIRE

This questionnaire is for the purposes of gathering information on factors that influence access to YEDF among youth groups in Migori County, Kenya. You have been selected on the basis of being an applicant to help in the study. Please do not write your name anywhere on this questionnaire. Read each question carefully and give your honest response. The information provided will be treated with utmost confidentiality. Use a tick **(√)** where appropriate.

Part A: Demographic Data

1. Your age in years

   (a) 18-23 [ ] (b) 24-29 [ ] (c) 30-35 [ ]

2. Respondent`s gender

   (a) Male [ ] (b) Female [ ]

3. Highest level of education

   (a) Post graduate [ ] (b) Undergraduate [ ] (c) Diploma [ ]

   (d) Secondary certificate[ ]

   (e) Others *(please specify)* ……………………………………….

4. Have you had access to credit before?

   (a) YES [ ] (b) NO [ ]

5. If you have been a credit user, please provide month, year and total number of months since first loan taking.

Month...................... Year........................Total Number of Months........................

6. State the sources of loan, amount of the loan and purpose of borrowing

Source	Amount of Loan	Purpose of Borrowing
Total Loan Obtained		

7. Have you repaid the loan?

(a) Fully Repaid [ ] (b) Partially [ ] (c) No [ ]

8. If you haven't repaid the loan, state your reasons for not repaying.

…………………………………………………………………………………………

…………………………………………………………………………………………

9. What guarantee did you give for the loan?

a) Group responsibility [ ]

b) Guarantee of salaried individuals [ ]

c) Guarantee of individuals having assets like a home, a car etc. [ ]

d) Other (specify)………………………………………..

Part B: Factors affecting Access to Youth Enterprises Development Fund

To what extent do you agree with the following statements regarding **Access to Youth Enterprises Development Fund**? *(Please tick (√) appropriately)*

1: Economic factors

*[**5**] Strongly agree [**4**] Agree [**3**] Not sure [**2**] Disagree [**1**] strongly disagree*

Business Support Services	**1**	**2**	**3**	**4**	**5**
1. Youths receive business support services					
2. Guidance promotes access to YEDF					
3. Business networks promotes access to YEDF					
4. Business contacts enhances access to YEDF					
5. Mentor supports increases chances of access to YEDF					
6. Business incubation increases access to YEDF					

2: Institutional factors

1. To what extent do you agree with the following statements regarding disbursement procedures and access to youth funds? *(Please tick (√) appropriately)*

*[**5**] Strongly agree [**4**] Agree [**3**] Not sure [**2**] Disagree [**1**] strongly disagree*

Disbursement Procedures	**1**	**2**	**3**	**4**	**5**
1. Disbursement procedures for YEDF is challenging					
2. Belonging to a group increases chances of access to YEDF					
3. Groups provide safety and ease access to loans					
4. YEDF uses the group as some form of collateral for those with few or no assets					
5. Youth groups in Kenya are eligible to borrow funds depending on their product line					
6. Youth fail to access funds due to fear of losing the money and not being able to pay back the loan					
7. Disbursement procedures are challenging and this may put off some youths from applying for YEDF					
8. YEDF is secured by the co-signature of members within the group and not by micro-finance institution					

2. To what extent do you agree with the following statements regarding physical location of youth groups and access to youth funds? *(Please tick (√) appropriately)*

[5] Strongly agree [4] Agree [3] Not sure [2] Disagree [1] strongly disagree

Physical Location of Youth Groups	**1**	**2**	**3**	**4**	**5**
1. YEDF offices are located far away from youth groups					
2. Youth groups located near youth group office have easy access to YEDF					
3. Distance influences access to YEDF					
4. A lack of infrastructure limits YEDF access					
5. Proximity to urban influences access to YEDF					
6. Limited intergroup network limits chances of access to YEDF					

3: Social factors

3. To what extent do you agree with the following statements regarding education level and access to youth funds? *(Please tick (√) appropriately)*

[5] Strongly agree [4] Agree [3] Not sure [2] Disagree [1] strongly disagree

Education Level	**1**	**2**	**3**	**4**	**5**
1. Youths receive basic education					
2. Educating youths provide them with skills to form groups and source for YEDF					
3. Education equips youths with skills to access YEDF					
4. Education equips youths with knowledge to access YEDF					
5. Investing in educating the youth promotes their productivity and consequently access to YEDF					

4. To what extent do you agree with the following statements regarding entrepreneurship training and access to youth funds? *(Please tick (√) appropriately)*

[5] Strongly agree [4] Agree [3] Not sure [2] Disagree [1] strongly disagree

Entrepreneurship Training	**1**	**2**	**3**	**4**	**5**
1. Youths receive entrepreneurship training					
2. Entrepreneurship training promotes youths' chances of access to YEDF					
3. Entrepreneurial habits influence access to YEDF					
4. Completing entrepreneurship promotes access to YEDF					
5. Entrepreneurial skills positively influenced the uptake of YEDF					

5. To what extent do you agree with the following statements regarding group dynamics and access to youth funds? *(Please tick (√) appropriately)*

*[**5**] Strongly agree [**4**] Agree [**3**] Not sure [**2**] Disagree [**1**] strongly disagree*

Group Dynamics	**1**	**2**	**3**	**4**	**5**
1. Youths enjoy group dynamics					
2. Group formation influences access to YEDF					
3. Group norms strength cohesion of youth groups					
4. Social capital in networks promotes interpersonal trust					
5. Interpersonal trust among youth group members promotes access to YEDF					
6. Relationship-damaging events limit access to YEDF					

Part C: Youths Access to Youth Funds

6. It is important for youth to belong to a youth group

   ***[5]** Strongly agree [**4]** Agree [**3]** Not sure [**2]** Disagree [**1]** strongly disagree*

7. To what extent do you agree with the following statements regarding access to youth funds? *(Please tick (√) appropriately)*

   ***[5]** Strongly agree [**4]** Agree [**3]** Not sure [**2]** Disagree [**1]** strongly disagree*

Access to Youth Funds	**1**	**2**	**3**	**4**	**5**
Affordability of YEDF					
The funds offer affordable financial and business development support services					
The loans offered are offered at cheap interest rates					
The loan repayment periods are considerable					
Adequacy of YEDF					
YEDF is adequate for youth groups					
Youth groups use YEDF for the intended purpose i.e., proper management of the fund at group level					
Availability of YEDF					
Access to YEDF is easy/convenient					
The funds are available on need basis of the groups					
Timeliness of YEDF					
YEDF is timely distributed/disbursed					

Thank you for your participation.

APPENDIX II: INTERVIEW GUIDE FOR KEY INFORMANT

This interview is for the purposes of gathering information on the factors that influence access to YEDF. You have been selected on basis of being Key informant to help in the study. Please answer the question as honest as possible. This information is for study purposes only and will be treated very confidentially. Use a tick where appropriate

Factors influencing use of YEDF

1. What is the influence of the following factors (as employed by YEDF now) in attracting more applicants for YEDF financing;**(**Tick Appropriately**)**

*[**5**] Strongly agree [**4**] Agree [**3**] Not sure [**2**] Disagree [**1**] strongly disagree*

Factor	**1**	**2**	**3**	**4**	**5**
1. Speed of processing					
2. Collateral requirements					
3. Time to process the application					
4. Interest rate					
5. Service fees					
6. Guarantees required by the fund					
7. The documents required					
8. The amount granted by the institution relative to the amount requested					
9. The time to obtain a response					
10. The cost of obtaining the financing					

Challenges facing YEDF

2. How often are the following aspects posing a challenge to the implementation of YEDF in the constituency **(**Tick appropriately**)**

*[**5**] Strongly agree [**4]** Agree [**3]** Not sure [**2]** Disagree [**1]** strongly disagree*

Factor	**1**	**2**	**3**	**4**	**5**
1. Lack of frequent monitoring and evaluation of projects					
2. Insufficient funding					
3. Lack of support from stakeholders					
4. Lack of capacity building in terms of financial					
5. Management skills					
6. Administration in terms of loan processing					
7. Improper project selection processes					
8. Inadequate staff for the administration and disbursement of fund					
9. Access of funds in terms of gender					
10. Sustainability in terms of the youth groups being able to repay					
11. There are many fund requests from individuals and groups					
12. The funds are never adequate for groups and individuals seeking the funds					
13. Individuals and groups have problems developing business plan proposals					
14. Most groups experience leadership problems					
15. Most borrowers are servicing their loans with difficulties					
16. Beneficiaries are not evenly distributed across the constituency					
17. Most projects funded are unlikely to post greater impact in society					
18. Genders issues are not adequately addressed in the group levels					
19. There is bias in allocation of funds					
20. Politician interfere with funds distribution					

APPENDIX III : MUSERC APPROVAL

MASENO UNIVERSITY SCIENTIFIC AND ETHICS REVIEW COMMITTEE

Tel: +254 057 351 622 Ext: 3050
Fax: +254 057 351 221

Private Bag – 40105, Maseno, Kenya
Email: muerc-secretariate@maseno.ac.ke

REF: MSU/DRPI/MUSERC/01165/22

Date: 30th November, 2022

TO: Mordecai Atinga Ogembo
PG/MA/06014/2012
Department of Economics
School of Business and Economics
Maseno University
P. O. Box, Private Bag, Maseno, Kenya

Dear Sir,

RE: Effect of Social, Economic and Institutional Factors on Access to Youth Enterprise Development Fund by Youth Groups in Migori County, Kenya

This is to inform you that **Maseno University Scientific and Ethics Review Committee (MUSERC)** has reviewed and approved your above research proposal. Your application approval number is MUSERC/01165/22. The approval period is 30th November, 2022 – 29th November, 2023.

This approval is subject to compliance with the following requirements;

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by Maseno University Scientific and Ethics Review Committee (MUSERC).
iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to Maseno University Scientific and Ethics Review Committee (MUSERC) within 24 hours of notification.
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to Maseno University Scientific and Ethics Review Committee (MUSERC) within 24 hours.
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to Maseno University Scientific and Ethics Review Committee (MUSERC).

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://oris.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely

MASENO UNIVERSITY ETHICS REVIEW
30 NOV 2022
COMMITTEE

Prof. Philip O. Owuor, PhD, FAAS, FKNAS
Chairman, MUSERC

MASENO UNIVERSITY IS ISO 9001 CERTIFIED