INFLUENCE OF YOUTH ENTERPRISE DEVELOPMENT FUND EFFICACY ON THE FINANCIAL PERFORMANCE OF YOUTH-OWNED ENTERPRISES IN KIRINYAGA COUNTY

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DECLARATION

Declaration by the Student:

This thesis is my original work and has not been presented for award of a degree in any other University or for any other award.

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Declaration by the Supervisors:

We confirm that the work reported in this thesis is carried by the candidate under our supervision and has been submitted with our approval as University supervisors.

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DEDICATION

This thesis is dedicated to my wife and children

ACKNOWLEDGMENT

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ABBREVIATIONS AND ACRONYMS

IMF:	Internal Monetary Fund
IFAD:	International Fund for Agricultural Development
IFC:	International Finance Corporation
ILO:	International Labor Organization
IDA:	International Development Association
KNBS:	Kenya National Bureau of Statistics
MFI:	Micro Finance Institutions
MSE:	Micro and Small Enterprises
MTP:	Medium term plan
NGO:	Non-Governmental Organizations.
NYP:	National Youth Policy
NPAY:	National Programme of Action for Youth
PRSP:	Poverty Reduction Strategy Paper
RoK:	Republic of Kenya
SPSS:	Statistical Package for Social Sciences
UK:	United Kingdom
UNDP:	United Nations Development Programme
YEDF:	Youth Enterprise Development Fund

ABSTRACT

Youth development funds play a great role in availing resources to the youth so that they can start their own enterprises with an aim of being self-reliant. The government of Kenya through the youth Enterprise Fund finances viable youth enterprises in the country. Despite the effort made by the government in provision of funds, the youth owned enterprises continue to perform poorly. The main objective of this study was to evaluate the influence of Youth Enterprise Development Fund efficacy on financial performance of youth owned enterprises in Kirinyaga County. Specific objectives were to determine how the, access to credit, loan repayments conditions, and financial literacy, financial planning relates to profitability of youth-initiated enterprises. The significance of the study is to generate knowledge and data on the influence of youth enterprise development, assist the policy makers and program implementers, useful to students in this field of business as the findings will form bankable empirical literature and also bring to the surface the efficacy of YEDF on enhancing performance of youth owned enterprises. Two main theories were used as a base for this study: permanent income theory and portfolio theory. The target population was 525, a sample size of 227 was chosen. Stratified sampling method was used to achieve a representative sample from the chosen geographical areas of the study. Data was analyzed on the SPSS software for both descriptive and inferential statistics. The chi-square test was done at 95% level of confidence and a significance level of 0.005. The findings showed a p-value of 0.11 for variable credit access; for the loan repayment was 0.134 the financial literacy variable had a p-value of 0.0185 and financial planning had a p-value of 0.0165. This indicated a significant association between all the independent and dependent variable. Data presentation was done using charts and tables. The recommendations are that there is need to enhance access to credit by the youth owned enterprises so there is enhanced efficacy on the financial performance of youth enterprises.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

With population of youth being estimated to be 1.6 Billion in the world, many nations have set up a youth development fund to solve unemployment among the youth. However, despite this effort by many economies globally to empower the youth in their enterprises, more than zero point two of a country's populace is comprised of young people whose enterprises are performing poorly (RoK, 2012).

Wide spread unemployment in most developing and developed nations is due to youth enterprises performing dismally thus inability to spur growth in Micro and Small Enterprises. The financial crisis experienced in 2008 worldwide unemployment has been given priority and measures are being put in place to address it. The number of unemployed youth is increasing annually making countries globally to strategize on how to fund the youth for startup enterprises as well as strengthening those already existing but these enterprises are still underperforming (ILO, 2010). Thus it was necessary for the governments globally to set aside funds to alleviate this problem though the enterprises are still performing dismally.

According to IMF (2014) due to the magnitude of youth unemployment around the globe, provision of the funds to all the deserving youths has become necessary in the 21st century. A report by Sparreboom (2013) of International Labour Organization asserts that lack of employment by youths will have impact for many years due to scarcity of the youth funds and lack of expertise in managing the youth enterprises thus poor performance. The report projected that (12.6%) which is 73.4 million young people were expected to be jobless in 2015 representing a growth of three and half million between 2007 and 2013, and the youth development fund was perceived to be a solution to this problem but it has not achieved the intended goal yet. According to World Bank Report (2016) the problem of managing youth development fund is a widespread phenomenon in the world since many countries lack mechanism to make a follow up to ensure the enterprises by the youth are progressing well.

World Economic Outlook (2016) stated that Britain though having developed economy and having well-structured departments dealing with youth enterprises the management of those funds is still a challenge with million dollars donated to youth yet the youth enterprises continue to do poorly (IFAD, 2008). The United Kingdom government is closely working with financial institutions, businesses and other parastatals to create a conducive environment for youth willing to start enterprises so that they can grow and succeed but so far the performance of those enterprises in not yet impressive. (World Economic Outlook, 2014).

Ministry of Youth Affairs with over 400 officers globally have been trained on entrepreneurship to empower them to equip young people and cascade this to grassroots. With appropriate skills to make their enterprises vibrant but little has changed in improving the performance of those youth enterprises. The fund provided measures to ensure that it acts as an agent of promoting youth but all this effort has not been complemented by impressive and outstanding performance of youth enterprises as expected.

Huba (2012) states that business mentorship in regard to access to finance, market linkages and business skill developments are important to make youth enterprises performance improve. Barret (2006) states that mentoring should go on over a long strength of time, involving meetings between mentor and mentee every few months to make it more effective in ensuring youth enterprises to be more profitable. The British government, developed programs to support youth willing to start businesses to enable them grow and contribute to the economy and hence providing finances which were previously unavailable.

According to RoK (2009), the Fund should ensure continued provision of supportive activities or programs that will promote and enhance the success of youth enterprises in Kenya. Entrepreneurship skills are a key component that will enable the youth to achieve their objectives in business. It further notes that providing of enterprise skills and education will go a long way in ensuring that the youth can be identify areas of investments in their locality. It further indicates that more than one twenty thousand young people have been given skills on which has enabled them to acquire loans from financial institutions.

Unemployment in most countries is caused by under performance of the youth enterprises thus hinders economic development in Small businesses. After the 2008 America credit crunch crisis, joblessness among youth has become prevalent and became world agenda. unemployed youth raised from below 50 million to approximately 76 million making economies globally to strategize on how to fund the youth for startup businesses. Strengthening of their financial capacity especially to those existing. Despite all this effort these enterprises are still underperforming (ILO, 2008). Thus revolving fund for the youth became imminent forcing the governments globally to set aside funds to alleviate this problem though the enterprises are still performing dismally.

According to IMF (2014) due to the magnitude of youth unemployment around the globe, provision of the funds to all the deserving youths has become necessary in many national economies. Youth unemployment is a challenge that will be felt for a long time in most countries especially the developing ones unless measures are put in place to address it. Due to scarcity of the youth funds and lack of expertise in managing the youth enterprises thus poor performance. The report projected that 73.4 million which is twelve point six percent of young people will be without employment by 2015 representing an increase of three point five million in a period of six years, and the youth development fund was perceived to be a solution to this problem but it has not achieved the intended goal yet. According to World Bank Report (2016) the problem of managing youth development fund is a widespread phenomenon in the world since many countries lack mechanism to make a follow-up to ensure the enterprises by the youth are progressing well.

World Economic Outlook (2016) stated that Britain though having developed economy and having well-structured departments dealing with youth enterprises the management of those funds is still a challenge with million dollars donated to youth yet the youth enterprises continue to do poorly (IFAD, 2008). In Britain for instance, the government has a program to collaborate with existing enterprises, finance providers and government institutions to provide right environment for youth enterprises to start-up, and grow. However, performance of those enterprises have not been very impressive. More interventions like financial support have therefore been included to shore up start-ups and SMEs to assist them continue to grow and contribute to the economy. (World Economic Outlook, 2014)

Entrepreneurship training has done globally to provide young people with appropriate knowledge to assist their enterprises in performance but little has changed in this regard. A relevant example is the Katura Youth Enterprise Center (KAYEC), in Namibia promotes entrepreneurial skills, business premises, advisory services, to youth entrepreneurs (Odhiambo, 2013). According to RoK (2012), the Kenyan government has trained youth officers to promote and assist youth engage in business, but all this effort has not been complemented by impressive and outstanding performance of youth enterprises as expected. Huba (2012) states that business mentorship in regard to access to finance, market linkages and business skill developments are important to make youth enterprises performance improve. Business mentoring is a key component for the growth of start-ups and according to Barret (2006), it should go on over a long period of time. It involves regular meetings between mentor and mentee to make it more effective.

According to RoK (2012), the Youth Enterprise Development Fund was set up to provide regular business services to young entrepreneurs which is a key component to their success. These services also include training to initiate, promote and develop entrepreneurial culture. It further indicates that over 100,000 young people have received entrepreneurship training. Those trained have been able to access business finance from various financial institutions.

African countries have been victims of urban riots due high levels of youth unemployment with the most notable case being Morocco despite having the highest budget of youth development fund. The disturbances due to unemployment has stirred up governments in African countries to consider measures to address problems affecting the youth. Specifically, this has been through addressing lack of job opportunities, improving infrastructure and allocating a higher budget to youth funds (Fanuel, 2010).

Accordingly, Odhiambo (2013), Kenya has set up initiatives to partner with corporate enterprises to support youth start-ups. In Kenya, SMEs are about 90 percent of all business in the country and therefore creating a large number of new jobs for the youth in the country. Many SMEs are found concentrated in one segment of the market, they have little investment, do not have proper management and have minimum creativity and innovation. Small Enterprises (SMEs) permit creation of alternative resources of financial development and the generation of more jobs in rural areas. This is crucial to the rural poor, marginalized and disadvantaged members of the society like women, youth, and the disabled. The SMEs also support the small-scale local entrepreneurs to expand their businesses and create new job opportunities (IFAD, 2008). In Kenya, the government conceived the YEDF to assist in creation of employment. The fund targets all types of youths owned enterprises. The government set aside Ksh.1 Billion to facilitate the initiative. The necessary policy infrastructure was put in place to ensure sustainability of the fund (RoK, 2006).

The informal sector in Kenya, also referred loosely as the "Jua-Kali" is largely unregulated and are prone to unhealthy working conditions coupled with unstable incomes and unregulated working schedules, and few formal labour contracts if any. This notwithstanding, the sector is a major potential source of livelihood for many young people. The Kenyan government transformed the (YEDF) into a State Corporation and engaged other financial service providers to facilitate easy access to financial services by either individual youths or as organized groups. This allowed the youth to be creditworthy, easy to lend to and recent trends have shown that they are now major clients of the fund (RoK, 2010).

The main strategy of the fund is to focus on youth who are below 35 years to create job opportunities for them, and enable them to participate in nation building through entrepreneurship activities. According to the Youth Employment Marshall Plan (RoK, 2012), this age group forms about sixty-seven percent of the population in Kenya. Empowerment models for the youth are based on the premise that the youth are a resource to the nation who can be applied to promote development as agents of change (RoK 2016). Since its inception in the year 2006, over four point four billion has been injected to the fund which has funded more than 260,000 enterprises and equipped over 250,000 with necessary entrepreneurship skills. (RoK, 2013). This fund is a tool for job creation in line with Vision 2030 development policy.

In Mwingi North constituency the study established that business management skills influence business performance (Musee, 2013). Makini (2015) studied the influence of youth enterprise development fund on performance of youth owned and operated economic enterprises in Manga Sub-County, Nyamira County. According to RoK (2016) Kirinyaga County has been unable to fully uptake their allocation of finance. The uptake of funds by the county was below 60% yet most of those who access the finance facility manage to pay earlier than the repayment period allowed. Thus, the repayment rate is as high as 105.26% as shown in Tables 1.1 and 1.2.

Table 1.1: Youth Fund Disbursement and Repayment for the Period 2008- 2016

Counties	Loan Disbursement (KShs)	Repayment Rate
Kirinyaga	58,195,957.20	105.26%
Nyeri	108,636,800.40	97.60%
Laikipia	16,899,544.00	90.11%
Muranga	49,928,453.00	93.58%
Nyandarua	53,974,180.00	98.47%
Total	**287,634,934.60**	**95.80%**

Source: Kenya National Bureau of Statistics (ROK, 2016)

Table 1.1 shows that Kirinyaga County has the second highest fund disbursement between the period 2008-2016 and ranked the first in loan repayment having a percentage repayment of 105.26%, an indication that they repaid the principal and interest before the due date. However, total of Ksh 58,195,957 was disbursed tot Kirinyaga making it the second highest allocation after Nyeri which had an allocation of KShs 108,636,800. Others were Muranga, KShs 49, 928, 453, Nyandarua, KShs 53,974,180. Kirinyaga therefore, had the highest rate of repayment but the uptake was below sixty percent of the allocation as shown in table 1.2. This study sought to establish the cause of this inconsistency.

Table 1.2: Performance of Youth Fund in Kirinyaga County

Year	Allocation	Disbursement	% Unutilized
2010	15Million	9m	40
2011	15 Million	7.5	50
2012	20 Million	12.4	38
2013	14 Million	6	57
2014	17 Million	9.7	42.9

Source: ROK (2016)

Lack of collateral by many people in Kenya has contributed to challenges of accessing credit. The government has introduced youth funds to try and bridge the gap. The loan repayment by the borrowers in the financial sector has been a problem and this also applies to the youth development fund whereby the youth pay reluctantly and mainly from capital and not profit. Financial literacy is a hindrance to any business while financial planning is a skill that is not forthcoming to many youths. Thus this study, whose variables relate to the highlighted problems will bridge the gap.

Kirinyaga county has the second highest fund disbursement for a period of nine years from 2008-2016 and the best in loan repayment but the financial performance in terms of turnover, profitability, return on assets and working capital is poor hence need for a study to establish the inconsistency. A total of Ksh 58,195,957 was disbursed to enterprises in Kirinyaga County. This was the second highest allocation following Nyeri KShs 108,636,800. Other counties in Mt. Kenya region received less funds: Muranga received KShs 49,928, 453, Nyandarua KShs 53,974,180. Kirinyaga exhibited the highest rate of repayment at 105%. There was need to carry out the study to establish why, even with such huge allocation and good repayment rate, youth owned enterprises were unable to exhaust the county allocation despite the money being available at reasonable terms.

1.2 Statement of the Problem

Many countries globally have introduced programs and initiatives to support youth enterprises that deal with the perceived problems affecting the youth including the lack of opportunities and decaying infrastructure. According to a study done by Youth Business International (YBI, 2013), young people aged between 16-30 years are potentially capable of engaging in entrepreneurial activities but only 5% do so. The economic growth rate in Kenya has not been commensurate with the population increase and employment demands that go with it. Young entrepreneurs are faced by lack of managerial skills which may explain business failures. Recent statistics show that for every five, three MSEs in Kenya fail within the first year after since inception (Kenya National Bureau of Statistics, 2007). Information in the Ministry of Devolution and according to Y.E.D.F (2014), the government had disbursed over Ksh. 5.9 billion to youth led enterprises. Despite the government effort and contribution by other stakeholders, very few of these projects go beyond implementation stage.

Kirinyaga County youth benefited from the fund and according to RoK (2016) it has been unable to fully uptake their allocation. The uptake by the county has been below 60% yet the repayment rate of the disbursed funds has been above 100% per annum. The study evaluated the effect of YEDF on the financial performance of youth owned enterprises in Kirinyaga County.

1.3 Study Objectives

To evaluate the effect of Youth Enterprise Development Fund efficacy on financial performance of youth owned enterprises in Kirinyaga County.

1.3.1 Specific Objectives

i. To establish the influence of access to credit to the financial performance of youth owned enterprises in Kirinyaga County.
ii. To examine the influence of loan repayments on financial performance of youth owned enterprises in Kirinyaga County.
iii. To assess the influence of financial literacy on financial performance of youth owned enterprises in Kirinyaga County.
iv. To determine how financial planning influences the financial performance of youth owned enterprises in Kirinyaga County.

1.4 Research Hypothesis

i. **H0:** There is no significant relationship between access to credit and financial Performance of youth owned enterprises in Kirinyaga County.
ii. **H0:** There is no significant relationship between loan repayments and financial Performance of youth owned enterprises in Kirinyaga County.
iii. **H0:** There is no significant relationship between financial literacy and financial Performance of youth owned enterprises in Kirinyaga County.
iv. **H0:** There is no significant relationship between financial planning and financial performance of youth owned enterprises in Kirinyaga County.

1.5 Scope of the Study

The study was done to evaluate influence of Youth Enterprise development Fund on financial performance of youth owned enterprises in Kirinyaga. The study was conducted in Kirinyaga County. The study was conducted between the months of April 2017 – July 2017 and the variables evaluated were access to credit facilities, loan repayments, financial literacy and financial planning in order to determine their influence on financial performance of the youth owned enterprises in Kirinyaga County.

1.6 Significance of the Study

The discoveries of study gave knowledge and valuable data on the influence of youth enterprise development fund on financial performance of youth owned enterprises. The finding of this research will assist program implementers, policy makers and students doing research while implementing youth-based programs. The findings would also be useful to students in this field of business as the findings form bankable empirical literature. The findings of this study would also bring to the surface the efficacy of YEDF on enhancing performance of youth owned enterprises. The result of the study will provide view of the role of youth enterprise development fund in advancing the development of youth enterprises which the youth and the government will use to enhance its effectiveness.

1.7 Operational Definition of Terms

Amount Loaned – refers to the money lend to youth groups under constituency youth enterprise scheme programme as defined by Central Bank of Kenya Report (2012)

Entrepreneurship Training – refers to the training in business management skills, youth business counseling skills and leadership skills so as to develop reactiveness, risk taking, innovativeness, competitive aggressiveness and autonomy (Dawson, 2009)

Fund- means youth enterprise development fund board (IMF, 2014)

Market Accessibility – this refers to access to market fairs, developed infrastructure and access to the government tenders. This is as per the definition by World Bank (2013)

Performance - How organization owned by persons below the age of 35 years and above 18 years using youth enterprise development fund (YEDF) engaged in business.

Youth Business Enterprises – is a company or other organization owned by person below 35 years (IMF, 2014)

CHAPTER TWO

LITERATURE REVIEW

INTRODUCTION

This chapter is a discussion of reviewed work from books, education journals, newspapers, periodicals and the internet to secure available information in regard to the research topic. It explores the relevant literature and gives insight to theoretical review, empirical studies, conceptual framework, and summary.

2.1 Theoretical Framework

Theoretical Review is important in guiding this study for it involves review of work undertaken by other researchers and scholars and highlight relevant theories related to the variables in the study. According to Coyle (2000) a theoretical framework acts as a guide to research, helps to determine the variables to be measured and the statistical relationships among variables. It enables the researcher determine variables to study, get an overview for data analysis and research design selection (Coyle, 2000). The theories informing this study include permanent income theory, Portfolio Theory the two theories were used since none of the theories was adequate to cover all the variables under study.

2.1.1 Permanent Income Theory

This theory opines that people spend money depending on the levels of their anticipated future average income (Friedman, 1957). Projected income in future is considered in perspective of current stable income that can be used. A youth will only save current income in order to guard reduced earnings in future due to deterioration of business performance. This theory relates to loan repayments conditions influence on financial performance of youth owned enterprises. According to this theory youth can only be able to repay the loan if there is excess money from the business in addition to permanent income that is considered optimal. When the permanent income from the youth enterprise is low the ability to repay loan decline causing default thus affecting availability of funds by the government since youth fund is revolving fund (Palley, 2010).

This theory was relevant to this study since it is about one's earnings as a determinant his ability to repay the credit facility extended by the government. According to this model, an individual's consumption influences his real assets and not what is spent. Permanent earning is influenced by once available resources; tangible or intangible. When the disposable income of the youth diminishes the ability to repay the loan is hampered thus repayment of youth fund by the young persons' granted the credit is difficult. (Alvarez-Cuadrado & Van Long, 2011)

2.1.2 Portfolio Theory

This theory, proposed and revised by Markowitz (1952) involves the balancing of a business portfolio with different assets as a way of reducing the overall risk. The main objective is to select credit or assets that have low or adverse correlation with each other, so that the overall risk from diversity is reduced. It assumes risk-adversity by the investor, with assumption that they will get credit where they expect that it will lead to higher returns.

The Markowitz portfolio selection model relates to Modern Portfolio Theory (MPT) is an investing model where and seeks to minimize risks while maximizing returns (Maubi & Jagongo, 2014). The youth apply and receive youth development fund with anticipation of their enterprises thriving giving them higher returns. This theory was relevant to the study since the youth get the funds and hope to get good returns after sometimes which will also enable them to repay the loan. The repayment may or may not be possible depending on the level of planning by the youth. The market risk factor is critical in deciding whether to take the loan or not and in the ability to pay back. (Gupta, Varga, & Bodnar, 2013)

2.2 Empirical Studies

2.2.1 Influence of Access to Credit on Performance

Youth entrepreneurs; both practicing and potential face challenges of accessing credit more in developing countries as compared to developed countries Maubi and Jagongo (2014). The necessity to solve financial challenges to MSE growth was underlined during the group eight countries heads at the Deauville Summit held in 2011, UN (2012) notes that Youth entrepreneurs encounters challenges in getting funds to enhance their enterprises either for start-up or growth of their business.

There are many constraints to doing business in Africa as highlighted by the fact that 77.7% of Sub-Saharan African youth rely on personal or family funds to start businesses (Kew, Herrington, Litovsky & Gale, 2013). In fact, the costs of starting a business averages 87% of income in Sub-Saharan Africa (The World Bank and IFC, 2013). Access to finance, therefore, is considered the main barrier to entrepreneurship in Sub-Saharan Africa. Lack of access to cheap finance by youth hinders the growth of their businesses in most countries.

The major challenge facing the youth today is lack of finance for their enterprises. This is due to the lack of resources, poor credit rating, no collaterals or guarantees to use for advancement of loans, youth enterprises are regarded risky investments to loan (IFC, 2011). Naidu and Chand (2012) observed that inability to access external and internal finance, limited working capital, high costs of starting a business, interest rates on loans is a big hindrance when accessing finances. Wanjohi (2010) observed that it is easy for big corporations to access credit as compared to small enterprises.

Successful business depends on external finance, from financial institutions, and other big investors, then less successful businesses. Curtain (2000) observed that, credit schemes targeting the youth are few globally. Lack of adequate resources, business experience also hindered access to credit by the youth.

Saleemi (2009) advocates that people in third world countries do not have access to sufficient support from financial institutions this is because the institutions require one to undergo tedious formalities and provide a collateral before a loan can be given this has therefore made the owners of small enterprises to identify other alternatives which include informal credit sectors. This sector has high interest rates few formalities but in the long run it makes the borrower not to be able to service and clear the loan hence not promoting the business. Empirical studies provide evidence about how lack of credit the growth of businesses (Elumba, 2009). MSEs in developing countries depend on informal sources of finance credit from suppliers and sometimes bank overdraft which may be unreliable. Microfinance institutions also do lend to MSEs, who are in urban areas (Curtain, 2000). In the same token, Fatoki

(2010) did a research in South Africa observed that entrepreneurs lack finances, entrepreneurial and management skills among other challenges faced. (World Bank Report, 2011). The case is not different in the MSEs Sector in Kenya, where study findings are consistent the above cited study. A study of this sector by Kiraka and Kobia (2013) had similar findings. However, a research by Warue (2012) relegates that finance availability was third, competition first and insecurity second, in explaining the performance of enterprises. Kiraka and Kobia (2013) in a study in Kenya observed that 65.6% of the firms studied used individual savings to start the business, 9.4% were financed by financial institutions and 7.8% were financed by issue of shares and partnerships.

While small business owners often are not able to access credit, enterprises financial growth percentages may not generally compare to genuine development patterns (Okpara, 2011). Okello (2010), in a study in Rachuonyo South sub-county in Kenya, observed that various incentives including tax rebates, grace periods among others stimulate the growth of youth enterprises. This is against the backdrop of failures in many countries. The success of the Youth Enterprise Fund in Kenya is quite doubtful considering the rate of loan defaults that have been reported (RoK, 2012). The way program is designed highly influence its impact to the targeted group (Meir, 2008).

The major challenge encountered by youth group in enterprises is funding and financing management skills. Youth entrepreneurs encounter barriers and hindrances in getting finances credit to for working capital in their enterprises both seed capital and start-up for expansion of the business' enterprises. The main reason being lack of collaterals among many other considerations tend to discourage the would-be lenders from advancing them loans (Meir, 2012). This the failure by youth to have revolving fund, the absence of a substantive past loan repayment records, enough security or guarantors to be granted credit facility short term advances makes them vulnerable to poverty. Youth and middle aged citizens requirements are often seen as particularly risky investments and therefore feared by financial institutions in credit granting. Constraints identified include failure to get internal and external financing from financial institutions, inadequate working money, high interest rates, start-up costs, and incapability to meet financial obligation. Naidu and Chand, (2012) and Wanjohi (2010), indicates that small organization find it difficult to access finance as compared to big organization this has hindered the growth of businesses owned by youth (World Bank, 2011).

Youths with flourishing enterprises and Successful micro and small enterprises apply mainly funds from external sources being debts or grants, from banks, financial institutions, venture capitalists or even individual investors, then do less successful firms (World Bank, 2011). Studies from other scholars indicates that, not exclusively are there couple of small scale back foundations in numerous nations, however those particularly focused at youth are even less. Out of 902 companies in 96 economies listed under the Microcredit meetings and conferences of Practitioners it was noted that there were only twenty-one organizations with youth agenda (Curtain, 2000). Additionally, there are no credit facilities specifically for youth in the mainstream microcredit organizations, but study shows that young people are not prioritized in many economies strategic goals and visions (World Bank, 2011) underrepresented group insufficient securities such as title deeds lack of collateral, failure to have experience poses more further disadvantaged the young people faces globally (Chigunta, 2002).

Curtain (2000) and Olawale and Garwe (2010) in a study on micro business indicates that youths owning enterprises in developing economies try not to get sufficient back from the financial institutions. The banks ask for security and also formalities including a lot of documentation and procedures. As a result of formalities and documentation, small enterprises use the unorganized sector including informal financiers that charge high interest rates making them get caught in debt trap. For different reasons extending from an absence of insurance to predisposition against little firms, youth MSEs tend to confront more prominent money related limitations than do bigger firms. Exact investigations give proof about the manners by which lessened access to back blocks firm development (ECA, 2001). Microfinance enterprises in developing economies apply for and receive formal bank loans relatively irregularly and thus rely on other types of credit including trade credit, overdrafts, and informal loans (Olawale & Garwe, 2010).

Microfinance institutions globally additionally give critical wellsprings of financing to MSEs, yet their effort is more constrained than that of brokers, particularly in rustic territories (Curtain, 2000). In the same token, a study conducted in South Africa by Fatoki (2010), Stevenson and stone (2005) demonstrates that the issue of access and accessibility of back to business visionaries in south Africa is positioned second after absence of enterprising and administration abilities in numerous inspiringly and existing business visionaries in the MSEs segment in South Africa.

However, a research by Bowen, Morara and Mureithi (2009) states failure by youth to access finances for their business exposes them to competition and poor performance of their businesses. However, lack of funds furthermore, how much constrained money related assets are a noteworthy hindrance to youth owned enterprises prosperity. (Curtain, 2000). In a study in Nigeria found that 65.6% of the enterprises studied rely mainly upon personal saving for capital, 10.9% had access to saving, 9.4% utilized business banks and 7.8% drew assets from accomplices, investors and different assets.

As the youth entrepreneurs claim insufficient credit as their pressing obstacle, enterprises financial growth percentages may not generally compare to genuine development patterns (Okpara, 2011). Access to money may be necessary but is not a sufficient condition for growth and development of youth small enterprises. In a study done by Okello (2010) in Rachunyo South Sub-County on factors influencing small scale business it was recommended that different tax rates and reliefs and grace periods can promote the growth of SMEs in addition to enhancing accessibility to of funds. It is also important to note that many micro-credit schemes, especially youth credit schemes, have failed in many countries. The success of the Youth Enterprise Fund in Kenya is quite doubtful considering the rate of loan defaults that have been reported (RoK, 2012). The design of a programmes according to Curtain (2000) highly determines how successful the scheme would be while potential youth entrepreneurs and existing youth enterprises generally lack access to credit in both developed and developing countries the issue is especially intense in the last mentioned (Chigunta, 2002).

The major challenge facing the youth SMEs in developing countries is finance. Access to fund gives development chances to organizations and the economy in general. The need to deliver financing obstacles to MSE development is underlined by G8 pioneers at the 2011 Deauville Summit UN (2012). Youth business visionaries confront a ton of difficulties in getting to funds to infuse in their business both as start-up, seed capital and back extension of the organizations. There are several challenges to doing business in Africa as highlighted in 77.7% of Sub-Saharan African youth rely on personal or family funds to start a business (World Bank, 2011). In fact, the costs of starting a business average 87% of per capita income in Sub-Saharan Africa (The World Bank & IFC, 2013). capital salary in Sub-Saharan Africa

Access to finance, therefore, is the biggest barrier to entrepreneurship in Sub-Saharan Africa. A major constraint to the growth of youth owned and operated enterprises is lack of access to finance. This barrier shows the low level of financial and institutional development that could support new entrepreneurs. The greatest significant problems faced by youth group MSEs is financing problems and access to credit. In Kenya youth encounter several challenges that hinder the starting and expansion of their business this include lack of borrowing and repayment history, failure to have security and unwillingness of people to guarantee them in financial institutions (School of 2006). Also, such hindrances have been noted by Olawale and Garwe (2010).

2.2.2 Influence of Loan Repayment on Financial Performance

The rate of interest and other financial obligations have contributed to hindrances on the development of youth enterprises. In Zambia for instance, the National Youth Policy (NYP) is an institutional framework designed to promote the development of youth owned enterprise (Naidu & Chand, 2012).

The government of Zambia prepared the National Programme of Action as initiative in 1994 to sensitize youth on the need to be self – employed and other available options to them. Its objectives were provision of finance to young people who had no other source. The loans were repaid within 1- 3 years, and attracted interest rate of 15%. The fund allows for a 3-month grace period and repayment to be made in 12 equal installments within 1year with a 5% operational cost deducted upfront. There is no interest added to the credit given once the funds have been received and this, together with the grace period provides stability to the enterprise and contributes to production of goods and services of the youth owned enterprises. (Kiraka & Kobia, 2013).

2.2.3 Influence of Financial Literacy on Financial Performance.

According to World Bank (2013) financial literacy is the ability and capacity to make financial decision taking in to considerations socioeconomic environmental condition that are likely to influence his or her business enterprise. It therefore includes the awareness approaches ability and behaviors of consumers with respect to managing their assets and indulgent selecting and making use of economic facilities that fit their needs. In developed countries, financial training for adults is done in the workplace in preparation for retirement. This training focuses on increasing knowledge of financial management and, the link between current expenditure and retirement income. It has been observed that saving rates increase as more financial training is acquired by employees (Kiraka and Kobia, 2013)

Elumba (2012) highlighted that in organizations offering financial education, participation rates were 20% higher for employees who were trained, and that employer-based training on finance increased employee's savings. Kiraka and Kobia (2013) also assert that financial planning workshops improved changes personal financial knowledge. Low income employees preferred to work for employers who knowledge on financial plans as compared to those who do not. Financial education contributes highly, positively on increasing amount saved by employees (Schreiner & Sherraden, 2007) and on number of times they deposited (Sanders, Weaver & Schnabel, 2007).

Elumba (2012) observed that youth attending finance classes changed their saving behavior. In their study of 418 youth participating in a financial planning program, Sanders et al. (2007), found out that financial knowledge, behavior, and self-efficacy was affected positively among the participants. Among them: 58%of participants improved their spending habits after three months of training, and 56% p changed their saving habits. Another study done on 418 students who participated in personal financial programme, 41 % were observe red to have changed their way expenditure. The changes included, budgeting, saving, and increasing saving, (Mwangi & Kihiu, 2012).

2.2.4 Influence of Financial Planning on Financial Performance.

Financial planning involves the assessment one financial position and determining the business objectives and then formulating strategies to achieve to them. The financial planning can be done by individuals and enterprises. Financial planning includes setting objectives, investments priorities, resource allocation risk management and formulating strategies on how to achieve them (Munene, 2013). Kurtz and Boone (2011) observed that, financial planning, contribute a great portion for one to achieve financial objectives. The personal financial planning is a requirement for optimum utilization of resources.

Madura (2007) noted that individuals and enterprises should do financial planning due to future uncertainty and complexity in order to enhance chances of financial success Kiraka and Kobia (2013), most youth enterprises are owned by high school or mid-college dropouts. They also tend to have little knowledge on financial planning. According to (World Bank, 2011) financial literacy has a relation with savings, creation of wealth and how business resources are management. Almenberg and Widmark, (2011) noted that individuals who have financial skills and literacy participated more in financial markets. Meir (2008) noted education levels contributed to financial literacy thus affected individual level of income. Lusardi and Tufano (2015) observed that low level of financial literacy affected economical transactions. UK, Yilmaz (2011) concluded that business growth is affected by financial literacy of the owner.

Agarwal, Amromin, Ben-David, Chomsisengphet, and Evano (2009) noted that the financial mistakes are mostly made by those enterprises whose owners lack financial literacy. Calvet, Campbell and Sodini (2009) studied investors in Sweden and concluded that entrepreneurs who had little or no financial literacy are prone to financial mistakes in their operations. This implied that financial literacy is important for enterprise to grow.

2.2.5 Financial Performance of Youth Owned Enterprises

East African community report (2011) noted that financial planning contributed more than any other factor to growth of any enterprise, (World Bank, 2011). Observed that some tended to underscore the importance of financial planning in a business at the expense of its survival (Delmar & Wiklund, 2008). Considered financial planning to be an important tool for owners while exploiting opportunities aiming at their business progression. Owners can also justify the cost of acquiring financial planning as it will generate additional income to the business. According to Barringer and Gresock (2008), most entrepreneurs lack business plans for their business while others tend to ignore the planning aspect of a business.

Many scholars in finance agree that, financial planning do assist owners to achieve medium term and strategic financial goals of their business ventures (Meir, 2008). Financial planning according to World Bank (2011) provides an opportunity for making appropriate decisions concerning finance and management discipline. Meir (2008) noted that financial information that is accurate and timely, enabled youth entrepreneurs to improve their business and at the same time get more profits.

Sanders et al. (2007) observed that empowerment of the youth and that the development of entrepreneurial skills and competencies should be continuous. He further notes that in Kenya for instance the government has created a youth entrepreneurial fund with the objective of will stimulating the creation of enterprises to provide employment to young people. With limited jobs creation by private and public sectors it is important to look toward to entrepreneurs in creating more job opportunities. This explains the Kenyan government's deliberate effort to establish the Youth Enterprise Development Fund with the youth as the target (RoK, 2014). Amenya, Onsongo and Guyo (2011) observed that 83% of the respondents choose YEDF as a way to get finance due to its friendly terms and low interest rate.

Seventy eight percent of respondents according to Maisiba and Gongera (2013) strongly supported that the access to the fund enabled them to identify new business opportunities and developed their competences. Quaye (2011) in his study on the sources of capital for small businesses in Ghana established that four percent of the youth used their own capital to start their enterprises, two percent got finances relatives and friends, 5.33% were financed by partners, and 88% were financed by financial institutions and banks, with only 0.67% acquiring capital from other sources. Siegel, Leyden and Link (2013) entrepreneur's success also depended on experience, change in career, and level of education. Peprah (2013) asserts that in all environments, entrepreneurs should have a good relationship, share information and technology with resource providers.

Mwangi and Kihiu (2012) observed that in Kenya, financial literacy needs to be enhanced so that individuals can make informed decisions when they evaluate products. According to women development fund report (2012), financial literacy equips individuals with skills necessary to make strategic business decisions. Elumba (2012) stated that in organizations providing financial education, participation rates is high for staff with skills, and that employer-based training on finance raises staff deposits. Sanders et al. (2007) also indicated that financial related seminars improved changes personal financial skills. Middle class staff preferred to be employed by employers who knowledge on financial plans as opposed to those who do not. Financial education assists positively on raising of amount saved by employees and on number of times they deposited (Elumbe, 2009).

Mwangi and Kihiu (2012) noted that youth attending finance classes improve their saving behavior. In a study of youth participating in a financial planning program, Mwangi and Kihiu (2012) realized that financial knowledge, behavior, and self-efficacy were influenced positively among the students. Among them: 58%of those who attended the course improved their spending behavior after a quarter of a year of training, and 56% changed their saving behaviors. Another study done involving a big number of students who were trained on personal financial programme, fifty were noted to have changed their way expenditure style. These included, budgeting, saving, and increasing saving habit, (Mwangi & Kihiu, 2012).

Financial planning involves is the assessment of personal financial status and establishment of the business objectives and then strategies formulation to achieve the set objectives. The financial planning can undertake by persons and enterprises. Financial planning involves activities such as setting objectives, investments priorities, resource allocation risk management and strategies formulation on how they can be achieved (Munene, 2013). He also noted that, financial planning, add to a great portion for one to achieve financial goals. The personal financial planning is a requirement for optimum utilization of resources.

Kiraka and Kobia (2013) indicate that persons and business need to do financial planning due to future resentments and complexity so as to raise chances of financial success. Most youth enterprises are managed by high school or mid-college dropouts. They also tend to have limited knowledge on financial matters. World Bank (2011) indicates that financial literacy has a relation with deposits, wealth creation and how business resources are managed. World Bank, (2011) indicates that individuals who have financial skills and literacy participated more in financial markets. Meir (2008) noted education levels contributed to financial literacy thus affected individual level of income. Waweru (2009) noted that low level of financial literacy affected economical transactions. UK, Yilmaz (2011) concluded that business growth is affected by financial knowledge of the entrepreneur

Waweru (2009) indicated that the financial mistakes are mainly made by those business whose directors lack financial literacy. Calvet, Campbell and Sodini (2009) studied investors in Sweden and concluded that entrepreneurs who had little or no financial literacy are prone to financial mistakes in their operations. This implied that financial literacy is important for enterprise to grow. East African community report (2011) indicates that financial planning adds more than any other factor to the advancement of any enterprise. World Bank (2011) indicates that some tended to underscore the need of financial planning in an enterprise at the expense of its survival (Delmar & Wiklund, 2008). Financial planning is an important item for owners while considering chances aiming at their business progression.

Owners can also justify the cost of getting financial planning as it will assist in generation of additional income to the business. According to World Bank (2011), most entrepreneurs lack business strategies for their business while others just undermine the planning aspect of a business. Many researchers in agree that, financial planning help the owners to achieve medium term and strategic financial goals of their business ventures (Meir, 2008). Financial planning according to (Meir, 2008) provides a chance for making appropriate decisions concerning finance and management discipline. Meir (2008) indicated that financial information that is accurate and timely, enabled youth entrepreneurs to improve their business and at the same time get more profits.

This training focuses on increasing knowledge of financial management and, the link between current expenditure and retirement income. It has been observed that saving rates increase as more financial training is acquired by employees (Kiraka & Kobia, 2013, Schreiner & Sherraden, 2007). Elumba (2012) highlighted that in organizations offering financial education, participation rates were 20% higher for employees who were trained, and that employer-based training on finance increased employee's savings. Kiraka and Kobia (2013) also assert that financial planning workshops improved changes personal financial knowledge.

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2.3 Conceptual Framework

The conceptual framework is a model showing how, access to credit, loan repayment financial literacy and planning which are independent variables, affect the financial performance which is the dependent variables illustrated in Figure 2.1.

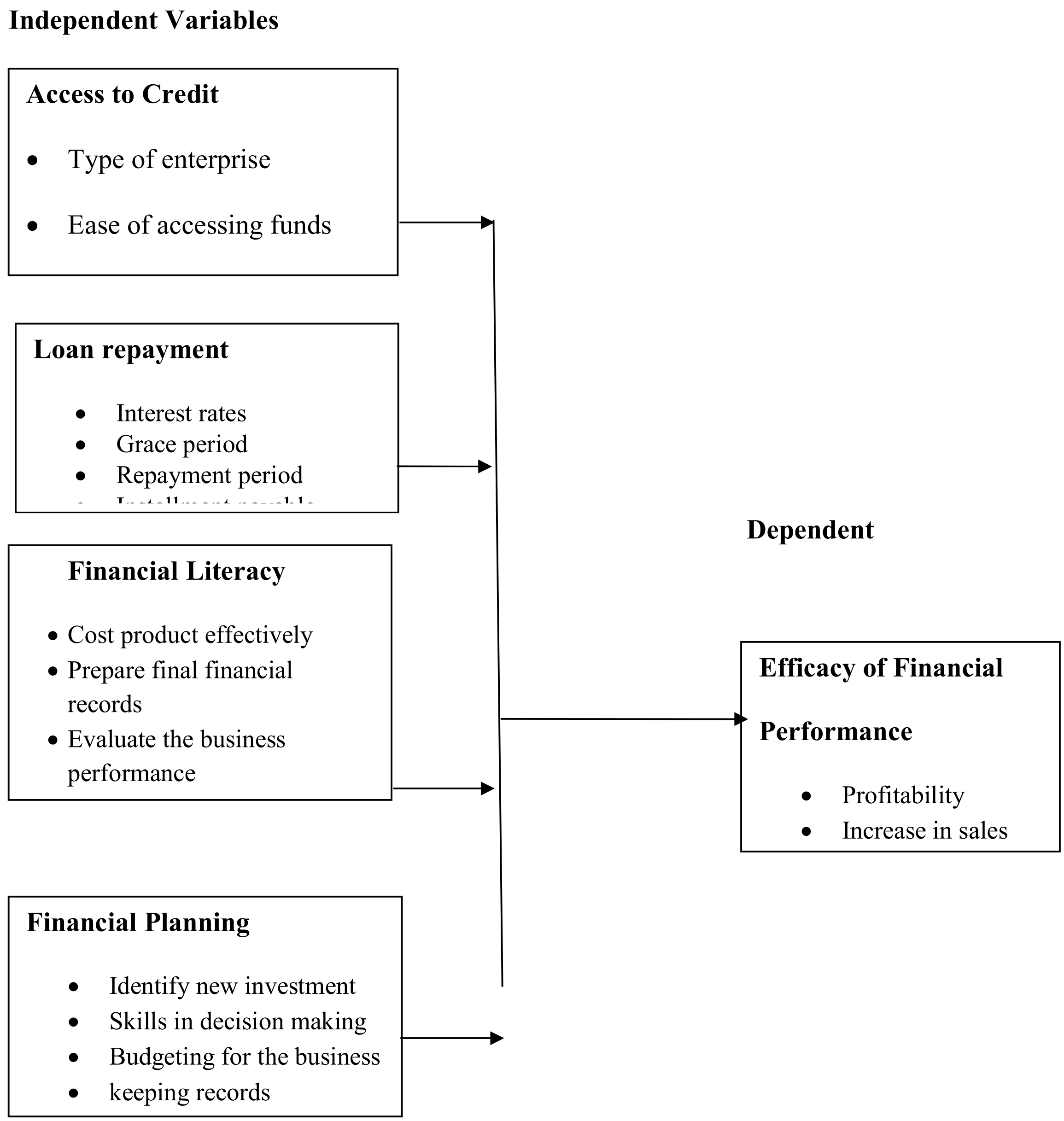

Figure 2.1: Conceptual Framework

Source: Author (2017)

The conceptual framework as shown in Figure 2.1 shows the relationships between the variables of this study. It shows the relationship between the youth enterprise development fund and the financial performance of the youth owned enterprises in

Kirinyaga County. The youth enterprises development fund was represented by variables, access to credit, loan repayment, financial literacy and financial planning. The dependent variable indicators will be the profitability of the enterprise.

CHAPTER THREE

RESEARCH METHODOLOGY

INTRODUCTION

The chapter is a discussion of the how objectives of the study were achieved. It comprises of research design, target population, sample and sampling techniques, how data was collected analyzed and presented.

3.1 Research Design

The study adopted a descriptive survey design which allows a researcher to code, summarize, interpret and present data on a phenomenon under study. This design survey enables the research to collect a data from a relatively big population with minimum cost in terms time and money. It presents an accurate outline of a situation as it is after collecting data from a sample economically (Yin, 2009). According to Dawson (2009) this design is also appropriate for large as well as small populations in order to study the interrelations and distributions of various study variables.

The design focuses on facts concerning people's behavior, opinions, beliefs, and motivations. It is flexible and avoids bias and allows the researcher to obtain data and information that is accurate and reliable while taking into account the unique characteristics of the population being studied. Orodho and Kombo (2002) concurs that this design is appropriate when collecting data and information in social sciences and thus it was found to be more appropriate for adoption in this study. It allowed for data collection and analysis and presented the situation of youth owned enterprises as it really was.

3.2 Target Population.

As indicated by Mugenda and Mugenda (2003) populace or universe is the total number of items, events, persons having some similar characteristics that are observable. In this study, the population was 525 youth owned enterprises in Kirinyaga County that had profited from the fund over the period 2006 to 2016. These enterprises had been funded as follows: 98 Motorcycle operators, 95 Agribusiness, 105 Retails shops, 112 Jua-kali Artisans, and 115 textiles enterprises (RoK, 2016).

3.3 Sample Size and Sampling Techniques

Sampling is the way toward choosing representative to empower researcher to pick up data about the populace (Oso & Onen, 2009). According to Saunders, Lewis and Thornhill (2007) sampling enables a researcher to get a representative of the whole population within a short time while at the same time using minimum funds. The population was distributed along various business sectors and it was therefore not homogeneous. The Yamane (1967) formula was used to compute the sample from 525 youth enterprises and the stratified random sampling method was used to get a representative of each stratum random sampling method was applied in proportion to its size. There were several respondents and in different categories. This helped the researcher to set the strata for each category: Motorbike, Agri-shop, retailers, Jua kali and textile.

Systematic random sampling method was then used to select every 2^{nd} business after establishing an appropriate starting point from lists obtained from the county government of Kirinyaga until the size for each stratum was achieved.

$$n = \frac{N}{1+N(e)^2}$$

Where n represent the sample size, N -population size, and e - the level of precision.

$$n = \frac{525}{1 + 525\,(.05\times.05)}$$

$$n = \frac{525}{1 + 525*0.0025} = 525/2.315 = 227$$

The Yamane (1967) formula gave a sample size of 227 which was distributed in a stratified way as illustrated in Table 3.1.

Table 3.1: Sample Size and its Distribution

Type of Business	Stratum Population	Sample size
Motorcycles	98	43
Agribusiness	95	40
Retail shops	105	46
Jua kali	112	48
Textile	115	50
TOTAL	**525**	**227**

3.4 Data Collection Procedures and Instruments

The key instruments of data collection for this study was a questionnaire with both closed and open-ended questions. It had seven (7) sections; A to G and designed with a Likert scale ranging from 5 to 1. A questionnaire was chosen because it is easy to administrator to a large number of potential respondents simultaneously ease, free from predisposition of the questioner, answers are in respondents claim words, respondents have sufficient time to give well thoroughly considered answers. A questionnaire also allows for relatively easy analysis of the collected data. Respondents have freedom to make suggestions, opinions and views (Gay & Banks, 2010). The questionnaire was administered by the researcher together with 2 (two) research assistants to the identified sample of 227 youth owned enterprises who competed them to provide data for this study.

3.5 Pilot Testing

A pilot study is an important step to be undertaken before conducting any type of research. It is done in small scale as a representative of the whole population under study. Pilot study assist in designing the final research before its conducted. Hazzi and Maldaon (2015). In order to test validity and reliability of the questionnaire there was need to conduct a pilot study which was done. The questionnaire was administered to 10% of the respondents, this. was done by randomly selecting beneficiaries of the fund from a list provided by the coordinator of at Embu county. These beneficiaries were those who had benefited with a period from 2010 to 2014, who were in the business of motorcycles, agribusiness, retail shop, Jua-kali and textile which was outside the area of study before the actual collection of data. Data collection instruments were piloted to test recipients time to complete the questionnaire, to check that all questions and other instruments are clear; and to enable the researcher to remove any items which did not yield usable data (McMillan & Schumacher, 2001). Cooper and Schindler (2008) agree that the reason for pilot test is to recognize shortcomings in outline and execution and to give intermediary to information gathering of a likelihood test. Similarly, Sekaran (2006) reinforces that pilot test is necessary for testing the reliability of instruments and their validity in a study ensure that data analyzed is a true representation of the phenomena under study. Thus the researcher forwarded the research instruments to one of the colleagues and a research expert who validated them; this is in addition to the assistance from the supervisor, on the ways to improve the instruments used in data collection.

According to Mugenda and Mugenda (2003), validity is meant to ascertain whether the research instrument is able to collect the data its was designed for. Gay and Banks (2003) supports that an instrument is only valid if it is able to meet the required standard consistently with the required accuracy. McMillan and Schumacher (2010) point out that when independent experienced people review the research instruments they are able to verify it and give an independent opinion on its suitability to conduct the research under study. Correspondingly; content validity that involves guarantee that items including the determining instrument are characteristic of the field which they intend to serve will be determined by setting items in considerations to set purpose.

3.6 Reliability of Instruments

Reliability is the extent to which results are consistent over time. The results of the reliability test for this study were found to be similar after a pilot study was conducted and analyzed using a Test- retest. Questionnaires for pilot study were administered to 27 (10% of sample size) beneficiaries of youth development in Embu County. The results of the study were found to be similar through the use of pilot study and after Test- retest was done by administering questionnaires in Embu County. The information obtained was analyzed for reliability using Pearson's Correlation method which is a linear correlation method that gives values ranging between -1 and +1. A value of -1 means there is a strong negative correlation and +1 means that there is a strong positive correlation (Kothari, 2004). The correlation coefficient (r) was calculated using the following formula:

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)}}$$

Where

n= Number of values or elements

x= First Score

y= Second Score

∑xy = Sum of the product of the first and Second Scores

∑x = Sum of First Scores

∑y = Sum of Second Scores

∑x2 = Sum of square first scores.

∑y2 = Sum of square second scores.

The pilot study gave a value of r= 0.70 which indicated that there was high internal reliability of the instrument.

3.7 Data Analysis and Presentation

The primary data was edited so as detect errors and omissions and corrections were made where necessary. This was done to ensure the data was accurate, consistent and corresponded with other information obtained. This data was coded and classified into smaller number of classes based on common characteristics and attributes and then analyzed using the use SPSS software. Hypothesis testing was done using the p-value approach with a significance level of 0.05. at 95% level of confidence. The presentation of the analyzed data was presented in form of tables, frequency diagrams while inferential data was as well be presented using p-values, the research used chi-square test of independence method to determine the strength of the relationship between the dependent and independent variables.

3.8 Ethical Issues

For the purpose of this study, permission was requested from the University, National Commission for Science Technology and Innovation, Kirinyaga County Commissioner and the Ministry of Education in form of letters to allow the study carry out the study. To avoid suspicion and skepticism, the study assured the respondents utmost confidentiality and that the purpose of the study was purely academic. The study sought consent from each respondent and kept each identity confidential Other ethical considerations include letting the respondents participate on their own wish without undue influence. Anonymity will be maintained and upheld throughout the research by adopting the doctrine of anonymity and informing the respondents about the purpose of the study's activities in advance.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

INTRODUCTION

The chapter has details of respondents' response rate, analysis, presentation, interpretation of data collected in Kirinyaga County concerning the youth enterprise businesses who have benefited from YDF in the following areas; motorcycles agribusiness, retail shops Jua-kali and textile. A total of 227 questionnaires were distributed and only 201 were returned duly filled this represented 88.5% response rate. Finally this chapter gives the discussion of the findings.

4.1 Characteristics of Respondents

The characteristics of the respondents are analyzed in this section under:

4.1.1 Response Rate

Out of the sample size of 227 those who responded were 201 and they were distributed as follows: 39 Motorcycle Enterprises, 37 agribusiness, 41 retail shops, 44 Jua- Kali artisans and 40 textile enterprises. This was a response rate of 88.5%. Saunders et al. (2007) recommends a 30-40% response rate while according to Mugenda and Mugenda (2003), a response rate of 50% is adequate, 60% is good and 70% and above is very good. Based on this, the response rate for this study was very good as shown in Table 4.1

Table 4.1: Response Rate

Type of enterprises	Targeted enterprises	No. of respondents	Percentage
Motorcycle	43	39	90.6
Agribusiness	40	37	92.5
Retail traders	46	41	89.1
Jua-kali artisans	48	44	91.6
Textile	50	40	80
Total	**227**	**201**	**88.5**

4.1.2 Target Market/Demographic Information

The target clientele were motor cyclists, shop retailers, Agribusiness farmers, Jua kali artisans and cloth related business persons who are very much involved in youth fund. The incorporation of this clientele has made these entrepreneurs to cope with competition and improve their profitability and business growth.

4.1.3. Gender of Respondents

The responses were analyzed based on the gender of the respondents as either male or female. The results showed that majority of the respondents were male who were 53.3% of the sampled respondents. This was because most men are comfortable with these types of business such as motorbike riding, Jua Kali and retail shops. However, women are increasing venturing into business previously dominated by men. From the study it's clear that 46.7% of the respondents were females see Figure 4.1

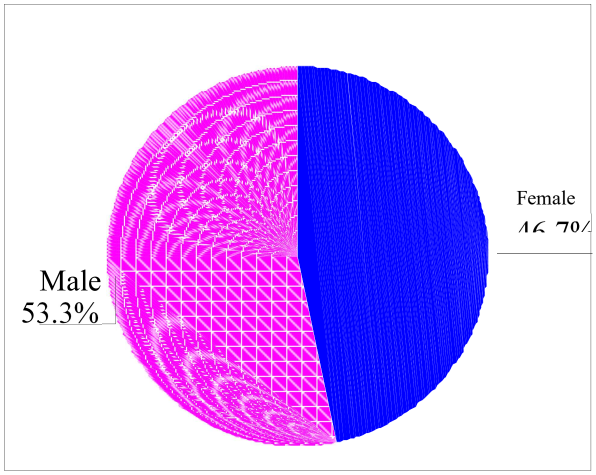

Figure 4.1: Gender of Respondents

4.1.4. Period of Involvement with Youth Fund

The responses in Table 4.2 were analyzed in accordance with the period of involvement with the youth fund. Most of the respondents stated that they were involved in youth fund for a period of 1-3 years and its according to 64.68% of sampled youth, while 25.32 % of the youth also stated that they have been involved in youth fund for a period of 4-6 years. Only 10% of the youth who stated that they have been involved in youth fund for a period between 7-10 years.

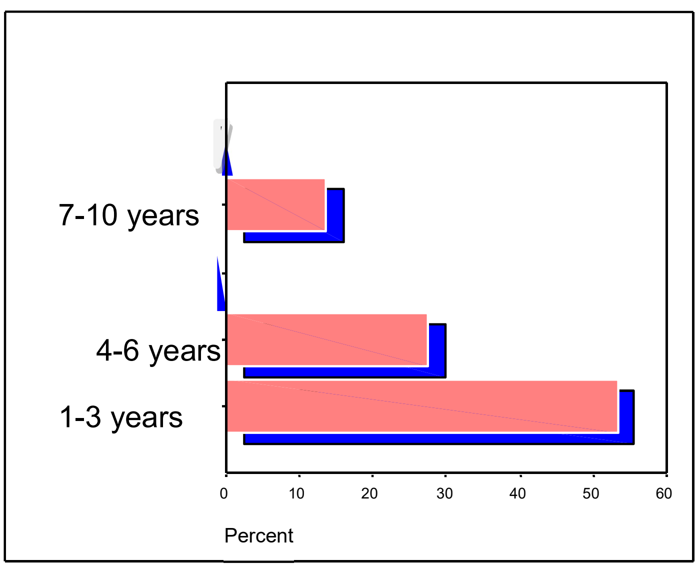

Figure 4.2: Period of Involvement with Youth Fund

The study shows that many youths have been involved in youth fund for a period between one year and three years. The reasons being that the youth fund was not initiated for a long time. According to Peprah (2013) the longer the period with the funds the better for the business thus it agrees with this study.

4.1.5. Amount Loaned

The responses were analyzed in accordance with the amount loaned to respective individuals in different businesses. Most of the responses stated that the amount loaned to them lies between Ksh10,000-50,000 and this is according to 50% of the respondents, while 40 % of the respondents stated that the amount they got in terms of loan from youth fund lies between Ksh 51,000-100,000. The 4% of the respondents stated that they got between Shs 101,000 and 150,000. Only 4% of the responses stated that they got Shs 151,000-200,000 while 2% of the respondents stated that the amount loaned was between 201,000-250,000 as shown in Figure 4.3.

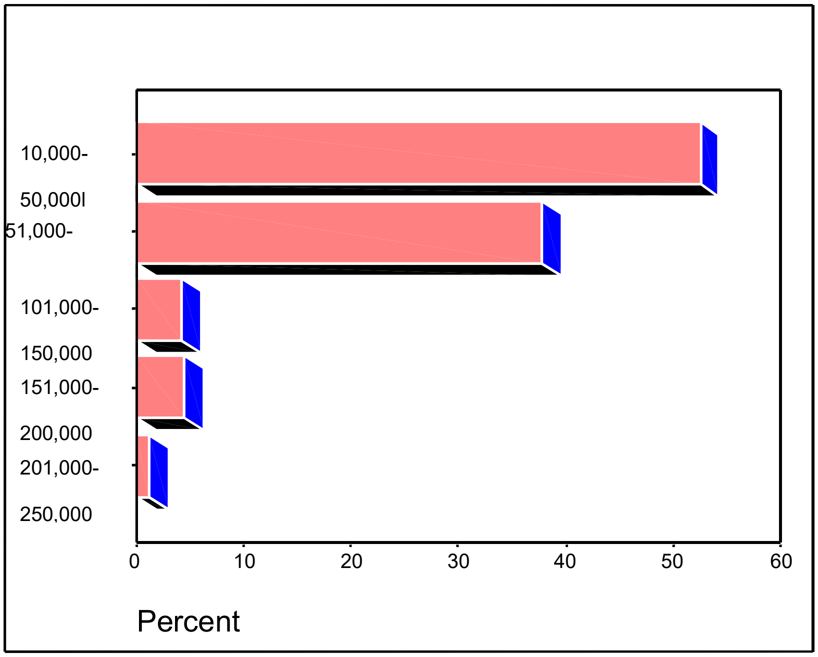

Figure 4.3: Amount Loaned

The finding of this study shows that the amount mainly availed for youth is between fifty thousand and one hundred thousand. The amount availed to the business person determine the working capital and the growth of the enterprises (Naidu, & Chand, 2012). The findings correspond with the findings of this study.

4.1.6. Amount Repaid

The responses were analyzed in accordance with the amount repaid after getting funding from youth development fund. The results showed that most of the youth stated they repaid between 10,000 and 50,000 and this was according to 67.2% of the respondents, but 15.9 % of the youth stated that they received between Ksh 51000-100,000. Only 7% of the youth stated that they received over 500,000. This shows that the many of the respondents benefited by a figure between 10,000 and 50,000 as in Table 4.2.

Table 4.2: Amount Repaid

	Frequency	Percent
10000-50000	135	67.2
51000-100000	32	15.9
101000-250000	11	5.5
251000-500000	9	4.4
OVER 500,000	14	7.0
Total	**201**	**100.0**

The study shows that the amount repaid is not proportional with the amount granted. This shows that after the loan is granted to youth some hesitate to repay. Makini (2015) indicated that the moral hazard theory applies in human when the loan repayment falls due. The borrower wishes that they stay with money longer time before repaying it.

4.1.7 Period within which the Loan was repaid

The responses were analyzed in accordance with the period within which the loan was repaid and according to 90 % of the respondents the time they take to pay loan is between 1-3 years while 4.5 % of the respondents stated that time allocated to them for repayment was between 4-6 years. Only 3.5% of the youth who stated that the period within which they pay is between 7-10 years. The trend of responses showed that time allocated for loan repayment had a significant effect on acquisition of credit hence financial performance. This pattern is illustrated in Table 4.3

Table 4.3: Period within which the Loan was Repaid

Period of Repayment	Frequency	Percent
1-3 Years	185	90.0
4-6 Years	9	4.5
7-10 Years	7	3.5
Total	**201**	**100.0**

The loan repayment according to this study is three years since the youth fund is a revolving fund. Many youths take sometimes before paying the loan due to the fact that for the youth enterprise to prosper there is need for a grace period. Mwangi and Kihiu (2012) disagree with this study and stated that it is better for the borrower to repay the loan at a faster rate to avoid the high cost of loan when the period of repayment is longer.

4.2 Access to Credit and Effects on Financial Performance

The findings under this variable are analyzed as follows:

4.2.1 Ease of Access to Credit

The ease of access of credit has an effect on financial performance of youth enterprises. The study shows that most of the respondents strongly agree that most of the entrepreneurs are not able to access credit easily. This is supported by 50.6% of the respondents. A good percentage of respondents who are 34.1% of the respondents agreed that youth entrepreneurs are not able to access credit easily. The 2.1% of respondents strongly disagreed that the young entrepreneurs are not able to access credit easily. However, 3.1% of the respondents were undecided. The study shows that not all the youth are able to access the youth fund. The youth are able to advance their businesses when the fund is accessible. This view was supported by the study done by Elumba (2008) who stated that youth fund is easily available but to only the deserving youth, Table 4.3(2).

Table 4.3(2): Access to Credit

	Frequency	Percent
Strongly agreed	135	50.6
Agreed	32	34.1
Undecided	11	3.1
Disagreed	9	10.1
Strongly disagreed	14	2.1
Total	**201**	**100.0**

4.2.2. Interest Rate

The response was an analysis of the reasonableness of the interest rate charged in youth fund. The study showed that most of the respondents strongly agreed that interest rate charged on youth fund was reasonable and this was supported by 55% of the respondents. The 30% of the respondents agreed that interest rate charged by youth fund was reasonable. Only 15% of the respondents disagreed that the interest rate charged by youth fund was reasonable. However, 5% of the respondents were undecided whether it was reasonable or not. Thus, changes in interest rates was regarded as an important aspect by youth entrepreneurs as shown in Figure.

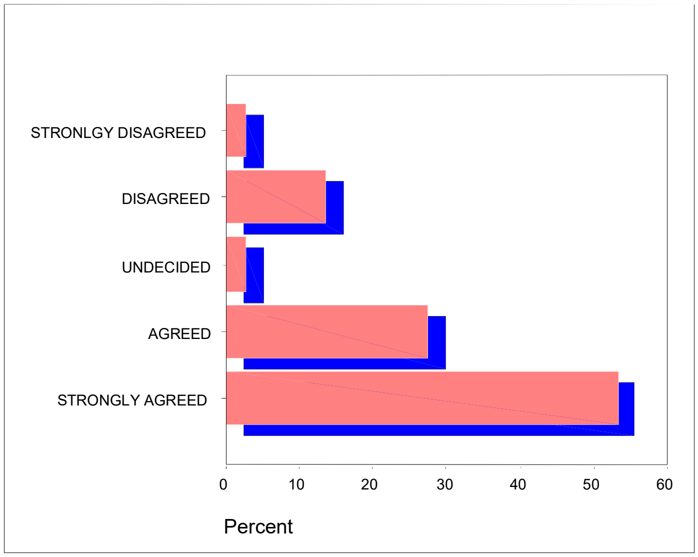

Figure 4.4: Reasonableness of Interest Rate

The study showed that the interest rate charged by youth fund was reasonable thus the reason why many youths were able to borrow from this fund. However, the reasonableness of the interest rate does not always mean easy payment of loan (Maisiba & Gongera, 2013).

4.2.3 Effects of Type of Enterprise on Access to Credit

The responses were analyzed based on checking the effects of type of enterprises on access to credit. The responses were analyzed in accordance with statement that access to credit is dependence on type of enterprise. Majority of the respondents strongly agreed that access to credit depend on type of enterprise. This is as per 50% of the respondents. Equally another 30 % of the respondents agree that type of enterprise influence access to credit, while 7.0 % of the respondents stated that they strongly disagree that access to credit depend on the type of enterprise. Those who stated that they disagree are 8 % of respondents while 5 % of the respondents stated that they are not sure.

4.2.4 Effect of Collateral Requirement

The responses were analyzed in accordance with the collateral requirement effects on access to credit. The results showed that majority of respondents' 43.8% states that they strongly agreed that collateral requirement affects access to credit, 37.8% agreed collateral requirement affects access to credit. However, 10.9% strongly disagreed that the collateral requirements affects access to credit. A small percentage of 3.5% of the responses stated that they disagree that collateral requirements affect access to credit. An almost similar percentage (4%) were not sure. The summary for all the responses for access to credit on financial performance are shown in Table 4.4

Table 4.4: Effects of Access to Credit on Financial Performance

	Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
	1	2	3	4	5
percentage	%	%	%	%	%
Easy access to credit assist to establish an Enterprise	4.7	7.4	3.1	34.2	50.6
Influence of Interest rate on financial performance	11	9	4.7	24.3	51
Influence of Type on financial performance	7	8	5	30	50
Influence of collateral on financial performance.	10.9	3.5	4	37.8	43.8

4.2.5 Inferential Statistics on Access to Credit

Table 4.5 shows the chi-square statistic for access to credit and financial performance of youth owned enterprises which is given as 7.522 with a p-value of 0.011. The p-value is less than 0.05, which makes the researcher concluded that there is a statistically significance between the access to credit and performance of youth owned enterprise. The findings in this study agrees with the empirical literature reviewed. The access to credit is very critical in financial performance in youth owned enterprises.

Table.4.5: Chi- square for Effect of Access to Credit on Financial Performance of Youth Owned Enterprise

(Chi-Square Test)	Value	DF	Asymp. Sig. (2-sided)
Pearson Chi-square	7.522	2	.011
Likelihood Ratio	7.645	2	.032
Linear-by-Linear Association	.014	1	.922
N of Valid Cases 201			

Hypothesis Testing: H0; There is no significant relationship between access to credit and efficacy of Financial Performance of youth owned enterprise

The findings of the study established that Easy access to credit had significant association with financial performance of youth owned enterprises with p-value of and 0.011(< 0.05), Interest rate charged was also found to have relationship with performance of youth owned enterprises with a p-value of 0.011, Type of enterprise also had association with the financial performance of youth owned enterprises. The study also established that Credit offer without collateral has association with the performance of those enterprises.

Based on the findings from the hypothesis testing, the findings indicate that all the parameter in the variable of access to credit are statistically significant since their p-value were less than 0.05 which is a significance level. They show that there is relationship between the access to credit and financial performance of youth owned enterprises. This made the researcher to reject the null hypothesis that indicated that there is no significant relationship between the access to credit and financial performance of youth owned enterprises. The study shows that there is significant relationship between access to credit and the financial performance of youth owned enterprises. Waweru (2009) indicated that access to credit is very important if any enterprise is to prosper.

4.3 Influence of Loan Repayment on Efficacy of Financial Performance

The respondents were questioned on whether loan repayment had an effect on financial performance of their enterprises and their responses were analyzed as follows:

4.3.1. Repayment Period

An analysis of whether youth development fund has a reasonable repayment period, the results showed that the majority of respondents, 68.16%, strongly agreed that the fund has a reasonable repayment period. Of the rest, 16.4% agreed that the fund has a reasonable repayment period. However, 4.48% disagreed that the fund has reasonable repayment period while 5.47% were undecided and similar number strongly disagreed. A summary of these findings is illustrated in Figure 4.8.

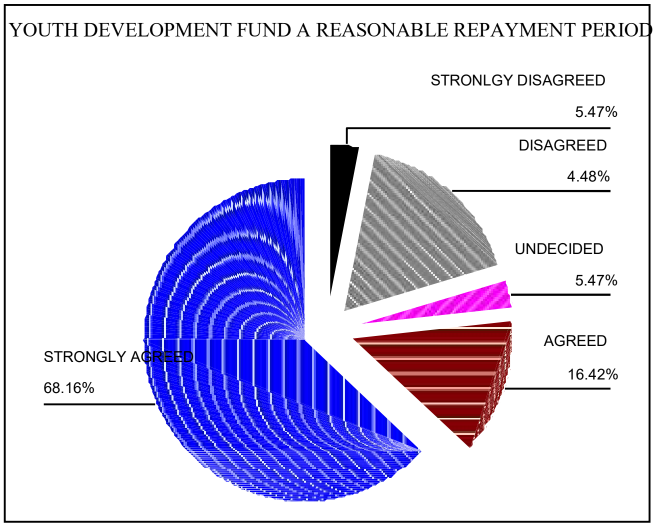

Figure 4.5: Youth Development Fund Reasonable Payment Period

The study showed that the youth fund has reasonable repayment period despite the fact that some youth are still defaulting. The repayment period reasonableness however is relative because even three years is shorter time. Agarwal et al. (2009) et al argued that the longer the period for loan repayment the higher the risk of non-repayment thus contradicting the findings of this study.

4.3.2 Effects of Grace Period

Responses to the question on the effect of grace period on loan repayment showed that a majority of the respondents, 77.06%, either strongly agreed (49.75%), or simply agreed (27.36 %) that short loan repayment grace period affect the financial performance of youth. Of the rest, 7.96 % indicated that they are disagreed while 7.46% strongly disagreed with a similar number not being sure. The findings are illustrated in Figure 4.9.

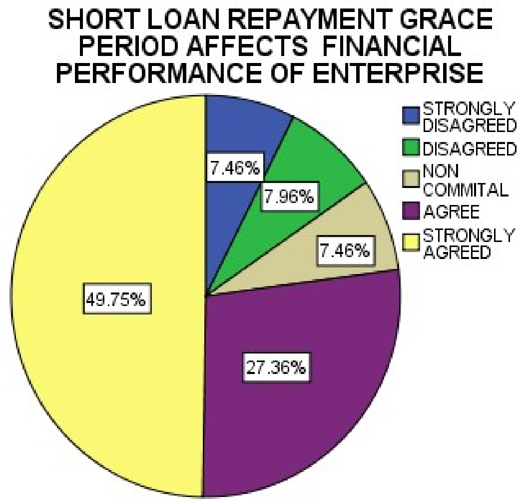

Figure 4.6: Effects of Grace Period on Financial Performance

From the study, it's clear that the loan grace period is shorter. The study showed that the youth required longer period for loan repayment. This implies that the longer the period for the youth the better. The grace period assists in making the business owners reorganize the mode of payment (Amenya et al., 2011) thus agreeing with findings of this study.

4.3.3. Influence of Loan Repayment Period on Efficacy of Financial Performance

While responding to the question on the influence of loan repayment period on the efficacy of financial performance of youth enterprises, most of the respondents strongly agreed that the loan repayment period affect the financial performance of loan repayment of enterprises. This is supported by 43.3 % of the respondents who agreed with the statement, while 35.7% strongly agreed. However, a combined 15.42 % either disagreed or strongly disagreed that loan repayment period influences the efficacy of financial performance. These findings are summarized in Table 4.6.

Table 4.6: Influence of Loan Repayment Period

Responses	Frequency	Percent
Strongly Disagreed	7	3.5
Disagreed	19	9.5
Non-Committal	16	8.0
Agree	87	43.3
Strongly Agreed	72	35.7
Total	**201**	**100.0**

The study shows the period of loan repayment matters a lot and as Bandura (2006) stated the longer the period the better for the borrower thus agreeing with findings of this study.

4.3.4 Effects of Loan Installment Payable on Financial Performance

The responses were analyzed in accordance with payment of installment payable effects on the financial performance of youth owned enterprise. It is clear from the results that majority of the respondents strongly agreed that the amount of loan installment paid affect the performance of a youth owned enterprises and it is supported by 55% of the sampled youth. The study also showed that 30% 0f the respondents agreed that the installment affects the performance of an enterprise, another 15 % of the respondents disagreed. From the study, it’s evident that 2.5% of the respondents strongly disagreed that the installment affects the performance while 2.5% of the respondents were undecided as shown in Figure 4.10.

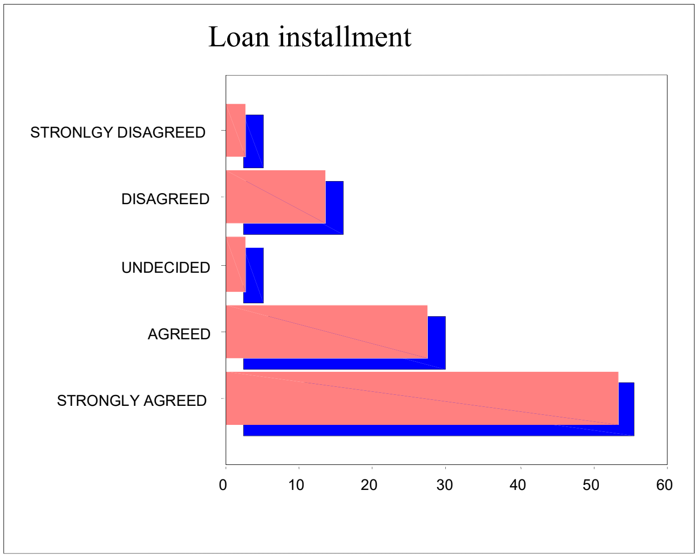

Figure 4.7: Loan installments

The amount involved in the loan installment repayment has a great effect on how the loan will be repaid. The higher the amount the difficult it becomes to repay the loan (Bowen et al., 2009).

4.3.5 Inferential Statistics on Effects of Loan Repayment

Table 4.7 shows the chi-square statistic for loan repayment and performance of youth enterprises which is given as 7.890 with a p-value of 0.0134. The p-value is less than 0.05, which makes the researcher concluded that there is a statistically significant between the loan repayment and performance of youth enterprise. These findings in this study correspond with empirical literature reviewed that states that the performance of youth owned enterprises depends on how well the loan repayment has been perfected (Fanuel, 2010).

Table.4.7: Chi- square on Loan Repayment and Performance

(Chi-Square Test) **value**		DF	Asymp. Sig. (2-sided)
Pearson Chi-square	7.890	2	0.0134
Likelihood Ratio	7.815	2	0.0213
Linear-by-Linear Association	0.016	1	0.912
N of Valid Cases	201		

Hypothesis Testing: H0; There is no significant relationship between loan repayments and financial Performance of youth owned enterprises

The findings of the study established that repayment period had significant association with performance of youth owned enterprises. The reasonable repayment period has an association with the financial performance of youth owned enterprises with a p-value of and 0.0182(< 0.05) Grace period also have relationship with financial performance of youth owned enterprises with a p-value of 0.027(<0.05), Type of repayment period also has association with the performance of youth owned enterprises with a p-value of 0.031. The study also established that the loan installment has a relationship with the performance of those enterprises with a p-value of 0.0123.

Based on the findings from the hypothesis testing, there is an indication that all the parameter in the variable of repayment period are statistically significant. They show that there is relationship between the repayment period and performance of financial performance of youth owned enterprises. Due to these findings, the researcher rejected the null hypothesis that indicated that there is no significant relationship between the dependent and independent variables in this study. The study shows that there is significant relationship loan repayment and the financial performance of youth owned enterprises. Warue (2012) stated that the loan repayment in any establishment determine the rate at which the loan will be defaulted and the more regular the loan is repaid the better for the financial institutions and intermediaries thus agreeing with the findings of this study.

4.4 Effects of Financial Literacy

The effects of financial literacy on the financial performance of the youth enterprises is analyzed as follows:

4.4.1. Adequate Financial Literacy

A combined 80% of the respondents ranged from strong agreement to simply agreeing that lack of adequate financial literacy negatively influenced the efficacy of financial performance of their enterprises. However, only 18% of the respondents disagreed that lack of adequate financial literacy had a negative effect on their enterprises while 3% were not sure. The pattern of responses is illustrated in Figure 4.8.

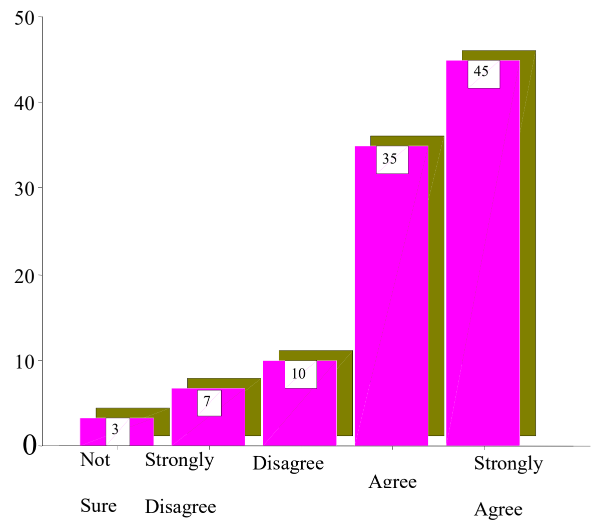

Figure 4.8: Adequacy of Financial Literacy

4.4.2 Ability to Prepare Final Financial Reports

The study findings showed that a sizeable number, 43.8%, strongly agreed that the youth had limited ability to prepare financial reports while 39.3% were in simple agreement. However, 8% of the respondents strongly disagreed while 4.48% disagreed that the youth ability to prepare final financial reports. The rest, 4.48%, were not sure. The pattern of responses is shown in Figure 4.9.

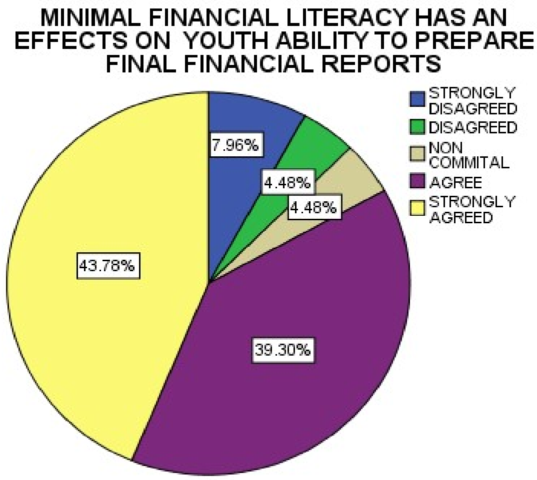

Figure 4.9: Ability to Prepare financial reports

When the financial literacy is minimal even the skill of final financial preparations is hampered. The financial preparation needs the minimal bookkeeping according to Bandura (2006).

4.4.3. Ability to Evaluate the Business Performance

The responses were analyzed based on whether it is true that lack of financial literacy reduces the youth ability to evaluate the business performance. The results showed that majority of the respondents strongly agreed and this was supported by 70% of the respondents. Another group agreed that all lack of financial literacy reduces the youth ability to evaluate the business performance as per 15% of the responses. Some of the respondent disagreed that and it's according to 7 %. However, 5% disagreed and 3% of the respondents were not sure. The pattern of responses is shown in Figure 4.10.

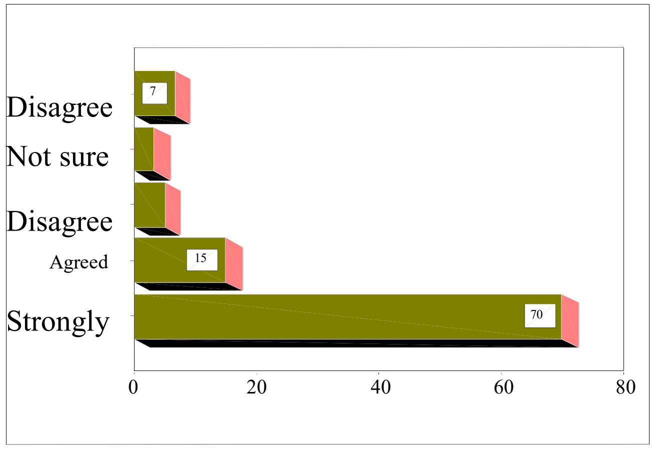

Figure 4.10: Ability to Evaluate Business Performance

4.4.4 Effects of Financial Literacy on Costing of Products

The study shows that most of the respondents strongly disagreed that financial literacy helped them to cost their products more effectively and this is supported by 57.1% of the respondents. The 33.2% of the respondents disagreed that financial literacy helped them to cost their products more effectively. However, 8.8 % of the respondents strongly agreed financial literacy helped them to cost their products more effectively. But 0.9% were not sure whether financial literacy helped them to cost their products more effectively. These findings are illustrated in Figure 4.11. The study findings are that the financial literacy do not helped the youth to cost their products more effectively. The financial literacy is critical in all the enterprises survival (Amenya et al., 2010).

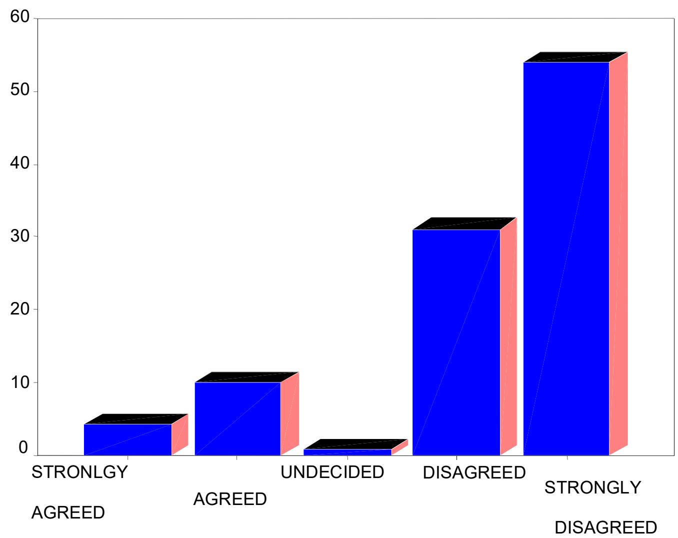

Figure 4.11: Effects of Financial Literacy Cost Products Effectively

4.5 Inferential Statistics on Effects of Financial Literacy

Table 4.8 shows the chi-square statistic for financial literacy and performance of youth enterprises which is given as 7.111 with a p-value of 0.0185. The p-value is less than 0.05, which makes the researcher concluded that there is a statistically significant between financial literacy and performance of youth owned enterprise. These findings in this study are in agreement with empirical literature reviewed that states that the performance of youth owned enterprises is determined by the level of financial literacy of the entrepreneur (Makini, 2015).

Table 4.8: Chi- square on Financial Literacy

(Chi-Square Test) value		DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.111	2	0.0185
Likelihood Ratio	7.431	2	0.0114
Linear-by-Linear Association	0.018	1	0.955
N of Valid Cases	201		

4.5.1 Hypothesis Testing

H0; There is no significant relationship between financial literacy and efficacy of financial Performance.

The findings of the study established that financial literacy has significant association with performance of youth owned enterprises. The existence of financial literacy has an association with the financial performance of youth owned enterprises with a p-value of and 0.0185(< 0.05) ability to prepare financial statements also has association with financial performance of youth owned enterprises with a p-value of 0.0185(<0.05), the ability to evaluate business also has association with the performance of youth owned enterprises with a p-value of 0.0185 which is greater than 0.05. The study also established that the ability to cost products has a relationship with the performance of youth owned enterprises with a p-value of 0.0185(<0.05).

Considering the findings from the hypothesis testing in this study, it shows that all the parameters in the variable of financial literacy are statistically significant since they have a p-value of less than 0.05. They show that there is relationship between the financial literacy and performance of financial performance of youth owned enterprises. The null hypothesis that indicated that there is no significant relationship between the dependent and independent variables was rejected. The study shows that there is significant relationship between financial literacy and the financial performance of youth owned enterprises. Irungu and Kamau (2015) indicates that the financial literacy in for the youth is essential in the profitability of the youth business but Naidu and Chand (2012) stated that apart from the financial literacy availability of fund play even a greater role in progressiveness of youth owned business

4.5.2 Financial Planning and the Financial Performance of Youth Enterprises

The findings of the effects of financial planning on the performance of youth enterprises are discussed as follows:

4.5.3 Ability to Identify New Investment Opportunities

A reasonably large number, 61.19%, agreed that lack of financial planning affected their ability to identify new investment opportunities. Out of the rest, 12.94% strongly agreed but 9.45% disagreed. A combined 16.42% either simply disagreed or strongly disagreed. This pattern of responses is shown in Figure 4.12.

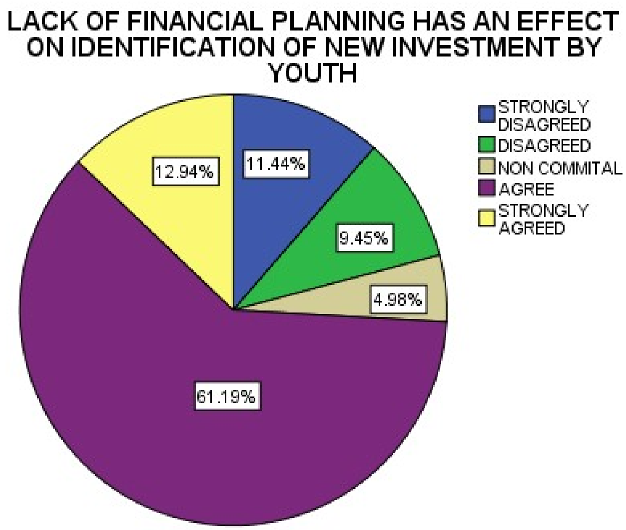

Figure 4.12: Ability to Identify New Investment Opportunities

Financial planning in necessary for a new investment. This study showed that many youths agree that if they have financial planning they can be able to venture into new investments. Siegel et al. (2013) indicated that the new investment and innovation require a prudent financial planning for them to thrive in a dynamic entrepreneurial market.

4.5.4 Influence Financial Planning on Decision-Making

The responses were analyzed on the influence of financial planning on decision making and the findings showed that majority of the respondents stated that lack of financial planning deny youth skills in decision making and it was supported by 46.77% of the respondents. The study also shows that 32.34 % of the respondents stated that lack of financial planning denies youth skills in decision making. Only 6.97% strongly agreed that lack of financial planning deny youth skills in decision making. the rest, 13.92% were either non-committal or disagreed. This pattern of responses is illustrated in Figure 4.13.

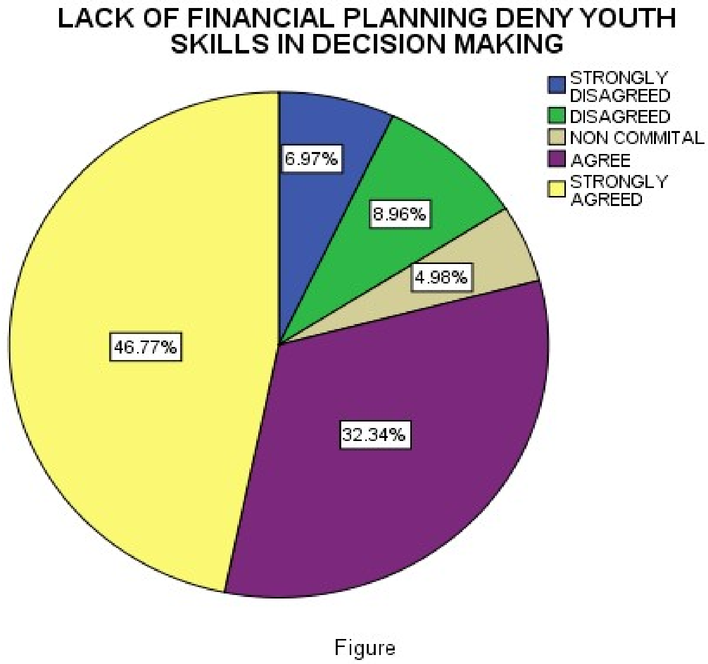

Figure 4.13: Effects on Decision Making Skills

The decision-making process requires a good financial planning. The youth need to have proper plan for the resources available for their businesses to progress well. However, Olawale and Garwe (2010) disagree with this view and stated that decision making process has many factors apart from the planning since it also require skills for it to be more effective.

4.5.5. Financial planning and Effects on Budget Preparation

The responses were analyzed in accordance with whether the lack of financial planning cause problem in budget preparation. The results showed that majority of the respondents strongly agreed that Lack of financial planning cause problems in budget preparation and it was as per 51% of the respondents. The study also shows that 40% of the respondents agreed that lack of financial planning cause problems in budget preparation. Only 2.5% disagreed that lack of financial planning cause problems in budget preparation. Those who strongly disagreed were 2.5% of the respondents' .it only 4% of the respondents who were non-committal as in Figure 4.16.

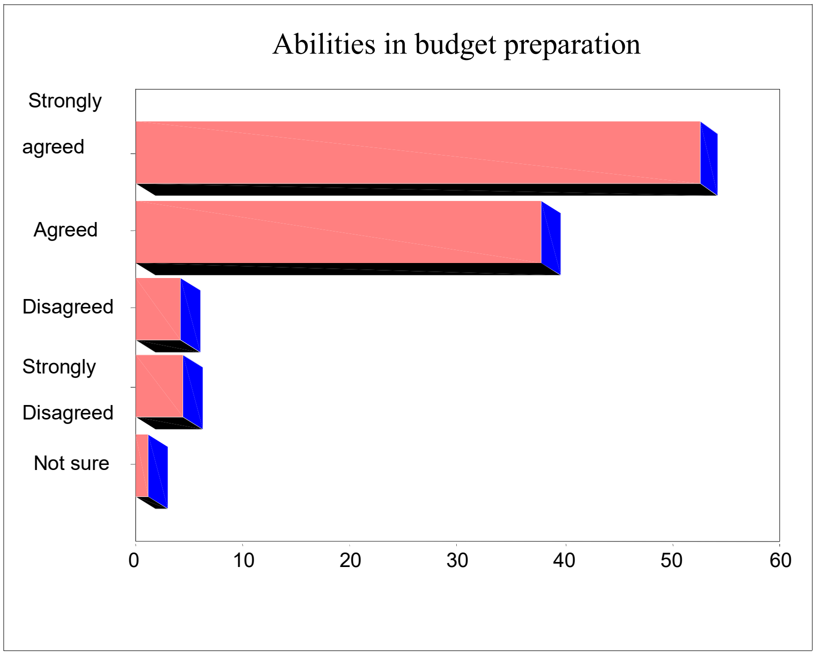

Figure 4.14: Budget Preparation Abilities

When there is no proper financial planning the budget preparation becomes difficult for the youth enterprises. The quality of budget planning to a greater extent depend on how well the budget has been prepared. Peprah (2013) indicated that the budget preparation and initial planning are closely related. However, the findings showed that while the planning is important in budget preparation resources play even a greater role.

4.5.6 Financial Planning and Effects on Record Keeping

The study findings show that most of the respondents stated that lack of financial planning cause problems in record keeping. This was evidenced by a combined 88% who either agreed or strongly agreed that lack of financial planning cause problems in record keeping. Of the rest, 5% of the respondents disagreed, 4% strongly disagreed while 3% were non-committal that lack of financial planning cause problems in record keeping. This pattern of responses is illustrated in table 4.10. these findings concur with Quaye (2011) who opined that record keeping determines the survival and sustainability of an enterprises.

Table 4.9: Financial Planning and Effects on Record Keeping

Responses	Frequency	Percent
Strongly Disagreed	8	4.0
Disagreed	10	5.0
Non-Committal	6	3.0
Agree	92	45.8
Strongly Agreed	85	42.2
Total	**201**	**100.0**

4.5.7 Inferential Statistics on Effects of Financial Planning

Table 4.9, shows the chi-square statistic for financial planning and performance of youth enterprises which is 7.951 with a p-value of 0.0165. The p-value is less than 0.05, which makes the researcher concluded that there is a statistically significant between financial planning and performance of youth enterprise. These findings in this study are in agreement with empirical literature reviewed that state that the performance of youth owned enterprises relates well with the ability of the entrepreneur to undertake financial planning (Amenya et al., 2010).

Table 4.10: Chi-square on Financial Planning and Financial Performance

(Chi-Square Test) **Value**		DF	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.951	2	0.0165
Likelihood Ratio	7.710	2	0.0154
Linear-by-Linear Association	0.015	1	0.980
N of Valid Cases	201		

4.5.8 Hypothesis Testing H0; There is no significant relationship between financial planning and the efficacy of financial performance

The findings of the study established that financial planning has significant association with performance of youth owned enterprises. The identification of new investment has an association with the financial performance of youth owned enterprises with a p-value of and 0.0163(< 0.05) new skills in decision making also has association with financial performance of youth owned enterprises with a p-value of 0.0317(<0.05). The budget preparation also has relationship with the performance of youth owned enterprises with a p-value of 0.0312 which is greater than 0.05. The study also showed that the record keeping ability has association with the performance of youth owned enterprises with a p-value of 0.0175(<0.05).

Considering the findings from the hypothesis testing in this study the indications are that there all the parameters in the variable of financial planning are statistically significant since they have a p-value of less than 0.05. They indicate that there is relationship between the financial planning and performance of financial performance of youth owned enterprises. As a result of establishing that all parameters have a p-value of 0.05, the researcher rejected the null hypothesis that stated that there is no significant relationship between the dependent and independent variables in this study which are performance of youth owned enterprises and financial planning respectively. This study showed that there is significant relationship financial planning and the financial performance of youth owned enterprises.

Fanuel (2010) states that the financial if well undertaken can lead to high profitability in enterprises owned by youth. This view was supported by Maubi and Jagongo (2014) who indicates that the growth of any corporation depend on how well finances are planned. Thus, the two studies agree with the findings of this study.

4.6 Performance of Youth Enterprise

This was the dependent variable for the study and it was analyzed as follows:

4.6.1. Effect of Youth Development Fund on Sales

The responses were analyzed in accordance with whether the sales are affected by availability of youth development fund. The results showed that majority of the respondents stated that sales are affected by availability of youth development fund and it was supported by 46.7% of the responses who supported the statement. The study also shows that 37.2% of the respondents agreed that sales are affected by availability of youth development funds. Only 6.7% indicated that schools programmes assist in discipline as shown in Table 4. 12.

Table 4.11: Effect of Availability of Youth Development Fund on Sales

Responses	Frequency	Percent
Strongly Disagreed	10	5.0
Disagreed	15	7.5
Non-Committal	7	3.5
Agree	75	37.2
Strongly Agreed	94	46.8
Total	**201**	**100.0**

The volume of sales in a business contributes greatly to the profit that can be realized. The higher the profit the higher the probability of making higher profit. The sales volume and the proper management of the expenditure seems to be the most contributors of the business growth in any sector of the economy, Omukhango (2012). Okoth et al. (2013) added that the capital plays the critical role in the progress of the business among all the other factors.

4.6.2 Effects of Youth Development Fund on Increases in Assets

The responses were analyzed in accordance with whether the assets increase due to youth development fund. The results of the analysis showed that majority of the respondents stated that assets increase due to youth development fund and it was supported by 50.2% of the respondents. The study also shows that 32.3% of the respondents stated that assets increases due to youth development fund, while 7% strongly disagreed with the statement. Only 5.5% of the respondents stated that assets increase due to youth development fund as shown in Table 4.12

Table 4.12: Increase in Assets due to Youth Development Fund

Responses	Frequency	Percent
Strongly Disagreed	14	7.0
Disagreed	11	5.5
Non-Committal	10	5.0
Agree	101	50.2
Strongly Agreed	65	32.3
Total	**201**	**100.0**

The assets size in a business contributes determine the level of the growth the business is in. The more the capital the higher the chances of expansion. The findings correspond with the results of study by Machine (2015), which indicated that the business assets enable the proprietor of the business to undertake capital expansion which finally makes the business to grow at a higher rate.

4.6.3. Availability of Youth Fund and Effects on Increase Capital

From the study, it is clear that most of the respondents strongly agreed that capital increases due to availability of youth fund and this is as per 59.6 % of the respondent. Another group of respondents indicated that capital increases due to availability of youth fund and this is supported by 12.5 % of the respondents. Only 13.5% of the respondents disagreed that the capital increases due to availability of youth fund as shown in Figure 4.15

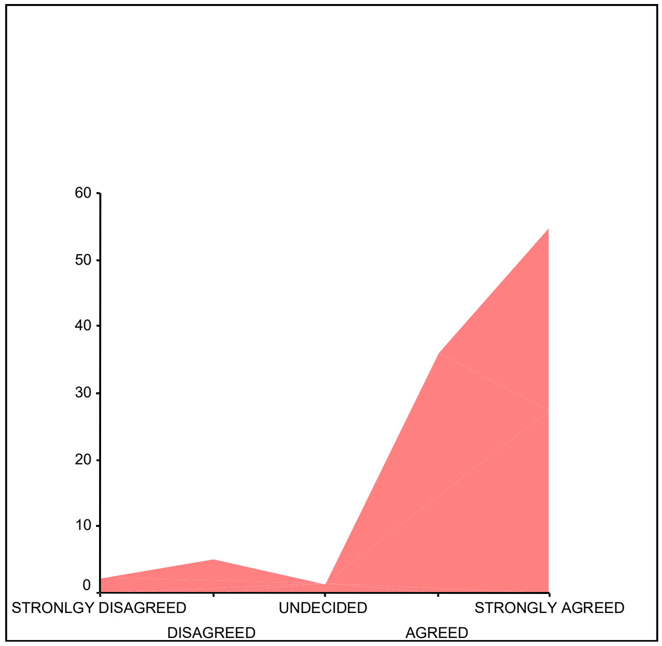

Figure 4.15. Effect of Youth Fund on Increase Capital

Capital in a business is the foundation of the business expansion and future profits. If capital is well utilized it leads to higher profit and higher growth of the business. Naidu and Chand (2012) indicated that the capital does not only assist in growth of the business but makes the level of sales to be higher. The sales are boosted by the working capital thus prosper at a higher rate.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

INTRODUCTION

The chapter discusses the summary of the findings of the study, it conclusion and recommendations. The implementation and utilization of youth fund by the youth is a big challenge. The young entrepreneurs have to strategize on how to implement the utilization of the youth fund to get the maximum returns in terms of sales and realize growth in assets and capital by looking at all the factors affecting the youth enterprises. Considering the fact that there is need for being keen on access to credit, loan repayment financial literacy and financial planning in youth enterprises the young entrepreneurs have the responsibilities of ensuring their businesses are thriving so as to be confident of realizing the growth.

5.1 Summary of the Findings

The purpose of this study was to investigate the effect of youth fund on the youth enterprises. So as to achieve this purpose, the study determined the relationship between youth fund and the performance of youth enterprises. In the research, there was testing of effect dependent variable and independent variables. There is a discussion of youth fund and youth enterprises. The independent variables in this study include access to credit, loan repayment, financial literacy and financial planning. Thus, the discussion is on the dependent and independent variables.

The study was an investigation on the effects of Youth Enterprise Development Fund efficacy on the financial performance of Youth-Owned Enterprises in Kirinyaga County. The study showed that youth enterprise development funds has an effect on financial performance of youth owned enterprises in Kirinyaga County.

5.1.1. Access to Credit and Financial Performance of Youth Enterprises Owned Enterprises

The study shows that most of the respondents strongly agreed that most of the entrepreneurs are not able to access credit easily. This is supported by 50.6% of the respondents. A good percentage of respondents who are 34.2% of the respondents agreed that youth entrepreneurs are not able to access credit easily. The findings of this study showed that access to credit play an important role to the growth of the business.

The findings of this study agree with findings of other researchers such as Kew et al. (2013) indicating that there are many constraints to doing business in Africa since 77.7% of Sub-Saharan African youth rely on personal or family funds to start businesses and according to the World Bank and IFC (2013) the costs of starting a business averages 87% of per capita income in Sub-Saharan Africa. As this study indicated, access to finance, is considered the main barrier to entrepreneurship in Sub-Saharan Africa. A major constraint to the growth of youth owned and operated enterprises are lack of access to finance.

5.1.2. Loan Repayment and Financial Performance of Youth Owned Enterprises

The study showed that the loan repayment contributes greatly to financial performance of youth owned enterprises and the according to 92 % of the respondents the time they take to pay loan is between 1-3 years. The study shows that most of the respondents strongly agreed that the loan repayment period affect the financial performance of loan repayment of enterprises. This is supported by 43.3 % of the respondents who agreed with the statement while 35.8% of the respondents strongly agreed that loan repayment period affect the financial performance of loan repayment of enterprise.

These study findings agree with the findings of a study by Naidu and Chand (2010) which indicates that high interest rates on loans and inability to meet financial obligation has been identified as one of the hindrances to youth enterprise development. This study also correspondents in a finding in Zambia youth development policy which examines the existing policy and institutional framework for promoting youth enterprise development in Zambia, which indicates that ,in sum, the stated policy goals of the National Youth Policy in Zambia are promotion of the welfare of youth, highlighting youth problems and creation of the much needed environment conducive to the development of the youth socially, culturally, spiritually, politically and economically. This study showed that the loan repayment is affected by several issues with the youth enterprises working environment.

5.1.3. Financial Literacy and Financial Performance of Youth Owned Enterprises

The results showed that majority of the responses strongly agreed that financial literacy has a great effect on financial performance of youth owned enterprises and this was supported by 70% of the respondents. The results from analysis also showed that majority of the respondents strongly agreed that financial literacy affects the ability to cost products and this was supported by 63.7% of the respondents, this study findings correspond with another study by Elumba (2012) that indicated that in organizations offering financial education, participation rates were 20 percent higher for employees who attended than for those who did not, and that employer-based education increased household and retirement savings significantly. Another study with similar findings was by Kiraka and Kobia (2013) which states that financial planning workshops produced positive changes in employees' personal financial attitude.

5.2.4. Financial Planning and Financial Performance of Youth Owned Enterprises

The study shows that most of the respondents agreed that lack of financial planning affect identification of new investment by youth. This is supported by 61.19% of the respondents. The results showed that majority of the respondents stated that Lack of financial planning cause problems in budget preparation and it was as per 55% of the respondents. The study also shows that 40% of the respondents agreed that lack of financial planning cause problems in budget preparation. Munene (2013) observes that even the simple checking account has gotten complicated. The finding is similar to finding in this study since the results showed that the financial planning is key to success of youth owned enterprise. Study by Kurtz and Boone (2011) indicated that choosing the wrong account could easily cost enterprise a high amount of money in unnecessary fees each year. In the current world where there are few guarantees, financial management, thorough financial planning, prudent and careful spending can help one achieve their financial goals (Kurtz & Boone, 2011).

Another study by Madura (2007) observes that, a complete financial plan contains one's personal finance decisions related to six key components which include Budgeting and tax planning, managing liquidity, financing your large purchases, protecting your assets and income (insurance), investing money, planning your retirement and estate. These findings relate to finding in this study that showed that financial planning is necessary in progress of the youth owned enterprises.

5.2 Conclusions

The results from this study have shown that access to credit, loan repayment, financial literacy and financial planning relate with the financial performance of youth owned enterprises.

The access to credit has a relationship with the performance of youth enterprises and this was showed from the results of the study. This implies that the availability of youth development fund is important and is of much help to the youth it assist them to have the finances necessary for he business growth.

The repayment of loan is critical in the sustainability of the revolving fund. Where the repayment is not done as per the agreement, the fund reduces and there is a problem for the on lending to others. This can be sorted out if there is proper financial literacy.

The financial literacy assists in record keeping and equip the youth with the required skill for the business management. All these can be achieved largely if there is financial planning. Planning is important since the youth are able to determine the plan of action for their respective activities. This shows that all the variables applied in this study are relevant and can be applied to make the business of the youth to grow.

5.3 Recommendations

The recommendations of this study are based on the results on the study objectives as well as the conclusion which relates to the study. Youth enterprises development fund need to be more aggressive in loan recovery to ensure that more fund is recovered and is available to others who are interested in borrowing. Access to credit play a great role in growth of youth owned enterprises thus more youth should be granted this fund to create self-employment. If more jobs are created the youth will be able to sustain themselves and will not be involved in other crude ways of getting income.

The youth fund needs to avail incentives for earlier loan repayment so that the youth can be motivated to repay their loans earlier. This includes reducing the interest rate for those who are able to pay faster. The youth fund should formulate strategies for improved technology so that the youth can be informed when their loans fall due. The youth fund needs to aggressively be providing the capacity building to the youth so that they can get the necessary skills to manage their businesses. Seminars and workshops needs to be organized so that the youth can get skills and expertise required for managing their businesses effectively. The youth can be provided with basic managerial skills which are relevant to their business.

5.4 Areas for Further Research

The youth unemployment continues to increase despite granting of the youth fund. A study need to be done on the effects of the youth development fund on more job creation in Kenya.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

The researcher is a student of Katarina University carrying out a study on the effect of youth enterprise development fund on financial performance of youth enterprises in Kirinyaga County. The information provided will be treated with confidence and used for academic purpose only. Answer questions by ticking (√) in the box provided.

Part A: Profile of Business Owners

1. Gender

Male	Female

2. Indicate the type of enterprise you operate

Transport	
Agribusiness	
Retail trader	
Manufacturing	
Textile	

Other **Specify….**

3 Have you been involved with the Youth Development Fund? Yes ( ) No ( )
If yes, answer the following:

Kindly circle the cell that represents your involvement with the YDF, in the table below. Indicate the amount requested, amount loaned, repaid and the repayment period

Period	1-3 years		4-6 years		7-10 years						
Requested amount	1,000- 50000		51,000- 100,000		101,0000- 250,000		251,000- 500,000		Over 500,000		
Amount loaned	1,000- 50000		51,000- 100,000		101,0000- 250,000		251,000- 500,000		Over 500,000		
Amount repaid	1,000- 50000		51,000- 100,000		101,0000- 250,000		251,000- 500,000		Over 500,000		
Repayment period	1-3 years		4-6 years		7-10 years						

Part B. Effects of Youth Enterprise Development Fund on Financial Performance of Youth Enterprises in Kirinyaga County

Kindly answer questions by ticking (√) to the extent to which you agree with the statements on the effects of youth enterprise development fund on financial performance of youth owned enterprises. Rate your responses on the scale:

Strongly Agree (5), Agree (4), Not sure (3), Disagree (2), Strongly Disagree (1)

Part C: Effects of Access to Credit on Financial Performance

	Strongly agree	**Agree**	**Not sure**	**Disagree**	**Strongly disagree**
	5	4	3	2	1
Youth entrepreneurs are able to access credit easily					
Interest rate is reasonable to youth entrepreneurs					
Access to credit depends on type of enterprise					
Collateral requirements affect access to credit					

Part D: Effects of Loan Repayment on Financial Performance

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
	5	4	3	2	1
Youth enterprise fund has a reasonable repayment period					
Loan repayment grace period assist on financial performance of enterprises.					

Loan repayment period affect the financial performance of enterprises.					
The installments payable affect the financial performance of an enterprises.					

PART E: Effect of Financial Literacy on Financial Performance.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
	5	4	3	2	1
Youth entrepreneurs in Kirinyaga have adequate financial literacy					
Financial literacy has enabled the youth to Prepare financial reports.					
Financial literacy has enabled the youth to evaluate the business					

performance.					
Financial literacy has helped the youth to Cost the product effectively					

Part F. Effect of Financial Planning on the Financial Performance of Youth Enterprises.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
	5	4	3	2	1
Financial planning has enabled the youth identify new investment opportunities.					
Financial planning has equipped the youth with adequate skills in decision making.					
Financial planning has assisted the youth to budget for their business.					
Financial planning has helped the youth to keep records.					

Part G: Performance of Youth Enterprises

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
	5	4	3	2	1
Youth enterprise fund has helped my business to increase sales.					
Youth enterprise fund has helped my business to increased assets					
Youth enterprise fund has assisted my business increase in capital					

APPENDIX II: RESEARCH AUTHORIZATION LETTERS

NATIONAL COMMISSION FORSCIENCE,
TECHNOLOGY ANDINNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/17/29616/17318**

Date: **14th June, 2017**

Jackson Maina Runyora
Karatina University
P.O. Box 1957-10101
KARATINA.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Effects of youth enterprise development fund on the financial performance of Youth Enterprises in Kirinyaga County,"*** I am pleased to inform you that you have been authorized to undertake research in **Kirinyaga County** for the period ending **13th June, 2018.**

You are advised to report to **the County Commissioner and the County Director of Education, Kirinyaga County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kirinyaga County.

The County Director of Education
Kirinyaga County.

THE PRESIDENCY

MINISTRY OF INTERIOR AND COORDINATION OF NATIONAL GOVERNMENT

Telegrams "*COMMISSIONER*" Kerugoya
Telephone. 21053 Kerugoya

countycommissionerkirinyaga@gmail.com

COUNTY COMMISSIONER
KIRINYAGA COUNTY
P.O. BOX 1
KERUGOYA

ADM 1/23 VOL.I/226

12TH JULY 2017

Jackson Maina Runyora
Karatina University
P.O. Box 1957-10101
NAIROBI

RE: RESEARCH AUTHORIZATION

You have been authorized to conduct research on ***"Effects of youth enterprise development fund on the financial performance of Youth Enterprises in Kirinyaga County"*** for a period ending 13th June, 2018

By a copy of this letter all Deputy County Commissioners Kirinyaga County and County Director of Education are requested to accord you the necessary assistance.

LINET B. OBWOGE
FOR: COUNTY COMMISSIONER
KIRINYAGA COUNTY

c.c.

All Deputy County Commissioners
Kirinyaga County

County Director of Education
Kirinyaga County

APPENDIX I: TABLE FOR DETERMINIG SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	356
35	32	150	108	360	186	1100	285	5000	358
40	36	160	113	380	191	1200	291	6000	360
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	373
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	225	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note-----Nis population size.   S is sample size.

Source; Krejcie, and Morgan, 1970.

MINISTRY OF EDUCATION
STATE DEPARTMENT OF BASIC EDUCATION

Telephone: 060-21835/0202641217
Email kirinyagacde1@gmail.com
When replying please quote
Ref. No. and date

COUNTY DIRECTOR OF EDUCATION
KIRINYAGA COUNTY
P. O. BOX 96
KERUGOYA

REF.NO.MOE/CDE/KRG/GEN/09/85/163

12th July, 2017

Jackson Maina Runyora

Karatina University

P O Box 1957-10101

KARATINA

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Effect of youth enterprise development fund on the financial performance of youth Enterprises in Kirinyaga County, Kenya ".***

I am pleased to inform you that you have been authorized to undertake research in Kirinyaga County for a period ending **13th June, 2018.**

S. K. GICHONI

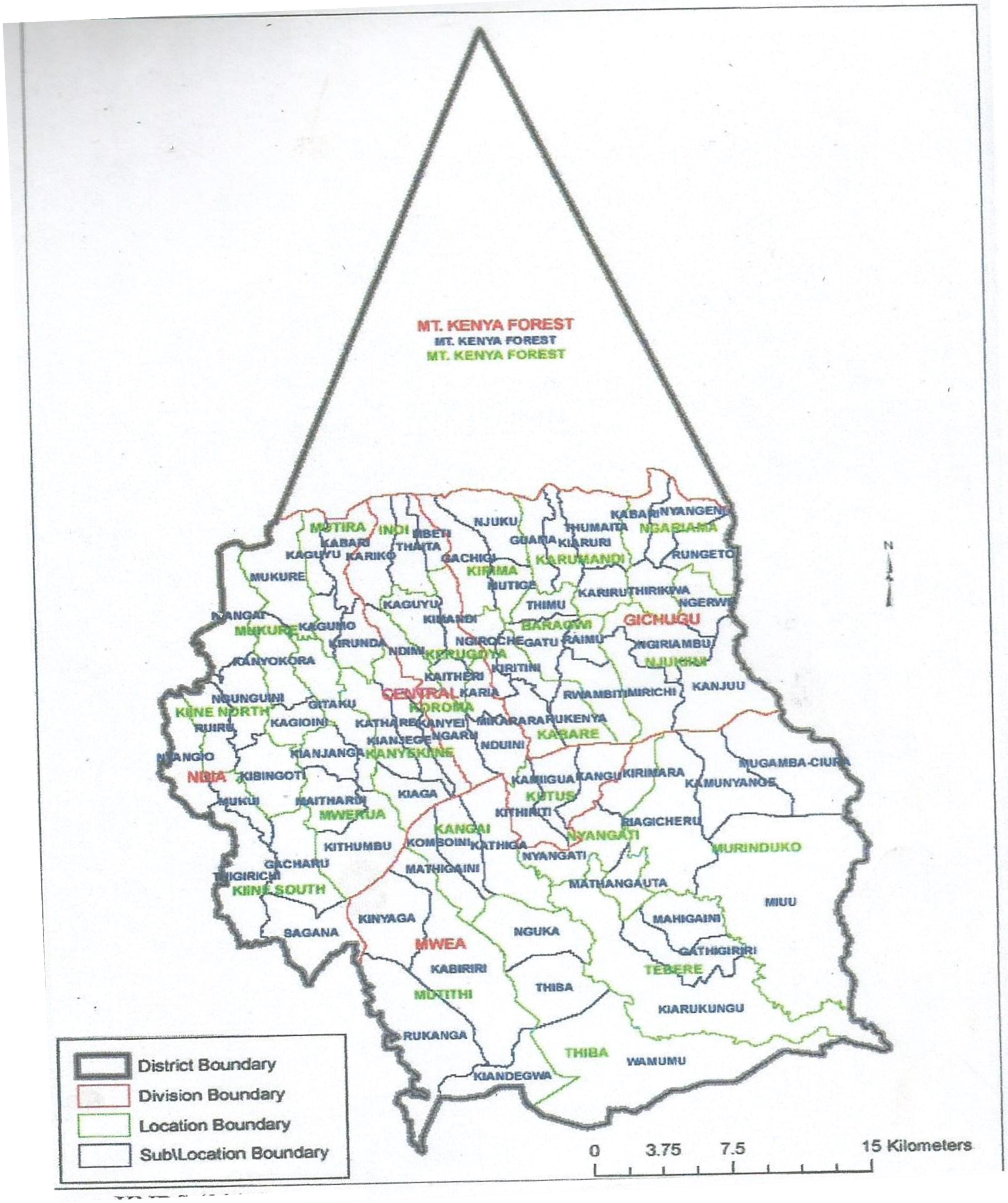
FOR: COUNTY DIRECTOR OF EDUCATION

KIRINYAGA

CC: COUNTY COMMISSIONER

KIRINYAGA

Vision: *To have a globally competitive quality Education, Training and Research for Kenyans sustainable development.*



Source: KNBS, 2009

Figure 3.1. Kirinyaga County administrative boundaries

KARATINA UNIVERSITY

SCHOOL OF BUSINESS

OFFICE OF THE DEAN

Email. school_business@karu.ac.ke
deansob@karu.ac.ke

Tel. +254-(0) 729 721200

P.O. BOX 1957 - 10101
KARATINA
KENYA

15th May, 2017

TO WHOM IT MAY CONCERN

RE. JACKSON MAINA RUNYORA – B302/1709P/14

This is to confirm that the above named is a bonafide student at Karatina University School of Business pursuing a Masters in Business Management (MBM) course leading to the award of Masters in Business Management (Finance and Banking) Option.

The Student has defended his proposal (***Effects of Youth Enterprise Development Fund on the Financial Performance of Youth Owned Enterprises in Kirinyanga Counyt, Kenya)*** and passed and is expected to proceed to data collection.

Any assistance accorded to him will be highly appreciated.

Thank you.

DEAN,
SCHOOL OF BUSINESS
15 MAY 2017
KARATINA UNIVERSITY
P. O. Box 1957-10101, KARATINA

Dr. David Gichuhi
DEAN, SCHOOL OF BUSINESS