LOAN REPAYMENT TERMS AND PERFORMANCE OF YOUTH ENTERPRISE DEVELOPMENT FUND IN KISUMU CENTRAL SUB-COUNTY, KENYA

BY

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2019
DECLARATION

This research project is my original work and has not been presented for award of degree in any other university

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DEDICATION

This research paper is dedicated to my family and my daughter Terry Achieng. I share this pleasure with you because of your continuous support throughout the study period. May the Almighty God shower you with his blessings.
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ABSTRACT
Youth Enterprise Development Fund is a creation by the government of Kenya, gazetted in the year 2006 and transformed into a state cooperation in the year 2007. The fund is meant for economic empowerment as well as social transformation of the youth in the whole country. This was a strategic plan by the government of the day to engage the youth in a productive manner in the face of youth unemployment. The Youth Enterprise Development Fund has had its fair share of success yet challenges abound. Key among them is the dwindling repayment of the loan facility advanced to the youth. In fact, the repayment has averaged 26% in Kisumu Central Sub-county just like elsewhere in the country. The current study probed the impact of the terms of loan repayment towards the triumphs of youth enterprise development fund. The specific focus included credit control, collateral availability, as well as client appraisal. The study utilized saturation-sampling technique to sample 45 respondents within Kisumu central sub-county. A questionnaire was adopted to gather primary data. Data was then analyzed using inferential (correlation & regression) as well as descriptive statistics of mode and median. A moderate positive correlation ($R = .459; p = .002$) emerged between credit control and performance while it was strong between availability of collateral ($R = .587; p < .001$) client appraisal ($R = .699; p < .001$) and performance which were statistically significant ($p < .05$). The combined loan terms explain up to 53.6% ($R^2 = .536$) of variance in performance of YEDF with only the coefficient of client appraisal ($B = 0.815; p = 0.001$) is statistically conspicuous. The research concludes a moderate practice of credit control; collateral availability should be greatly considered while client appraisal should be greatly considered. Moreover, it is important that great focus and emphasis is laid on meticulous client appraisal to enhance the performance of YEDF. It is hoped that management of youth enterprise development fund who wants to recover loan facility advanced to the youth will use the study. Government to formulate relevant policies to make it possible to recover the loans could also utilize the study. Scholars could have a foundation enabling them use the outcome of this research as a literature material for subsequent research and arguments.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The youths make up the largest population in Kenya. According to the International Growth Centre statistics, 2014 report; youths aged 30 years and below are approximately 75 percent of the Kenyan population. Additionally, almost 80 percent of the population has education levels of secondary to tertiary levels hence are a promising category to fuel the economic growth of the nation. Unfortunately, the expected growth has not been achieved due to high unemployment rate to the educated youths. Therefore, the Kenyan government through United Nation’s development goal for economic empowerment brought forth the Youth Enterprise Development Fund (YEDF) loaning program in the year 2006 it was aimed at empowering the youths economically by providing continuous loans to help them actualize their dreams into practical innovations helpful in economic, social, and individual developments and to address the issue of joblessness through promoting informal employment sectors.

Though very promising at inception, the program has been experiencing challenges stretching from inappropriate use of the funds to low repayment hence denying other needy youths adequate fund to loan. According to the earlier reports by the financial institutions, low repayment rates was reported hence leading to low performance- below the acceptable rates by the Association of Microfinance institutions. On the other hand, some Youth organizations and groups have immensely benefited from the program. The YEDF was projected to be a revolving fund where positive performance would translate to more funds being available for onwards lending to other youth groups. After its establishment and launch in 2007, the YEDF developed the Financial Institutions loan lending sectors which has terms of lending and borrowing.
Ascertaining the cause of repayment issues however remained a pertinent issue that could only be understood from analysis of the financial terms of loaning and repayment. Based on standard rules, loan repayment terms are set by credit control and dictated by aspects such as availability of collateral and client appraisal (Makorer, 2014). Credit control lender must ascertain that the lender is capable of repaying the loan. Additionally, the lender has to ensure that the borrower has necessary asset to guarantee the loan as well as do a background check on credit records of the borrower for credit appraisal.

Therefore, the existence of such terms and regulations help the lending financial institution to increase its performance. The terms stem from different theoretical models which provide some basis on lending and borrowing process. For instance, the Group Lending Theory as reported by Mungai, Maingi, and Muathe (2014) remains a theoretical lens which assumes that responsibility of screening goes back to the group so that when an individual customer defaults, the entire group becomes accountable. The theory fits in given that micro lenders like youth enterprise development fund (YEDF) prefer group lending to mitigate risk. Information asymmetry theory according to Mukono (2015) states that lending organizations like YEDF rely on information obtained from the borrowers to make lending decisions so as to mitigate defaulting of loan facility. In the same breath, information sharing model according to Pilerot and Limberg (2011) states that information sharing helps lending organization to obtain relevant information regarding borrowers from external entities to help lenders to know the credit worthiness of the borrowers, which information helps lenders to make lending decisions. As such lending organizations may work with other organizations such as credit reference bureaus (CRB) that obtains and keeps the records of individual borrower’s repayment behavior.
The terms of borrowing were envisioned to work effectively to benefit youth groups through loaning to groups. The Ministry of gender and youth affairs brought forth Youth Enterprise Development Fund (YEDF) to help the group of youths of both gender and elevate their economic standards and address issues of gender inequalities in economic empowerment and youth unemployment especially in Kisumu Central Sub-county. Conversely, the loan repayment has recorded negative borrowers’ behavior. Loan repayment of YEDF in Kisumu Central Sub-county has not been impressive, according to Mango (2018) the repayment rate stood at 40% in 2010. In subsequent years until 2017, the repayment rate has not been progressive. In fact, the repayment rate has averaged 27% from the year 2010 to the year 2017 a figure that is considered not to be impressive. According to Kibosia (2012), the problem is exacerbated by the realization that the unemployment at the Sub-county stands at 40% with the majority affected being youths aged 35 years old and below. Kibosia (2012) further points out that 75% of businesses within the Sub-county collapses without becoming established businesses within the first 3 years of their establishments. Such, predicaments may compromise the ability to repay loans. This research therefore seeks to find out whether loan repayment terms affect the performances of YEDF in Kisumu central sub-county. The research shall consider loan repayment terms as broadly classified by (Dobbie and Song, 2015) into three categories namely, collateral terms, credit control terms and client appraisal terms as relates to performance of YEDF.

1.1.1 Loan Repayment Terms

Loan repayment terms are rules and regulations or conditions imposed by the lending organizations to improve instances of loan repayment by the borrower to the lender (Dobbie and Song, 2015). As Kosen (2011) points out, in lending organizations such
as youth enterprise development fund, such rules and regulations can be seen in terms of loan repayment terms to help not only to recover the loan facility advanced to the borrower, but also to ensure the continuity of the organization. According to Dobbie and Song (2015), such loan repayment terms can be broadly classified into three categories namely, collateral terms, credit control terms and client appraisal terms.

Collateral terms are the rules and procedures from the lending organizations that seeks to ensure that there is available collateral, the likes of which can be taken into consideration in case of loan default (Wachira, 2015). Such collateral terms help the lending organization to be financially sound to continue with their operations and also to be solvent. Similarly, credit control terms help the lending organization to enhance loan repayment. As Ssekiziyivu, Bananuka, Nabeta, and Tumwebaze (2018) points out, such credit controls should focus mostly on loan size, flexibility, grace period, interest rate, and penalties for late payment to ensure smooth loan repayment patterns. Additionally, client appraisal terms as Kagoyire and Shukla (2016) points out, helps the organization to know their clients which helps such lending organizations to make sound decisions on who to advance loans to. Specifically, the lending organizations may want to visit the client, get to know their past credit record, financial statements, relevant training and licenses.

1.1.2 Organizational Performance

Organizational performance encompasses repeated activities which bring about organizational goals, keeping continuous records toward the goals, and make modifications to effectively and efficiently achieve those goals more (Richard et al, 2009). The Organization’s Performance can be presumed from two aspects; internal measures which relate to the efficiency and effectiveness of the internal processes inside the organization, and echo the competencies of the Organization for example,
outstanding customer service and reliability; external measures reflect the assessment of an organization by factors outside of the Organization’s borders and includes market share, sales growth and customer satisfactions among others (Richard et al, 1994). Performance is the attainment of a given job measured against stipulated standards of precision, speed, cost, besides completeness.

Usually, Organization performance has been measured using financial ratios like sales, profit cash flow, earnings per share, dividends, stock price, returns on investment, returns on equity, revenue, and so on, mainly measuring shareholder value. Though, it is difficult to select a single measure of Organization’s performance because performance is a multidimensional concept, requiring multiple indicators. Daft (1995) proposes that Organization size in terms of staff, sales and assets, technology environment, firm strategy and culture form basis for firm measurement and analysis. Kaplan and Norton (1996) brought forth the balanced scorecard to be able to accurately be a measure of performance, the indicators being financial, customer service and satisfaction index, learning and growth within the organization, and efficient internal business processes. This method presents feedback around both the internal processes within the business as well as the visible outward results for continued improvement of strategy hence the outcomes.

Balance scorecard, Stakeholder measures, and shareholder value approach are methods that can be used to assess overall corporate performance (Wheelen and Hunger, 2008). Triple Bottom Line as proposed by Elkington (1994) is an accounting framework focused on sustainability used to evaluate performance, with the indicators being social, environmental and financial. Hence, Neely and Najjar (2006) show that organizations have over the years been evaluating whether they have been achieving their goals and there is need to continue with that, particularly as current performance
measurement methods merge. Though, the bottom line is that organizational performance relates to the effectiveness and efficiency of the firm.

1.1.3 Loan Repayment Terms and Performance

Youth enterprise development fund performance can be looked at in terms of smooth operation of the enterprise and the extent to which the enterprise carries out its activities (Auronen, 2013). For instance, the number of youths in the program, amount of disbursement to the enterprises, number of youths supported by the program frequency of the disbursement as well as self-sustainability of the program. As such, it is important to look at the extent to which loan repayment terms can contribute to such performance collateral availability as loan repayment terms, Wachira (2015) points out that the availability of collateral helps the lending organization to have a way out in case of loan defaulting. Such collateral may include movable or immovable assets. Furthermore, the collateral may also be money in fixed deposit account as well as the group members. When group members act as a collateral to the loan advanced, it therefore means that when there is a default, each group member takes responsibility of the loan. Although the availability of collateral helps in loan recovery and hence performance of the lending organization, it can neither be the only way out nor work according to plan in every case. However, YEDF being a new lending institution in the market for the youth it is still unknown whether providing collateral during loan application will improve performance.

Credit control is whereby the lending organization has several instruments for controlling repayment in a bid to ensure that there is no default. According to Ssekiziyivu et.al., (2018), such instruments include loan size, flexible repayment terms, grace period, interest rate charged on loan, as well as penalties on late repayment. Such internal terms and instruments ensure that loan facilities are not only
repaid, but also such repayments contribute to the smooth operationalization of the lending organization hence performance. Since loan repayment has remained a major impediment for the YEDF, this study looked into the impact of introducing credit control towards performance of such a fund.

Client appraisal also makes it to the loan repayment terms for which organization performance is the net effect. According to Kagoyire and Shukla (2016), client appraisal looks at the credit soundness of the borrower and pays attention to a number of factors including: visits to the client, past credit record, financial statement of the client’s business operation, relevant training in the field as well as acquisition or ability to acquire necessary licenses. However, the research will investigate whether positive client appraisal, will mean that the client is in a good standing to get loan the repayment of which the organization performance is the end result.

1.1.4 Youth Enterprise Development Fund

Youth Enterprise Development Fund (YEDF) is a government ministry under gender and youth affairs. The transformation of the enterprise into a state cooperation was done in the year 2007 but was gazetted a year earlier. The main aim of the enterprise was to transform the youth of Kenya from job seekers to job creators in the Kenya vision 2030 through what was christened social pillar. This was in due cognizance that employment opportunities were minimal and the government was not able to create employment for every youth in the country. The enterprise aims to rope many unemployed youths in the nation building agenda by focusing on enterprise development as a key strategic focus whose net effect is to create opportunities for young people in general and young entrepreneurs in particular. Majorly, the enterprise creates opportunities for the youth by providing loan facilities to the qualified young entrepreneurs and business oriented young individuals as well as related support
services. The disbursement of the fund is at the Sub-county level in every Sub-county in Kenya, Kisumu Central Sub-county being one of them. The enterprise has had many success stories although not every youth has received the loan. The repayment rate of the fund has not been encouraging which according to Retemo (2014), threatens the sustainability and performance of the establishment.

1.2 Statement of the Problem

While youth funds remain mainly recognized for economic empowerment and for self-reliance of young people (Ratemo, 2014), the Youth Enterprise Development Fund has been facing numerous challenges related to loan repayment which stems from the established repayment terms and other loaning parameters. As a result, high loan defaulting or inappropriate use of the funds. The existing loan repayment terms that govern the funds borrowing were therefore set to ensure youths take advantage of the financial boost. Conversely, that has not been the case in the recent past in Kisumu Central Sub-county.

Loan repayment of YEDF in Kisumu Central Sub-county has not been impressive, as Mango (2018) points out, in the year 2010 when the repayment was only 28% while in the years that follow until 2017, the repayment rate has been a paltry 27% which is considered to below repayment rate. The first quarter of the year 2018 as Mango (2018) notes, the repayment dropped to 26% which is far from encouraging. Despite the low repayment rate the unemployment rate stands at 40% with the majority of people affected being the youth aged 35 years old and below (Omondi, 2018). Omondi further points out that 42% of the youth population within Kisumu Central Sub-county live below the poverty line while up to 75% of business or income-generating startups collapse within 3 years of their establishment without becoming established business.
Several researchers have studied aspects of loan repayment and organization performance and related subjects. For example, Toft (2008) focused on project financing using loans, related political risk and performance, while Shu-Teng et.al (2015) focused on determinants of loan repayment performances in Malaysia. Kagoyire and Shukla (2016) focused on managing credit and bank performance in the Democratic Republic of Rwanda. Suskiziyivu et.al (2018) looked at credit terms, borrower characteristics and performance of loan repayment in Uganda. Magero (2014) on the other hand looked at capital structure choice and financial performance in Kenya. In addition, Wachira (2015) concentrated on financial performances and credit policy in Kenya. Further, Ratemo (2014) looked at youth enterprise development funds and organization performance in Nairobi. Omondi (2018) concentrated on loan repayment and performance in Kisumu Kenya. However, limited or no studies have demonstrated the impact of loan repayment terms and performances of the Youth Enterprise Development Funds. Such a study gap can be hypothesized to be the major cause of the unfortunate loaning trend and behavior. Additionally, there are limited insight into loan repayment terms and performance of youth enterprise development funds with specific variables like credit control, collateral availability, and client appraisal. The observed trends of YEDF loan repayment in other regions as well as in Kisumu Central Sub-county therefore prompts need to look into how does loan repayment terms influence organization performances of youth enterprise development fund in Kisumu Central Sub-county as shall be examined through the spectrums of credit control, collateral availability, and client appraisal variables. The research question is therefore how does loan repayment terms influence organization performances of youth enterprise development fund in Kisumu Central Sub-county?

1.3 Research objective

To assess loan repayment terms and performance of youth enterprise development fund in Kisumu Central Sub-county.

1.3.1 Specific objectives

The Research was steered by the following specific research objectives.
1. To establish the influence of credit control on performance of youth enterprise development fund in Kisumu Central Sub-county

2. To determine the influence of collateral availability on performance of the youth enterprise development fund in Kisumu Central Sub-county

3. To examine the influence of client appraisal on performance of youth enterprise development fund in Kisumu Central Sub-county

1.4 Value of the Study

Study outcomes would help in building theories. In this study, three theories viz. group lending, information asymmetry and information sharing have been used logically to discover the impact of loan terms on performance. The model of YEDF is through group lending from where information about group members is shared through other group members to enhance loan repayment. Thus, evidence is provided regarding the applicability of the three theories on implementation of similar funds and initiatives.

The study may help the management of the YEDF to assess and evaluate its performance on achieving the objectives of the fund and how progresses can be made to make it more effective. This study will inform the fund management of the areas that they need to pay attention on to be able to improve repayment terms of the loans borrowed so that money can be available for lending to other youth groups.

Researchers and scholars may also find value in the outcome of this research, since it forms basis for more research. Further, this research contributes to the pool of information into the association between loan repayment terms and performance of youth enterprise Development funds in Kenya and therefore contributes to academic reference materials.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
The chapter summarizes literature in relations to loan repayment terms and performances of YEDF. The chapter presents both theoretically and empirically, it also looks at knowledge gaps summary plus conceptual framework.

2.2 Theoretical Review
Theories are important in a study given that they help in providing the theoretical foundations around which the study is premised. Specifically, the assumptions of the models and how they are linked with current study is then brought out. The developers of such theories and their criticism are also brought out.

2.2.1 Group Lending Theory
The YEDF emphasizes on lending to groups and assumes that it is manageable to repay when in a group than when operating as an individual. The assumption is that there exists a joint obligation in group loaning and group burden to make the payments. This theory was propounded by Karlan and Morduch (2009) to tackle issues of moral hazard and adverse selection in lending. According to Mbugua (2010), the major assumption of the theory is that the responsibility of loan repayment is transferred from the individual client to the group that such client belongs. As such, membership of the group as well as screening for loan to be advanced to a group member belongs to the group members and not the individual or the financial organization.

The reason why the group lending in theory finds relevance in the current study is that youth enterprise development fund is particularly targeted at the youths for economic
empowerment and group lending. The model was therefore specifically developed with such group in mind. However, according to Mungai, Maingi and Muathe (2014), group lending model impacts on the performance of the lending organization thus lack of proper punishment by defaulters threaten the foundation on which the lending model is based.

2.2.2 Information Asymmetry Theory

This concept was propounded by George Akerlof, Michael Spence and Joseph Stiglitz in the early 1970s and has been used widely in business and economics (Auronen, 2003). The theory posits that information can always be imperfect and costly to obtain. For instance, if a customer goes to the bank to obtain a loan facility, the bank will try to get information from the said individual for the bank to process the loan. Such information may include financial statements, history of loan payment, and nature of business and so on. However, accuracy of such information is not always guaranteed. This is due to the fact that even if a customer has a record of defaulting, it does not mean that the customer will always default. On the other hand, if a customer has a good record, it does not mean that he can never default.

Competitive credit markets and the cost of obtaining data make it difficult for financial organizations and institutions to have accurate information around which they base their lending decisions (Mukono, 2015). Accurate information about the borrower is sacrosanct to the success of the business and so chances of loan repayment become much higher, and hence organization performance. However, the lending institutions may not afford to obtain all the necessary detailed information regarding every customer because of information asymmetry (imperfect information) (Auronen, 2003). Additionally, the cost of obtaining such data is also huge especially if all customers must be considered. IAT therefore finds relevance in the current study.
given that youth enterprise development fund relies on information received from the borrower towards making lending decisions.

It is for such reason that Makorere (2014) argues that loan defaulting is a recurring financial behavior which will take considerable time to manage and subsequently end. On the other hand, financial institutions make profits and non-profit organizations are sustainable to some degree. As such IAT has its draw backs. It is not entirely true that banks and financial institutions make losses because of bad loans. It is also not entirely true that the information that the financial institutions get from their customers cannot be relied upon entirely to make accurately predictions about the customer. Although information asymmetry theory is plausible in terms of explaining why individuals default in paying back loan facilities advanced to them, it is not the only way since there are other variables at play that may cause loan defaulting and which are entirely different from information asymmetry. Loss of life for instance will mean that the loan will not be paid back and that that is different from imperfect information.

2.2.3 Information Sharing Theory

Information sharing theory according to Pilerot and Limberg (2011) holds that, lending organization get to know the loan repayment record of the customer through sharing of the information. The information can then be used as a penalty or reward to the customer. For instance, if the customer has a good loan repayment record, such record cannot only guarantee such customer a loan facility, but also ensures that the customer obtains the loan at lower interest rate since there is reduced moral hazard risk. On the other hand, if the customer has a bad loan repayment record, such customer has high risk of defaulting and may not get a loan facility or may get such facility at a high interest rate. IST therefore helps lending organizations with proper
tools upon which to evaluate a customer and make a sound lending decision, the likes of which loan repayment can be guaranteed and hence organization performance.

Mungai et al., (2014), concluded that information sharing is central to performance of government lending organizations such as youth enterprise development fund. Given that such organizations are not driven by strong profit imperatives, performances can only be measured in relations to the number of youths in the program, amount of money disbursed to the youth, number of youth enterprise supported, frequency of disbursement as well as self-sustainability of the enterprise. However, the point at which the theory lends credence to the current study is that the current study is about repayment terms by the lending organization and performance of such organizations. Information sharing theory therefore helps such organizations to have information available that can inform the terms of loan advancement so that performance is guaranteed. However, it must be noted that information is not always accurate and may lead to wrong assumptions.

2.2.4 Loan Repayment Terms and Performance of Lending Institutions

Lending organizations are business establishments that advance loan to customers and make money by charging interests on such loans (Auronen, 2013). However, some lending organizations such as youth enterprise development fund have a different motive. In fact, such government establishments are driven by social transformation and economic empowerment agenda. As such, such government organizations lending to the vulnerable groups in the society must be looked in terms of the extent to which they achieve social transformation and economic empowerment and not necessarily profitability in terms of performance. In particular, performance of a fund can be gauged in terms of number of youths supported, amount of disbursement, number of
youth enterprises supported, frequency of disbursement, as well as sustainability of the enterprise.

Ssekiziyivu et al., (2016) points out that credit control as a term of loan repayment contributes a vital role in making sure that the customers pay back loans advanced to them. Credit control are internal mechanisms designed to control the extent to which loan facility is given to a customer in a way that such customers are able to pay back, hence performance of such lending organizations. Credit control can look at loan size, flexibility of loan repayment, grace period, interest rate, and penalties in case of default.

Availability of collateral as Wachira (2015) points out is an instrument that ensures loan repayment to the lending organizations and hence performance. As a loan repayment term therefore, collateral availability ensures that customers do not default in loan repayment since they understand that their collateral can be sold, sometimes at a throw away price. Collateral may include group members, property, and cash in fixed deposit account as well as invoices payable.

According to Kagoyire and Shukla (2016), client appraisal is a loan repayment term that lending organizations employ not only to ensure loan repayment but also to guarantee performance no matter their metrics of performance measurement. Client appraisal attempts to review whether a client is credit worthy before accessing a loan facility and when they pay backs the loan; it contributes to performance of the organization. As such, dimensions of client appraisal include: visiting customers in their business places, customer past credit record, financial statement, business training, as well as trade licenses.
2.3 Empirical Review of Literature

Empirical literature review looks at past studies to find the gaps around which the current study is design to fill. The empirical literature is put in three main sub-themes namely: influences of credit control on performances, influence of collateral availability on performance, as well as influence of client appraisal on performances.

2.3.1 Credit Control and Performances

Sekiziyivu et al., (2018) examined the performance of loan repayment using questionnaires to collect data from 51 microfinance institutions. The study then utilized regression model for analysis and found that small loan size had a significant positive link to repaying tendency.

The research conducted by Maingi et al., (2014) regarding determinants of sustainability of government lending establishments in Muranga, Kenya utilized census method to select 307 respondents which were part of the study. Qualitative and quantitative techniques of analysis were employed simultaneously and a significant positive link was established for flexible repayment schedules and loan repayment.

Elsewhere, Kibor, Ngahu, and Kwasira (2015) seek to find out whether risk management (credit) had any consequence on performance of bank loan in Nakuru, Kenya through census method selecting 37 respondents from 37 banks. The study utilized questionnaire to gather primary data for analysis. The research data was examined both descriptively and inferentially. The study established a conspicuous association between grace period and repayment of loan.

Ngele (2016) looked at whether interest rate had substantial effect on bank performances using a case of Kenyan commercial banks through a meta-analysis and of secondary data from the year 2005 to the year 2014 from the central bank data.
Analysis was by qualitative and quantitative techniques with the findings showing that a relationship which is significant exists between interest rate charged by the banks and performance.

Kagoyire and Shukla (2016) researched the association between credit management and performances of banks in Rwanda. The research utilized descriptive survey design in a saturated sampling technique to sample all the 57 employees of the bank. The study also utilized a self-administered questionnaire to gather primary data. Qualitative and quantitative techniques were both utilized to analyze data. The research outcomes exposed that there exists a significant positive relationship between penalties charged for late payment and financial performance of the bank.

Accordingly, the studies on credit control were able to provide basis for understanding loan repayment based on variables such as loan size, repayment schedule offered, grace period, as well as establish links between penalties and financial performance. However, a connection between interest rates charged and financial performances of the lending institutions was not established.

2.3.2 Collateral and Performance

Property such as land and building has been used as collateral by many lending institutions. According to a study by Japhet and Menba (2015), whose aim was to discover the association between collateral and loan repayment performance. The study sampled 14 respondents in Kisii County in Kenya. The primary data of the research was gathered using descriptive survey designs and semi-structured self-administered questionnaires. The research established that property like land and buildings did not have a relationship which was significant on performance of commercial banks.
Inventory or stock of the business has also been used as collateral to secure loan. According to a study conducted by Limbe (2018) sought to evaluate stock as a collateral on performances of microfinance institutions in Uganda. The research applied simple random sampling to sample 210 respondents. The study utilized questionnaires to gather primary data. Data was then analyzed both qualitatively as well as quantitatively. The study established that stock given as collateral did not contribute to financial performance of the microfinance organizations in Uganda.

Cash in the banks such as fixed deposit accounts have also been used as collateral. According to a study carried out by Munyiri (2010), the goal of the study was to look at lending policies and performance of Kenyan banks. The study utilized descriptive survey design. The research also utilized a populace of 46 banks. Questionnaires were the main instrument for data gathering. The study discovered that there exists a significant positive relationship between money in bank as collateral and performance of the banks.

Invoice collateral is whereby the loan is given based on invoices due for payment. A study conducted by Maina (2016) looked at practices of lending on performance of Kenyan banks. The research employed purposive sampling technique to obtain 57 respondents. The study also utilized questionnaire to gather primary data. The research utilized descriptive statistics to examine data. Outcome of the research discovered that there was a significant positive association amid invoice as collateral and performances of the selected banks in Nairobi.

Group members as collateral according to Limbe (2018), is the use of group members to provide security in terms of their deposits that can be considered in the event of default and hence the lending organization cannot run at a loss. A research conducted in Taiwan by Chen and Kao (2011) sought to look at collateral availability and bank
performance. The research found out that there was a significant positive association amid group members as collateral and performance.

Therefore, based on a number of study findings, collateral and performance as a variable in youth enterprise development fund repayment is linked to other interplay factors such as invoices as collateral and its influence on performance, group members as collateral and performance, and money in the bank in collateral as having positive impact on financial performance. Conversely, other study findings did not find significant link between human assets such as stock, land and building as substantial collateral with impact on financial performances.

2.3.3 Client Appraisal and Performance

Client appraisal can also aid in loan repayment. A study conducted by Ayara (2017) seek to find out the customer visits influence and performances of microfinance institutions in Uganda. The research was cross-sectional in design and utilized simple random sampling to obtain 204 respondents. Primary data was gathered by means of a structured questionnaire. The research employed regression and correlation to calculate the data. The study found out that client visits contributed to financial performances of the Ugandan microfinance institutions.

A different research steered by Moti et al., (2012) sought to establish links between credit management and loan performances. The study population was 70 in number. The study used descriptive survey and utilized questionnaire to gather primary data. The research utilized together qualitative and inferential statistics to analyze data and a significant positive association existed between credit referencing and performances of microfinance institutions.
Furthermore, a study conducted by Sapienza (2012) sought to look at government ownership and lending activities. The study utilized secondary data in which case meta-analysis was applied. The study population was 50,000 Italian data set. The study established that financial statement from the borrower had no contribution to financial performances of the banks.

A different research conducted by Owino (2013) focused on lending policies on non-performance of bank loans. The research was mainly descriptive survey in nature. The study sampled 43 commercial banks in the research and used questionnaire to solicit primary data. Research established that checking relevant training before advancing loan contributed to prudent loan refund by the clients to the bank, hence performance.

Acquisition of relevant trade licenses can also be a term imposed by lending organization. For example, a research conducted by Obonyo (2015) seek to establish the relevance of trade licenses on loan advancement. The study utilized cross sectional design and employed multi-stage sampling technique to sample 80 respondents in Kenya. The study utilized both questionnaires and in-depth interviews to gather primary data. The analysis of data was done both qualitatively and quantitatively. The study established that acquisition of relevant licenses did not have significant relationship with financial performance.

Client appraisal also significantly contributes to either improvement or no improvement on financial performance. While factors such as checking on training level before advancing loan lead to prudent repayment; client visit; and credit referencing positively impact on repayment, the acquisition of relevant trading licenses and borrower’s financial statement had no significant impact on financial performances.
2.4 Summary of knowledge Gaps

According to the literature studied in relation to the influence of credit control on performances, there are plausible findings yet inconsistent. For instance, Ssekiziyivu et. al (2018); Maingi et. al (2014); Kibor, Ngahu, and Kwasira (2015); Kagoyire and Shukla (2016) all recognized a positive relationship which was significant between credit control terms and performance. Ngele (2016) did not establish any significant relationship. Furthermore, the studies also utilized smaller sample size that makes universal generalization hard. The focal point of the studies was on how the individual aspects of credit control influence performance. As such, none of them focused how the five dimensions namely: loan size, flexible repayment, and grace period, interest rate charged, as well as penalties for late payment collectively influence performances of the organizations. As such, the influences of credit control terms on performances of youth enterprise development funds in regard to the mentioned dimensions is missing.

The empirical literature on the influence of collateral availability on performance also had inconsistencies although the studies were feasible. For instance, Japhet and Menba (2015); as well as Limbe (2018) both found no significant relationships between collateral availability and performance of organizations. On the other hand, Munyiri (2010); Maina (2016); Chen and Kao (2011) all established a significant positive relationship between collateral availability as loan repayment terms and performance of the lending organizations. The studies utilized different study methodologies such as meta-analysis design. The problem with meta-analysis for example is that researchers have not yet agreed on inclusion and exclusion criteria and as such the findings may not be reliable to that extent. In addition, the studies seek to find out the influences of individual dimensions of availability of collateral on
performances of the lending organization. None of them focused on how the five dimensions namely: property, inventory, cash, invoice, as well as group and how they collectively influence performance of lending organization. As such, the influence of availability of collateral on performance of lending organizations in regard to the named dimensions is missing.

On the influence of client appraisal on performances of lending organizations, the studies were commendable although with conflicting results. For example, Ayara (2017); Moti et.al (2012); Owino (2013); established a substantial positive relationship between client appraisal and performance of lending organizations. In contrast the research by Sapienza (2012); and Obonyo (2015) did not find any significant relationships between the variables. Additionally, the sample size of the studies was too small to make a global generalization. The studies sought to find out how individual proportions of client appraisal influence performance of lending organizations. As such, none of them studied the influence of client appraisal on performance in regard to the five dimensions namely: visits to the customer, past credit record, financial statements, relevant training, as well as trade licenses and how they collectively influence performance of organization performance. As such the influence of client appraisal as loan repayment terms on performance of lending organizations is missing.

2.5 Conceptual Framework

Figure 2.1 represents interplay of research variables. Variables on the left side are the independent variables while those on the right are the dependable variables. In the arrangement, terms of repayment put in place by the lending organization such as credit control, availability of collateral, as well as client appraisal contribute to performances of the organization. In YEDF, performance is measure in terms of
number of youths supported, amount of disbursement, number of youth enterprises supported, frequency of disbursement, as well as sustainability of the enterprise.

**Independent Variables**

- **Loan Repayment Terms**
- **Credit Control Terms**
  - Loan size
  - Repayment terms
  - Grace period
  - Interest rate
  - Penalties
- **Availability of Collateral**
  - Property
  - Inventory
  - Cash in fixed deposit account
  - Invoices
  - Group members
- **Client Appraisal**
  - Customer visits
  - Credit information
  - Financial statement
  - Customer training
  - Trade licenses

**Dependent Variables**

- **Performance of YEDF**
  - Number Beneficiaries
  - Amount disbursed
  - Frequency of disbursement
  - Enterprises supported
  - Sustainability of YEDF

*Figure 2. 5. 1: Conceptual model for variables of the study*

Source: Researcher (2018)
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology and steps adopted are presented showing the preferred study design, and the techniques for obtaining the sample for the study. Techniques for Data collection and subsequent examination process is deliberated.

3.2 Research Design

A correlational design was adopted by the researcher as it presents an avenue to investigate the relationships between various variables (Mugenda & Mugenda, 2003). The design allows use of inferential statistics which is required in this study to be able to define the relationship between the variables and make conclusions on the study objective. Therefore, based on the parameters of control and viability of the method, the study finds the research design more suitable for inferential statistics on study problem.

3.3 Targeted Population

Research population consisted of subjects that the research intended to present deductions (Mugenda & Mugenda, 2003). The study therefore targeted all the committee members of Kisumu Central Constituency youth enterprise development fund employees who are concerned with policy making. Thus, during census approach, all the 45 respondents were used as sample population. The main committee (District YEDFC) comprises of 10 members. Additionally, the 5 sub-regional committees (divisional committees) comprise of 7 members each hence 35.
3.4 Sampling Designs

3.4.1 Sampling Frame
Sampling frame is an objective framework presenting the population of interest to the researcher. For effective sampling, sample frame should be complete thus including all the elements in the study while excluding elements which do not qualify in the study (Cooper & Schindler, 2003). In this study, sample frame included all heads of the 45 committee members of Kisumu Central Constituency youth enterprise development fund.

3.4.2 Sampling Technique
In cases where a population for research is small and known, it is advisable to include all the members in the study sample (Mugenda and Mugenda, 2003). Census technique was therefore the most preferred as census ensures that in-depth knowledge of obtained data because the scope of data collected is always more comprehensive than when the population is subjected to sampling (Kothari, 2004).

3.4.3 Sample Size
The main factor in coming up with sample size to ensure representativeness to the population based on the existing differences by catering for every possible difference in the population if the population is heterogeneous (Denscombe, 1998). The census constituted the entire population of 45 committee memberships of Kisumu Central Constituency youth enterprise development fund.

3.5 Data Collection
The research employed the use of Primary gathered data using questionnaires. Questionnaires were later coded for purposes of inferential analysis and administered to the 45 committee members of Kisumu Central Constituency youth enterprise
development fund; the questionnaire covered all the objectives as well as demographic characteristics of respondents.

3.6 Data Analysis

Data was collected from different groups thus coding and reclassification was needed to determine the emerging homogenous groups so as to analyse the emerging relationships. For analysis, SPSS V23 was the preferred software adopting descriptive statistics for quantifying the variables and inferential statistic to analyse the potential relationships. For descriptive statistics, frequency, percentages, mode and median were utilized. For inferential statistics; correlation and regression analysis were used to establish the relation between loan terms and performance.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The chapter entails the outcomes of the analysis, interpretations and research presentation conducted to ascertain the relationship between loan repayment terms and performance of youth enterprise development fund in Kisumu Central Sub County. The researcher used structured questionnaires which were disseminated to the staff and board members of YEDF and obtained 44 fully filled questionnaires out of proposed 45, which translated to 99% response rate. Demonstration of findings was displayed using graphs, charts and frequency tables and interpreted using quantitative analysis which involves mode, median, percentages, regression analysis and correlations. The outcomes of the study were as below;

4.2 Response Return Rate

The research sampled 45 members of the Kisumu Central Youth Development Fund committee who were administered with questionnaires. The researcher received 44 duly filled and complete questionnaires for a return rate of 97.8%. This was considered sufficient and ideal for subsequent investigation as Mugenda and Mugenda (2003) acknowledges that response return rate of at least 60% is adequate for social sciences analysis.

4.3 Socio-Demographic Characteristics of Respondents

The objective of this sector was to establish information on socio demographic of the respondents which involved: Gender, age, and levels of education. This was the view of determining their suitability of coming up with the information needed for the research.
4.3.1 Distributions of Respondents by Gender

The establishment of genders’ dispersal of respondents was sought by the researcher so as to ensure sufficient representation across both genders. Thus, the interviewees were requested to state their gender and the feedbacks were as presented in Figure 4.3.1.

![Distribution of Respondents by Gender](image)

**Figure 4.3.1**: Distribution of Respondents by Gender

*Source: YEDF (2019)*

The outcome in Figure 4.3.1 indicates that many respondents were male which was 56.8% of the total response rate and 43.2% were of female gender. This indicates that more men than women participated in the research. However, at 43.2%, the female gender was adequately considered in the study thus their opinions were taken in the results of the research.

4.3.2 Distribution of Respondents by Ages

Request was made to the respondents to state their ages and the responses were shown in Figure 4.3.2 below:
From the findings, the respondent age composition was considered fair, 36.4% represented respondents within the age bracket of 25-34 years, 34.1% (35-44) years, 13.6% (45-54) years, 4.5% (55-64) years, and 11.4% (18-24) years which shows that most of the respondents were between the ages of 25-34 years who were involved in the youth enterprise development fund board of management thus were able to recognize challenges facing the projects involving the youth.

### 4.3.3 Distribution of Respondents by Education Level

This was meant to determine the education level of the participants and the outcomes were displayed in the Table 4.3.1 below:
Table 4.3.1: Respondents Level of education Composition

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Education</td>
<td>2</td>
<td>4.5</td>
</tr>
<tr>
<td>Secondary Education</td>
<td>6</td>
<td>13.6</td>
</tr>
<tr>
<td>Post tertiary Education</td>
<td>15</td>
<td>34.1</td>
</tr>
<tr>
<td>University Education</td>
<td>21</td>
<td>47.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: YEDF (2019)

Table 4.3.1 shows that 47.7% of the total responses had acquired University education level, post tertiary education stood at 34.1%, Secondary education stood at 13.6% while Primary education stood at 4.5%. This portrays that most respondents were literate enough with higher education level, thus being able to answer to the matters in the study questionnaire.

4.4 Performance of Youth Enterprise Development Funds

Youth enterprise performance in this study, was considered to be the dependent variable explained by the predictors. Performance was measured by 5 items on a 5-point Likert scale rated as 1 = strongly disagree (SD), 2 = disagree (D), 3 = Neutral (N), 4 = agree (A) and 5 = strongly agree (SA). The data was analysed using Descriptive statistics thus, the corresponding frequencies and percentages for each response were computed and presented for each of the 5 items. Further, the item mode and median were also computed and presented as shown below:
Table 4.4.1: Performance of Youth Enterprise Fund

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mode</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of youths supported indicate performance</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td>20</td>
<td>12</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(6.8)</td>
<td>(2.3)</td>
<td>(18.2)</td>
<td>(45.5)</td>
<td>(27.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of money disbursed is a measure of performance</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>24</td>
<td>10</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(4.5)</td>
<td>(9.1)</td>
<td>(9.1)</td>
<td>(54.5)</td>
<td>(22.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency of disbursement is a measure of performance</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>18</td>
<td>17</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(2.3)</td>
<td>(9.1)</td>
<td>(9.1)</td>
<td>(40.9)</td>
<td>(38.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of youth enterprises supported is a measure of performance</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>25</td>
<td>10</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(2.3)</td>
<td>(6.8)</td>
<td>(11.4)</td>
<td>(56.8)</td>
<td>(22.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability of youth enterprise development fund is a measure of performance</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>22</td>
<td>11</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(2.3)</td>
<td>(11.4)</td>
<td>(11.4)</td>
<td>(50.0)</td>
<td>(25.0)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The findings in Table 4.4.1 show that number of youths supported indicate performance of YEDF loan projects by far as shown by many of the participants with mode = 4 (Median = 4) indicating that they agree with the statement. Specifically, majority of the study participants 20 (45.5%) agreed that number of youths supported indicate performance while another 12 (27.3%) strongly agreed with another 8 (18.2%) being neutral. Thus, cumulatively 32 (72.8%) agree that number of youths supported is an indicator of performance. Similarly, the study found that amount of money disbursed is a measure of performance (Mode = 4; Median = 4) with majority of the respondents 24 (54.5%) agreeing with the statement while another 10 (22.7%) strongly agreed. However, 4 (9.1%) of the participants disagreed that the amount of money disbursed is a measure of performance with another 2 (4.5%) strongly disagreeing. Thus, a majority 34 (77.2%) of the respondents cumulatively agreed while 6 (13.6%) cumulatively disagreed.
Similarly, frequency of disbursement was found to be a measure of performance with Mode = 4 (Median = 4) indicating that majority of the participants agreed with the view, 18 (40.9%) agreed while another 17 (38.6%) strongly agreed for a cumulative 35 (79.5%) who agree that frequency of disbursement is a measure of performance. This finding shows that frequency of YEDF loan disbursement is a generally accepted measure of performance for the fund. Similarly, the research found out that the number of youth enterprises supported (Mode = 4; Median = 4) and sustainability of youth enterprise development fund (Mode = 4; Median = 4) are measures of performance as the mode and median values indicates that many participants were in agreement with the statement.

4.5 Credit control and performance of Youth Enterprise Development Funds

The first research objective investigated the influence of credit control on performances of youth enterprise development fund in Kisumu Central Sub-County. Thus, the researcher conceived 5 indicators which were measured on a 5-point Likert scale as 1 = strongly disagree (SD), 2 = disagree (D), 3 = Neutral (N), 4 = agree (A) and 5 = strongly agree (SA). The variables were: loan size, repayment schedule offered, charging of interest, grace period and charging loan penalties.

4.5.1 Descriptive Findings on Credit Control

Data for credit control was analysed using descriptive statistics thus the corresponding frequencies and percentages for each response were computed and presented for each of the 5 items. Further, the item mode and median were also calculated and presented as revealed below:
Table 4.5.1: Descriptive Findings on Credit Control

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mode</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan size contributes to delay in loan repayment</td>
<td>4</td>
<td>8</td>
<td>12</td>
<td>11</td>
<td>9</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(9.1)</td>
<td>(18.2)</td>
<td>(27.3)</td>
<td>(25.0)</td>
<td>(20.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible repayment terms contribute to timely loan repayment</td>
<td>0</td>
<td>8</td>
<td>7</td>
<td>16</td>
<td>13</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(0.0)</td>
<td>(18.2)</td>
<td>(15.9)</td>
<td>(36.4)</td>
<td>(29.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grace period contributes to timely loan repayment</td>
<td>1</td>
<td>9</td>
<td>8</td>
<td>13</td>
<td>13</td>
<td>5,4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(2.3)</td>
<td>(20.5)</td>
<td>(18.2)</td>
<td>(29.5)</td>
<td>(29.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charging interest rate contributes to delay in repayment of loan</td>
<td>9</td>
<td>13</td>
<td>7</td>
<td>11</td>
<td>4</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>(20.5)</td>
<td>(29.5)</td>
<td>(15.9)</td>
<td>(25.0)</td>
<td>(9.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charging penalties on loan default contributes to timely loan repayment</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>18</td>
<td>21</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(4.5)</td>
<td>(2.3)</td>
<td>(4.5)</td>
<td>(40.9)</td>
<td>(47.7)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the table 4.5.1 above, the modal response of the participants was found to be = 3 (Median = 3) meaning that respondent’s understanding of loan size contributing to delay in loan repayment was average. This implies that most respondents agreed that loan size contributes to delay in loan repayment. The research established that 45.5% of the interviewees cumulatively agreed, 27.3% were neutral, while 27.3% cumulatively disagreed. The response rates concurred with a research conducted by Ssekiziyivu et al., (2018), which found out that small loan size had a significant positive correlation with loan repayments.

The research also found out that respondents understand that flexible repayment terms contributed to timely loan repayment and was found to be high with a modal response of 4 (Median = 4) indicating that the participants were in agreement with the declaration. This shows that the respondents agree that flexible repayment terms contribute to timely loan repayment. Cumulatively, it was established that 65.9% of the respondents agreed, 15.9% were neutral and 18.2% disagreed. The interpretation for this is that most respondents understood that flexible repayment terms contribute
to timely loan repayment. The finding concurred with a research by Maingi et al., (2014), that recognized a significant positive relationship amid flexible repayment schedules and repayment of loan.

In relation to contribution of grace period towards loan repayment, the study obtained a mode of 4 or 5 (Median = 4) indicating that many of the respondents agreed that grace period contributes to timely loan repayment. It was established that 59% of the interviewees cumulatively agreed, 18.2% were neutral, and 22.8% cumulatively disagreed. This shows that most respondents understood that grace period contributes to timely loan repayment. This was in agreement with the findings of Kibor, Ngahu, and Kwasira (2015), who recognized significant positive association between grace period and loan repayment.

The findings further show that charging interest rate contributes to delay in repayment of loan just marginally (Mode = 2; Median = 3.5) as most of the respondents disagreed. This shows that most respondents did not understand that charging interest rate contributed to delay in repayment of loan. In terms of individual responses, it was revealed that 34.1% of the respondents cumulatively agreed, 15.9% were neutral while 50% cumulatively disagreed. This finding was in line with that of Ngele (2016), who did not establish any significant relationship between interest rate applied by the banks and performance.

Similarly, the study found that charging of penalties on loan default contributed to timely loan repayment (Mode = 5; Median = 4) with the mode indicating that most of the interviewees strongly agreed. Thus, most of the respondents understood that charging penalties on loan default contributed to timely loan repayment. In this regard, 88.6% of the interviewees cumulatively agreed, 4.5% were neutral while 6.8% cumulatively disagreed. The outcomes are consistent with Kagoyire and Shukla
(2016), whose research results discovered a significant positive association between penalties charged for late payment and financial operation of the banks.

### 4.5.2 Correlation between Credit Control and Performance of Youth Enterprise Development Funds

Pearson correlation analysis was carried out to ascertain the nature of relationships between credit control practices and performance of YEDF. Since the variables were measured on ordinal scales, a summation score of all the items in each scale was obtained to give a continuous measurement used for correlation. Thus, the minimum score for credit control was 5 and the maximum score was 25 for the 5 items in the scale. Scores for performance of YEDF were similarly obtained. The correlation output is displayed in below:

Table 4.5.2: Correlation between Credit Control and Performance of YEDF

<table>
<thead>
<tr>
<th>Performance</th>
<th>Pearson Correlation</th>
<th>Credit Control Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.459***</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Credit Control Terms</td>
<td>.459***</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>44</td>
<td>44</td>
</tr>
</tbody>
</table>

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

The output shows existence of a positive correlation which is moderate (R = .459; p = .002) which is statistically significant (p < .05) between credit control and performance of YEDF. This suggests that increases in credit control practices results into moderate increase in performance of YEDF. Thus, credit control should be moderately practiced in implementation of YEDF.
4.6 Collateral Availability and Performances of Youth Enterprise Development Fund

Research objective number two investigated the influence of collateral availability on performances of youth enterprise development funds in Kisumu Central Sub-County. The research paid attention on variables such as availability of property as collateral, availability of inventory as collateral, availability of cash in fixed deposit account as collateral, availability of invoices as collateral and availability of group members as collateral. The responses were on a 5-point Likert scale as 1 = strongly disagree (SD), 2 = disagree (D), 3 = Neutral (N), 4 = agree (A) and 5 = strongly agree (SA).

4.6.1 Descriptive Findings on Collateral Availability

Data for collateral availability was analysed using descriptive statistics thus the corresponding frequencies and percentages for each response were computed and presented for each of the 5 items. Further, the mode and median were also computed and presented as presented below:
Table 4.6.1: Descriptive Findings on Collateral Availability

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Mode</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of property as collateral contributes to timely loan repayment</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>21</td>
<td>16</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Availability of inventory as collateral contributes to timely loan repayment</td>
<td>0</td>
<td>3</td>
<td>13</td>
<td>23</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Availability of cash in fixed deposit account as collateral contributes to timely loan repayment</td>
<td>4</td>
<td>4</td>
<td>11</td>
<td>23</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Availability of invoices as collateral contributes to timely loan repayment</td>
<td>5</td>
<td>6</td>
<td>14</td>
<td>16</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Availability of group members as collateral contributes to timely loan repayment</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>24</td>
<td>11</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

From the findings, the researcher obtained a mode of 4 (Median = 4) regarding the statement that availability of property as collateral contributed to timely loan repayment indicating that the participants generally agreed with the view. This view was shared by majority of the respondents where 16 (36.4%) of the respondents strongly agreed while 21 (47.7%) agreed with only 5 (11.4%) being neutral while 2 (4.5%) of the participants disagreed. This shows that availability of property as collateral contributes significantly to timely loan repayment. This finding was contrary to those of Japhet and Menba (2015), who found that property such as land and buildings did not reveal significant relationship on commercial banks performance.

On whether availability of inventory as collateral contributed to timely loan repayment, the study found that this was to be an average extent (Mode = 4; Median = 4) despite majority agreeing (Mode = 4). Specifically, majority of the respondents 23
(52.3%) agreed that availability of inventory as collateral contributed to timely loan repayment while another 5 (11.4%) strongly agreed. However, a significant proportion 13 (29.5%) were neutral regarding the statement and another 3 (6.8%) disagreed outright. The finding shows that availability of inventory as collateral enhances loan repayment although it is not popular in the implementation of YEDF as the beneficiaries may lack such inventory. However, the finding was contrary to a study conducted by Limbe (2018), who established that stock given as collateral did not contribute to financial performance of the microfinance organizations in Uganda.

Availability of cash in fixed deposit account as collateral was found to moderately contribute to timely loan repayment (Mode = 4; Median = 4). However, although majority of the respondents 23 (52.3%) agree that availability of cash in fixed deposit account as collateral contributes to timely loan repayment with 2 (4.5%) strongly agreeing, a cumulative 8 (18.2%) disagreed with another 11 (25.0%) being neutral. Giving an overall view of 25(56.8) of the participants cumulatively agreeing. This finding shows that despite fixed deposit account as collateral contributing to timely loan repayment, it is not always available. The finding concurred with what was found by Munyiri (2010), who found out a substantial positive association between money in the bank as collateral and presentation of banks.

Similarly, research found that availability of invoices as collateral contributes to timely loan repayment only to a moderate extent (Mode = 4; Median = 3). In this case, 16 (36.4%) of the participants agreed, while another 14 (31.8%) could neither agree nor disagree. Further, 11 (25.0%) of the participants cumulatively disagreed. The finding shows that availability of invoices as collateral to secure loan repayment happens in some cases but is not commonly used in YEDF projects. On the contrary,
Maina (2016) found out the existence of a significant positive relationship amid invoice as collateral and performances of the selected Nairobi banks.

However, the study found that availability of group members as security contributes to timely loan refund with a mode of 4 and a median of 4 signifying that the respondents were generally in agreement with the report. It was established that 79.5% of the respondents cumulatively agreed, 9.1% were neutral while 11.3% cumulatively disagreed. This shows that most respondents understood that availability of group members as collateral contributes to timely loan repayment. This is the case as most members who co-guarantee other members for loan will always make follow ups to ensure they make repayments.

4.6.2 Correlation between Collateral Availability and Performance of Youth Enterprise Development Funds

To determine the nature of relationships between collateral availability and presentation of YEDF, the research conducted Pearson correlation analysis. Since the variables were measured on ordinal scales, a summation score of all the items in each scale was obtained to give a continuous measurement used for correlation. Thus, the minimum score for collateral availability was 5 and the maximum score was 25 for the 5 items in the scale. Scores for performance of YEDF were similarly obtained. The correlation output is shown below:
Table 4.6.2: *Correlation output for Collateral Availability and Performance of YEDF*

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Collateral Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>.587**</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>44</td>
<td>44</td>
</tr>
</tbody>
</table>

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

Relationship outcome shows the presence of a strong positive correlation ($R = .587; p < .001$) which is statistically significant ($p < .05$) between availability of collateral and performance of YEDF. This implies that increases in collateral availability results into high increase in performance of YEDF. Thus, collateral availability should be greatly considered in implementation of YEDF projects.

### 4.7 Client Appraisal and Performance of Youth Enterprise Development Fund

In third study objective, researcher investigated influence of client appraisal on performances of youth enterprise development fund in Kisumu Central. This was done based on 5 variables such as customer visits contribute to timely loan repayment, past credit information contributes to timely loan repayment, customer financial statements contribute to timely loan repayment, relevant customer training in business contribute to timely loan repayment, acquisition of relevant trade licenses contribute to delay in loan repayment. The responses were on a 5-point Likert scale as 1 = strongly disagree (SD), 2 = disagree (D), 3 = Neutral (N), 4 = agree (A) and 5 = strongly agree (SA).
4.7.1 Descriptive Findings on Client Appraisal

Data for client appraisal was analysed using descriptive statistics thus the corresponding frequencies and percentages for each response were computed and presented for each of the 5 items. Further, the mode and median were also computed and presented as displayed below:

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mode</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer visits contributes to timely loan repayment</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>25</td>
<td>14</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(4.5)</td>
<td>(2.3)</td>
<td>(4.5)</td>
<td>(56.8)</td>
<td>(31.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past credit information contributes to timely loan repayment</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>20</td>
<td>18</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(4.5)</td>
<td>(4.5)</td>
<td>(4.5)</td>
<td>(45.5)</td>
<td>(40.9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer financial statement contributes to timely loan repayment</td>
<td>2</td>
<td>6</td>
<td>18</td>
<td>13</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(4.5)</td>
<td>(13.6)</td>
<td>(40.9)</td>
<td>(29.5)</td>
<td>(11.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relevant customer training in business contributes to timely loan repayment</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>28</td>
<td>9</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(0.0)</td>
<td>(4.5)</td>
<td>(11.4)</td>
<td>(63.6)</td>
<td>(20.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of relevant trade licenses contributes to delay in loan repayment</td>
<td>6</td>
<td>19</td>
<td>16</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(13.6)</td>
<td>(43.2)</td>
<td>(36.4)</td>
<td>(4.5)</td>
<td>(2.3)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The findings show that customer visits highly contribute to timely loan repayment with the mode of 4 indicating that many of the respondents agreed with the statement (Median = 4). Specifically, many of the respondents strongly agreed, 25 (56.8%) agreed while 14 (31.8%) strongly agreed. However, only a cumulative 3 (6.8%) disagreed while 2 (4.5%) were neutral. This shows that the respondents understood that Customer visits contribute to timely loan repayment in YEDF projects. These results agreed with the findings of Ayara (2017) who found out that client visits contribute to microfinance institutions financial performance in Uganda.
Similarly, the research found out that past credit information contributes to timely loan repayment (Mode = 4; Median = 4) as the modal number agreed. Cumulatively, 38 (86.4%) of the respondents agreed, while 2 (4.5%) were neutral with the other 4(9.1%) cumulatively disagreeing. This finding shows that past credit information has a significant indication on future loan repayments. This concurred with the findings of Moti et al., (2012) who recognized the existence of a significant positive association among credit referencing and presentation of microfinance institutions.

However, findings show that customer financial statement only averagely contributes to timely loan repayment with mode = 3 and median = 3 indicating a general neutral view. It was recognized that 40.9% of the respondents cumulatively agreed, 40.9% were neutral 13.6% disagreed while 4.5% strongly disagreed. This shows that the respondents view neither agree nor disagree that customer financial statement contributes to timely loan repayment indicating that financial statements are not concise in predicting YEDF loan repayment. This was contrary to the findings of Sapienza (2012) who established that financial statement from the borrower did not contribute to economic performance of the banks.

Further, the results showed that relevant customer training in business contributes to timely loan repayment (Mode = 4; Median = 4) as the modal number of respondents (Mode = 4) agreed. It was established that 20.5% of the respondents strongly agreed, 63.6% agreed, 11.4% were neutral 4.5% disagreed. This shows that when the training given to members is relevant to the loan purpose, there is increased likelihood of timely repayment. This finding concurs with the findings of Owino (2013) who found that checking relevant training before advancing loan contributes to prudent loan refund by the clients to the banks, hence performance.
The study also found that acquisition of relevant trading licenses and permits positively contributes to timely loan repayment. This emerged as the respondents disagreed with the statement that acquisition of relevant trade licenses contributes to delay in loan repayment (Mode = 2; Median = 2). cumulatively, majority of the respondents 25 (56.8%) disagreed with the statement while 16 (36.4%) being neutral. The finding shows that businesses that have acquired the necessary trading licenses are more organized and have the necessary structures to be able to plan and make allocations for loan repayment. These findings contradict those of Obonyo (2015) who concluded that acquisition of relevant licenses did not have significant relationship with financial performance.

4.7.2 Correlation between Client Appraisal and Performance of Youth Enterprise Development Fund

Pearson correlation analysis was conducted, in order to determine the nature of relationship between client appraisal and performances of YEDF. Since the variables were measured on ordinal scales, a summation score of all the items in each scale was obtained to give an approximate continuous measurement used for correlation. Thus, the minimum score for client appraisal was 5 and the maximum score was 25 for the 5 items in the scale. Scores for performance of YEDF were similarly obtained. The correlation yield is displayed in Table 4.7.2.

Table 4.7.2: Correlation output for Client Appraisal and Performance of YEDF

<table>
<thead>
<tr>
<th>Performance</th>
<th>Client Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.699**</td>
</tr>
<tr>
<td>N</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>44</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
</tbody>
</table>

43
The correlation output indicates that there is a strong positive correlation ($R = .699; p < .001$) which is statistically significant ($p < .05$) between client appraisal and performance of YEDF. This implies that enhanced client appraisal practices result into high increase in performance of YEDF. Thus, client appraisal should be greatly considered and significantly implemented in YEDF projects.

### 4.8 Combined Effect of Loan Terms and Performance of Youth Enterprise Development Funds

In understanding that the various loan terms do not act independently to determine performance of YEDF, a regression analysis was performed by the investigator to establish combined effect on various terms. Further, regression analysis helped in determining which of the variables had stronger and significant effect of performance within the combined system. Thus, multiple regression analysis was conducted with the loan terms defined as credit control terms, collateral availability and client appraisal as the predictors while performance of YEDF was the outcome variable. Summation scores of each of the 5-item Likert scales were used. The regression Output is presented in the subsequent subsection.

Table 4.8.1: Regression output for Loan Terms and Performance of YEDF

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.732$^a$</td>
<td>.536</td>
<td>.501</td>
<td>2.95282</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>402.144</td>
<td>3</td>
<td>134.048</td>
<td>15.374</td>
<td>.000$^b$</td>
</tr>
<tr>
<td>Residual</td>
<td>348.765</td>
<td>40</td>
<td>8.719</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>750.909</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td>t</td>
<td>Sig.</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------------------</td>
<td>---------------------------</td>
<td>------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-4.759</td>
<td>2.684</td>
<td>-1.773</td>
<td>.084</td>
<td></td>
</tr>
<tr>
<td>Credit Control Terms</td>
<td>.261</td>
<td>.222</td>
<td>.148</td>
<td>1.176</td>
<td>.246</td>
</tr>
<tr>
<td>Collateral Availability</td>
<td>.189</td>
<td>.160</td>
<td>.176</td>
<td>1.181</td>
<td>.245</td>
</tr>
<tr>
<td>Client Appraisal</td>
<td>.815</td>
<td>.224</td>
<td>.522</td>
<td>3.645</td>
<td>.001</td>
</tr>
</tbody>
</table>

a. Dependent Variables: Performance
b. Predictors: (Constant), Client Appraisal, Credit Control Terms, Collateral Availability

The model summary shows that the combined loan terms explain up to 53.6% ($R^2 = .536$) of variance in performance of YEDF. This is statistically significant as $F (3, 40) = 15.374 (p < .001)$. This shows that the three variables of credit control, collateral availability and client appraisal statistically significantly predict performance of YEDF projects. However, the coefficients table shows that only the coefficient of client appraisal ($B = 0.815; p = 0.001$) is statistically significant. This implies that elements of credit control and collateral availability are included in the practice of client appraisal. Thus, it is important that great focus and emphasis is laid on meticulous client appraisal to enhance the performance of YEDF.
4.9 Discussion of Findings

The research found that loan size contributes to delay in loan repayment with majority of the respondents (45.5%) agreeing. Further, flexible repayment terms contributed to timely loan repayment as indicated by 65.9% of participants who agreed, that grace period contributes to timely loan repayment (59%). However, majority of the respondents did not understand that charging interest rate contributed to delay in repayment of loan with 34.1% agreeing while 49.5% disagreed. On the contrary, charging of penalties on loan default contributed to timely loan repayment (88.6%). Overall, there is a moderate positive correlation ($R = .459; p = .002$) which is statistically significant ($p < .05$) between credit control and performance of YEDF. This suggests that increases in credit control practices results into moderate increase in performance of YEDF. Similar findings were arrived at by Kibor, Ngahu and Kwasira (2015) who carried out a study on management of credit risk and performances of bank loan in Nakuru, Kenya and established a relationship which was significant amid grace period and loan repayment. Similarly, Kagoyire and Shukla (2016) discovered the existence of a significant positive relationship between penalties charged for late payment and financial performance of the bank.

On Objective number two, the research found that availability of collateral contributed to timely loan repayment (84.1%), availability of inventory as collateral contributed to timely loan repayment (63.7%). However, availability of cash in fixed deposit account as collateral was found to moderately contribute to timely loan repayment with 56.8% agreeing, 18.2% disagreed with another 11 (25.0%) being neutral giving an overall view of neither agreeing nor disagreeing. Similarly, availability of invoices as collateral contributes to timely loan repayment only to a moderate extent with 68.2% agreeing. On a positive note, availability of group
members as collateral contributes to timely loan repayment (79.5%). Statistically, there exists a strong positive correlation (R = .587; p < .001) which is statistically significant (p < .05) between availability of collateral and performance of YEDF. Similarly, Munyiri (2010) looked at lending policy and performance of banks in Kenyan and found out that there exists a significant positive relationship between money in the bank as collateral and banks’ performance. Findings are further corroborated by Maina (2016) who looked at lending practices on performances of Kenyan banks and exposed the existence of a significant positive relationship between invoice as collateral and performance of the selected banks in Nairobi. Chen and Kao (2011) also recognized the existence of a significant positive correlation between group members as collateral and performance.

On the third objective, the study found that customer visits highly contribute to timely loan repayment (88.6%). Similarly, past credit information (86.4%), relevant customer training in business (84.1%) and acquisition of relevant trading licenses and permits (56.8%) contributes to timely loan repayment. However, customer financial statement only averagely contributes to timely loan repayment with 40.9% of the participants agreeing, 40.9% were neutral and 18.1% disagreeing. The study discovered that there exists a strong positive correlation (R = .699; p < .001) which is statistically significant (p < .05) between client appraisal and performance of YEDF. These outcomes are in agreement with those of Ayara (2017) who sought to discover the influence of customer visits and microfinance establishments performance in Uganda and found out that client visits contributed to financial performances of the microfinance institutions. Similarly, Moti et al., (2012) found out that there exists a positive relationship which is significant between credit referencing and performances of microfinance institutions while Owino (2013) established that checking relevant
training before advancing loan contributed to prudent loan repayment to the banks by the customers, hence performance. The outcomes are also concurring with Obonyo (2015) that acquisition of relevant licenses did not have significant relationship with financial performances.
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter displays the summary of the study findings from chapter four and also gives conclusions and recommendations of the study based on the study objectives which was to assess loan repayment terms and performance of youth enterprise development fund in Kisumu Central Sub-county.

5.2 Summary of Findings

The study outcomes were summarized with specific focus on credit control, collateral availability, as well as client appraisal.

5.2.1 Credit control and performance of Youth Enterprise Development Fund

On the first objective, the research found out that most respondents understood that loan size contributes to delay in loan repayment. Further, flexible repayment terms contributed highly to timely loan repayment as well as grace period contributes to timely loan repayment. However, the study established that charging of interest rate contributes to delay in repayment of loan just marginally although charging of penalties on loan default contributed to timely loan repayment. There is a moderate positive correlation (R = .459; p = .002) which is statistically significant (p < .05).

5.2.2 Collateral Availability and Performance of Youth Enterprise Development Fund

In relation to collateral availability in regard to performance of YEDF, the research recognized availability of property as collateral contributed to timely loan repayment indicating that the participants generally agreed with the view. Availability of inventory as collateral contributed to timely loan repayment, the study found that this
was to an average extent as was the case with the availability of fixed deposit account as collateral. Similarly, the study found that availability of invoices as collateral contributes to timely loan repayment only to a reasonable extent. However, the study found out that availability of group members as collateral contributes to timely loan repayment. Overall, the research recognized that there exists a strong positive correlation (R = .587; p < .001) which is statistically significant (p < .05) between availability of collateral and performance of YEDF.

5.2.3 Client Appraisal and Performance of Youth Enterprise Development Funds

In regards to client appraisal, research found out that customer visits and past credit information highly contribute to timely loan repayment. However, the findings show that customer financial statement only average contributes to timely loan repayment while relevant training among members greatly influences timely loan repayment. Further, acquisition of relevant trading licenses and permits positively contributes to timely loan repayment. Statistically, the research discovered that there exists a strong positive correlation (R = .699; p < .001) which is statistically significant (p < .05) amid client appraisal and performance of YEDF.

5.2.4 Combined Effect of Loan Terms and Performance of Youth Enterprise Development Fund

During the course of investigating combined effect of the three loan terms, the study found out that the combined loan terms explain up to 53.6% (R^2 = .536) of variance in performance of YEDF. This is statistically significant as F (3, 40) = 15.374 (p < .001). However, the coefficients table shows that only the coefficient of client appraisal (B = 0.815; p = 0.001) is statistically significant.
5.3 Conclusions

From the results of the research, the conclusion is that loan repayment terms and performances of youth enterprise development funds are collectively influenced by credit control, collateral availability, as well as client appraisal. Client appraisal attempts to assess the credit worthiness of the clients to enable such client to access loan facility and when they pay back the loan, it contributes to performance of the organizations.

The study concludes that credit control should be moderately practiced in implementation of YEDF as it considerably hampers performance while increases in collateral availability results into high increase in performance of YEDF. Thus, collateral availability should be greatly considered in implementation of YEDF projects. Enhanced client appraisal practices result into high increase in performance of YEDF. Thus, client appraisal should be greatly considered and significantly implemented in YEDF projects. Moreover, elements of credit control and collateral availability are included in the practice of client appraisal. Thus, it is important that great focus and emphasis is laid on meticulous client appraisal to enhance the performance of YEDF.

5.4 Study Recommendations

In terms of theory building, the study has presented a case for the outcome of the three credit terms on performances of managed fund. The finding shows that client appraisal is superior to the other two of credit control and collateral availability. Thus, information regarding theories of empowerment and management of managed fund can be obtained to aid the theorist in further strengthening the case for client/beneficiary appraisal as a component of such theories.
From the research outcomes, it is recommended that the players in the lending industry take note of loan repayment terms and performance so that completely new slate of practices is endorsed. To the fund managers, the study provides an understanding that much emphasis and focus should be laid on client appraisal as it has the greatest impact on loan repayment possibility. Further, the management of special groups’ fund managers is able to evaluate their performance based on the positive influence of credit control, collateral availability and client appraisal to determine the extent to which they need to implement the practices.

Researchers in the field of lending have information emanating from this research regarding credit terms and performance of the lending institutions. Thus, with the knowledge from this research on the most significant credit terms, researchers should be able to put more emphasis on client appraisal to build on future studies to ascertain the importance of client appraisal on other types of lending structures.

Further, it is the recommendation of this study that experts involved in loan repayment terms and performance be subjected to trainings and regular reviews of adopted organizational lending structures. This should be the case, so as to, avoid non-performing loans which hinders goal realization. In addition to experts, the organizations should have in-house research and development units to continuously and consistently align their strategic viewpoints to structural flexibility with emphasis on loan repayment terms and performance.

5.5 Limitations of the study

The respondents were reluctant to give information which was sought by the researcher for fear of their boss’s victimization. However, the researcher visited the relevant YEDF offices and clarified to the committee members that the research was only for purposes of academic thus giving the researcher an access point to the
respondents as well as acceptability. Moreover, the use of data collected was explained to the respondent and assured of the confidentiality with which the data would be handled.

Secondly, the respondents were involved in various field activities scattered across the wide geographical reach of the Sub County making it difficult to access them. As such, the researcher engaged two research assistants who were adequately trained to administer the questionnaires while keeping to the ethical guidelines set by the researcher. This made it possible to reach most of the respondents within the data collection period through several appointments and visits at the convenient places for the respondents.

5.6 Suggestions for Further Studies

This research was steered with the implementing committee members as the respondents. However, their responses and views might be skewed and aimed at self-appraisal and assessment. As such, a similar research should be conducted to include beneficiaries of YEDF as respondents so as to corroborate the views of committee members/fund managers.

Further, the scope of the study was confined to Kisumu Central Sub County with a limited population of only 45 committee members; therefore, further studies should consider a wider geographical area of coverage with a higher population size to compare the consistency of the findings.
REFERENCES


APPENDICES

APPENDIX I: QUESTIONNAIRE

CODE

Preamble
As part of course Master’s degree program I am conducting a research on the Impact of loan repayment terms and performance of youth enterprise development fund in Kisumu Central Sub-count, Kenya. The output of the research is solely intended to fulfill the academic requirements. I am aware that some information is personal and private and as such utmost confidentiality will be maintained when handling any information provided by you including not identifying you in any of the study reports. To this end, codes will be used to capture information provide while maintaining confidentiality at all times.

SECTION A: SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS (please tick as appropriate)

Respondents Profile:

1 Which age bracket do you belong?
   - 18-24 [ ]
   - 25-34 [ ]
   - 35-44 [ ]
   - 45-54 [ ]
   - 55-64 [ ]
   - 65 and above [ ]

2 Kindly indicate your gender as appropriate
   - Male [ ]
   - Female [ ]
4 What is your level of education?

- Primary education [ ]
- Secondary education [ ]
- Post tertiary education [ ]
- University education [ ]

SECTION B: CREDIT CONTROL TERMS IMPACTING PERFORMANCE AT THE YOUTH ENTERPRISE DEVELOPMENT FUND IN KISUMU CENTRAL SUB-COUNTY

This section elicits views regarding credit control terms and performance of development funds. Indicate your view/opinion by drawing a circle around the response or string across the response which reflects your perception as to whether you agree strongly, just agree, have no opinion (neutral), disagree with the statement or strongly disagree with the presented opinion.

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Survey Scale: 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Loan size consideration contributes to delay in loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2</td>
<td>Flexible repayment terms contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3</td>
<td>Giving grace period contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4</td>
<td>Charging interest rate contribute to delay in repayment of loan facility</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>5</td>
<td>Charging penalties on loan default contribute to timely loan repayment</td>
<td>1</td>
</tr>
</tbody>
</table>
SECTION C: COLLATERAL AVAILABILITY TERMS IMPACTING PERFORMANCE AT THE YOUTH ENTERPRISE DEVELOPMENT FUND IN KISUMU CENTRAL SUB-COUNTY

This section elicits views regarding credit collateral availability in disbursement development funds. Indicate your view/opinion by drawing a circle around the response or string across the response which reflects your perception as to whether you agree strongly, just agree, have no opinion (neutral), disagree with the statement or strongly disagree with the presented opinion.

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Survey Scale: 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Availability of property as collateral contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2</td>
<td>Availability of inventory as collateral contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3</td>
<td>Availability of cash in fixed deposit account as collateral contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4</td>
<td>Availability of invoices as collateral contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>5</td>
<td>Availability of group members as collateral contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
SECTION D: CLIENT APPRAISAL TERMS IMPACTING PERFORMANCE OF YOUTH ENTERPRISE DEVELOPMENT FUND IN KISUMU CENTRAL SUB-COUNTY

This section elicits views regarding credit client appraisal in development funds. Indicate your view/opinion by drawing a circle around the response or string across the response which reflects your perception as to whether you agree strongly, just agree, have no opinion (neutral), disagree with the statement or strongly disagree with the presented opinion.

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Survey Scale: 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer visits contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2</td>
<td>Past credit information contributes to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3</td>
<td>Customer financial statements contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4</td>
<td>Relevant customer training in business contribute to timely loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>5</td>
<td>Acquisition of relevant trade licenses contribute to delay in loan repayment</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
SECTION E: PERFORMANCE OF YOUTH ENTERPRISE DEVELOPMENT FUND IN KISUMU CENTRAL SUB-COUNTY

This section elicits views regarding performance of development funds. Indicate your view/opinion by drawing a circle around the response or string across the response which reflects your perception as to whether you agree strongly, just agree, have no opinion (neutral), disagree with the statement or strongly disagree with the presented opinion.

<table>
<thead>
<tr>
<th>No</th>
<th>Question</th>
<th>Survey Scale: 1=Strongly Disagree</th>
<th>2=Disagree 3=Neutral 4=Agree</th>
<th>5=Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of youths supported indicate performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Amount of money disbursed is a measure of performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Frequency of disbursement is a measure of performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Number of youth enterprises supported is measure of performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Sustainability of the youth enterprise development fund is measure of performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX II: MAP OF THE STUDY AREA