

**INFLUENCE OF FINANCIAL EDUCATION PROGRAM ON
BUSINESS GROWTH AMONG YOUTH GROUPS: CASE OF
HOMABAY DISTRICT, HOMABAY COUNTY**

**BY
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-2013-

DECLARATION

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

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This research project report has been presented for examination with my approval as the university supervisor.

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DEDICATION

This research project report is dedicated to my beloved wife Mrs. Sarah Gloria Awinja - Onani whose encouragement, motivation and inspiration played a pivotal role in the development of this report; to my daughter, Tiffany Pearl Onani, I thank you for your patience and support; and to my parents Mr. and Mrs. Magwanga for their dedication, support and commitment in ensuring that I had all that I required during my schooling.

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ABBREVIATIONS AND ACRONYMS

AGOA:	African Growth and Opportunity Act
AU:	African Union
CFE:	Consumer Financial Education
CSI:	Corporate Social Investments
CSR:	Corporate Social Responsibility
C-YES:	Constituency Youth Enterprise Scheme
DYO:	District Youth Office
EDP:	Entrepreneurial Development Programmes
EGF:	Equity Group Foundation
FEF:	Financial Education Fund
FIKA:	Financial knowledge for Africa
FSC:	Financial Sector Charter
GEM:	Global Entrepreneurship Monitor
IEA:	Institute of Economic Affairs
ILO:	International Labour Organization
INFE:	International Network on Financial Education
KIHBs:	Kenya Integrated Household Budget Survey
KNBS:	Kenya National Bureau of Statistics
KNHD:	Kenya National Human Development
MOYAS:	Ministry of Youth Affairs and Sports
NCEE:	National Council on Economic Education
NEFE:	National Endowment for Financial Education
NGOs:	Non-Governmental Organizations
NYP:	National Youth Policy

OECD:	Organization for Economic Co-operation and Development
SPSS:	Statistical Package for Social Sciences
TFFL:	Task Force on Financial Literacy
UNDP:	United Nations Development Programme
UNWY:	United Nations World Youth
USAID:	United States Agency for International Development
WDR:	World Development Report
YEDF:	Youth Enterprise Development Fund
YEDFB:	Youth Enterprise Development Fund Board
YRE:	Youth Run Enterprise

ABSTRACT

Youth unemployment is a pervasive problem. A number of countries faced with similar challenges have developed and implemented various labour market programs and interventions aimed at redressing the youth employment problem. One of the comprehensive surveys of interventions to address youth employment is provided by Betcherman, et al. (2007) and Puerto (2007). This study sought to examine the influence of financial education on business growth among youth groups in Homa-Bay district, Homa-Bay County. The study was guided by these research objectives; to assess the influence of entrepreneurship information on business growth; to determine the extent to which financial access influences business growth; to establish the extent to which debt management influences business growth; to investigate the influence of savings on business growth and to examine the extent to which business development services influences business growth among youth groups in Homa-Bay district, Homa-Bay County. The study evaluated five hypotheses; H_01 : There is no significant relationship between entrepreneurship information and business growth among youth groups in Homa Bay district, Homa-Bay County; H_02 : There is no significant relationship between financial access and business growth among youth groups in Homa Bay district, Homa-Bay County; H_03 : There is no significant relationship between debt management and business growth among youth groups in Homa Bay district, Homa-Bay County; H_04 : There is no significant relationship between savings and business growth among youth groups in Homa Bay district, Homa-Bay County and H_05 : There is no significant relationship between business development services and business growth among youth groups in Homa Bay district, Homa-Bay County. The study adopted the descriptive survey design where qualitative and quantitative data was collected. The study population was 54; consisting of 54 youth members drawn from 35 youth groups sampled using stratified sampling from the 4 divisions in the district. Data was collected using questionnaires with structured and unstructured questions and analyzed using statistical package for social sciences v16 (SPSS) and Chi-Square was used to test the hypotheses. The findings of the study indicated that financial education program influenced business growth among youth groups. To up scale this venture, any financial education program needs to be boosted where possible. The study therefore advocates for harnessing stakeholders resources in order to augment efforts made by the FIKA program on business growth fully feasible in the short term. The study contributed to the body of Knowledge by linking financial education to business growth with special focus on youth groups, this would help review, propose sound ideas and inform a possible scale-up for adoption in the purview of integrating youth financial literacy education levels into the financial world. The study recommends that the Ministry of Youth Affairs and Sports in liaison with the Ministry of Education should develop and implement a comprehensive curriculum on entrepreneurship education training which should be integrated into the school curriculum at all levels from kindergarten to university, so as to build a strong entrepreneurial culture early enough in our youth. Another comprehensive curriculum for out of school youth involved in entrepreneurship should be developed and be rolled out periodically and in known phases by stakeholders to avoid ad hoc and amorphous 1 to 2 days trainings. Further research can carried out through a comparative study to assess the difference in business performance on the youths funded by financial institutions and the youths funded by YEDF in Homa-Bay district and a study may also be undertaken to examine the influence of market opportunities/technical assistance on business performance among youths in Homa-Bay district, Homa-Bay County.

CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

Today, nearly four billion people live at the base of the economic pyramid, surviving on less than two dollars a day (Organization for Economic Cooperation and Development: OECD, 2005). At least 60 million youths in the world are jobless on average which is three times higher than the adult rates. In the OECD member states, the unemployment rate of youths aged 15-24 years in 1998 was 12.9% more than double the figure of adult unemployment which stood at 5.7% and explained that around 10 million people in the OECD countries are unemployed (O'Higgins, 2001). Studies have shown that the level of financial skills and knowledge among the majority of people especially among young people is low even in advanced societies (Jacob et al., 2000).

The current world economy crises could be prevented by increasing public financial literacy education. Moreover, entrepreneurs are considered economic engines of each society and the success rate of entrepreneurs could be improved by increasing their financial literacy. In addition, since entrepreneurial success can significantly lead to sustainable development of each society, entrepreneurial strength is one of the common roles of policy makers (Rahmandoust et al, 2011). Studies show that lack of preparedness and low financial literacy level among people around the world leads to current worldwide economic crisis, especially in the USA. Obviously, if the people were more aware of the financial choices, the current American crisis could have been avoided (Mbugua, 2009). That crisis in the US for example, caused an increase of unemployment rate to 9.6% in 2009, which was just 3.8% in 2000 (Bureau of Labor Statistics, 2010).

The importance of financial education has grown in European economies over the last two decades as financial markets have developed, and as a result of demographic, economic and policy changes. Both the needs of individuals and the financial products on offer have become more complex. Today, without financial education, the full and informed participation of individuals in economic life is more challenging, at the same time as it is becoming more important and even fostered on the national and EU level (Evers, J. et al, 2004).

The African situation is not uniform across the continent and disparities both within and between countries in terms of economic and human development are common. Yet, on average, many African countries are characterised by relatively low school enrolment ratios, highly informal labour markets, and high poverty rates. The fraction of population having access to formal financial products is small in many countries, with large proportions of individuals using only informal products and services, or being completely excluded from financial sectors. In recent years, governments and other stakeholders realised the challenges posed by low literacy and financial exclusion in Africa, and engaged in the development of financial education programmes. Even though in many African countries financial education awareness at the policy level appears to be lower than in other regions of the world, it is growing rapidly. Against this backdrop, there is scope for improving the level of financial literacy education among the most vulnerable parts of the African population. Well-designed financial education initiatives can reduce demand-side barriers to more effective financial inclusion and can empower vulnerable individuals economically, so that they can better manage household resources and develop income generating activities (Messy and Monticone, 2012).

For instance, South Africa accounts for the highest number of initiatives identified, followed by Uganda. The Financial Services Board of South Africa (FSB) participated in the OECD INFE

financial literacy measurement pilot. The results indicate that South Africans exhibit moderate to low levels of financial literacy on many indicators across four domains - knowledge and understanding, managing money, financial planning, and choosing financial products (Atkinson and Messy, 2012).

The UNWY Report (2005) indicated that global youth unemployment had increased to a record of 88 million; moreover the general observation is that levels of unemployment among youths appeared to be 2-3 times higher than that of adult unemployment and it is highest in the Northern and Sub Saharan Africa. In Kenya, 15 to 34 year olds total 13.66 million, approximately 35.39% of the population (KNBS, 2010). This proportion of youth is expected to grow and form the bulk of the population in the next 10-20 years, a phenomenon referred to as a youth bulge (KNHD Report, 2009).

The Government of Kenya believes that job creation and the development of small and medium enterprises are key to the well-being and advancement of the youth population. In 2006 it created the Youth Enterprise Development Fund through the Ministry of Youth Affairs and Sports (MOYAS) by rolling down the YEDF countrywide through both the Constituency Youth Enterprise Scheme (C-YES) and through the financial institutions. As a result of the requirements of the Financial Sector Charter (FSC) with respect to consumer financial education (CFE), most financial institutions offer (CFE), be that through their business operations and/or their corporate social investments (CSIs) (Making Cents International, 2012).

Homa-Bay district being the headquarters of Homa-Bay County helps put this study into perspective since it is a fast growing urban centre that is pivotal to the growth of the county. ‘Young people are attracted to urban areas because they think that it will provide access to greater opportunities - that the probability of employment is higher and the wage rate might also

be higher. About 65% of the population live in the rural areas and depend mainly on agriculture and natural resources for their livelihood. Furthermore, 87% of all poor households [of which about 36% comprise youth] live in rural areas' (KIBHS, 2007).

Through its vision: to be the champion of socio-economic prosperity of the people of Africa, Equity Bank began providing youth specific financial and non-financial services in Kenya in 2007. Market research found that most Kenyan youth are associated with some form of a group or club including church, community or student groups. Equity Bank leverages this structure as a platform for delivering group lending as well as accompanying non-financial services. It is on this premise that Equity Group Foundation (EGF) was established by Equity Bank Group to create the financial and operational infrastructure for social programs aimed at low income population targetting the women and youthful population. This innovation and creative vehicle has fundamentally transformed the concept of philanthropy and Corporate Social Responsibility (CSR). In May 2011, through a project estimated to cost more than Kshs. 1 billion, EGF in partnership with The MasterCard Foundation launched the training project dubbed Financial Knowledge for Africa (FIKA) meant to expose the participants to basic economic concepts and help them gain an understanding of how to use a range of financial services – such as savings, insurance and credit products. The program builds the youth's financial capacity through a comprehensive 12-week financial education program covering: financial access and inclusion, savings, budgetting, debt management, financial negotiations and banking services (Equity Newsletter, 2011).

1.2: Statement of the Problem

The financial systems of the 21st Century have been growing with speed, sophistication and becoming more complex (Hilgert and Hogarth, 2002) world over. The economic and social environment in which people take financial decisions has changed – and this change is set to continue with the dynamic and ever changing technology. Financial products and services have multiplied along with technological and other means of marketing them (Greenspan, 2005). The inadequate financial knowledge and skills is seen to be a contributing factor towards unsustainable levels of household debt, a growing number of bankruptcies and decreased levels of savings. This raises serious concerns for the financial future of today's youths. If levels of financial knowledge and skills are inadequate within certain sectors of the general population, then there are reduced chances for many youths to acquire the information they need to survive in an increasingly complex financial world (Fox et al, 2005).

An observation from the USAID report, (2009) reveals that socio-economic issues connected to unemployment, education and poverty in Kenya are the key issues in the vulnerability of youth. In addition, there is an influx of youth from rural areas to urban areas in search of better livelihoods. The report asserts that there is a large and increasing urban population which accounts for 32% of the population of those aged [15-30] with a rapid rate of urbanization which is unable to provide employment opportunities to the 75% out of school youth who do not have regular, full-time employment (United States Agency for International Development – USAID Report, 2009).

Currently, 70% of Kenyans are below 29 and by 2017 more than 24 million Kenyans will be between 18 and 35 years. Young people account for 61% of the unemployed and 92% of these youth have no technical training other than formal schooling. In addition to lack of expertise,

Kenyan youth face additional challenges to starting a business. Currently, Kenya ranks 125 out of 183 economies in terms of ease of starting a business (World Bank: Doing Business Report, 2011). Additionally, 8 out of 10 businesses collapse after 2 years in operation. Any scan of national financial literacy strategies in OECD countries will show that the youth are by far the leading priority target group. Architects of these strategies generally share the view that increasing financial literacy earlier in life will establish positive life-long financial habits that protect against future personal financial risk. This preventive approach is seen as a more efficient use of financial education programs than remedial interventions to help those already in difficulty later in life. While the results are somewhat mixed, there is general agreement that there is some merit in trying to improve the financial literacy of youth (Robson, 2012).

The Government of Kenya established YEDF concept in 2006, based on the premise that micro, small, and medium enterprise development initiatives were likely to have the biggest impact on job creation. However, according to the Homa-Bay District Youth Office, (DYO, 2009) the greatest challenge in this initiative was the deficiency in financial management training since their training was limited by time constraints lasting only a day. This has necessitated this study to assess the potential uptake of Equity Bank's (FIKA) financial education program with a view to inform a possible scale-up. The study therefore seeks to assess the influence of financial education program on business growth among youth groups in Homa-Bay District, Homa-Bay County.

1.3: Purpose of the Study

The purpose of the study was to establish the influence of financial education program on business growth among youth groups in Homa-Bay District, Homa-Bay County.

1.4: Objectives of the Study

The study was guided by the following research objectives;

1. To assess the influence of entrepreneurship information on business growth among youth groups in Homa-Bay district, Homa-Bay County.
2. To determine the extent to which financial access influences business growth among youth groups in Homa-Bay district, Homa-Bay County.
3. To establish the extent to which debt management influences business growth among youth groups in Homa-Bay district, Homa-Bay County.
4. To investigate the influence of savings on business growth among youth groups in Homa-Bay district, Homa-Bay County.
5. To examine the extent to which business development services influences business growth among youth groups in Homa-Bay district, Homa-Bay County.

1.5: Research Questions and Hypotheses

This section explored on the study's research questions and hypotheses as follows:

1.5.1: Research Questions

The study was guided by the following research questions:

1. How does entrepreneurship information influence business growth among youth groups in Homa-Bay district, Homa-Bay County?
2. To what extent does access to finance influence business growth among youth groups in Homa-Bay district, Homa-Bay County?
3. To what extent does debt management influence business growth among youth groups in Homa-Bay district, Homa-Bay County?

4. How does the level of savings influence business growth among youth groups in Homa-Bay district, Homa-Bay County?
5. How does business development services influence business growth among youth groups in Homa-Bay district, Homa-Bay County?

1.5.2: Research Hypotheses

The study sought to test the following research hypotheses:

H_01 : There is no significant relationship between entrepreneurship information and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_02 : There is no significant relationship between financial access and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_03 : There is no significant relationship between debt management and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_04 : There is no significant relationship between savings and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_05 : There is no significant relationship between business development services and business growth among youth groups in Homa-Bay district, Homa-Bay County.

1.6: Significance of the Study

The principle significance of this research was to determine and document the influence of financial education program on business growth among youth groups in Homa-Bay district, Homa-Bay County. It was therefore hoped that the study provided important information to the YEDFB; the Ministry of Youth Affairs and Sports (MOYAS) officers in Homa-Bay district and other stakeholders on how financial literacy education influenced business growth and how to improve on the same. The youth may also use the study as an insight into the unique financial

model of training advanced by Equity Bank Group through its CSR arm EGF and how best to access their services through the 155 branch network.

In addition it was hoped that the results of the study would add to the body of knowledge in the area of youth empowerment and employment through financial education and entrepreneurship. The study would also aid the public, private sector, non-governmental organizations and agencies who wish to devise effective financial literacy and education programs targeted at young people as well as those writing legislation to protect younger consumers to come up with favorable programmes that would address the issues of youth and entrepreneurship. It was hoped that the findings from this study would be of interest to enrich policy makers' intervention programmes concerned with the financial well-being and the balance between personal and institutional responsibility.

1.7: Basic Assumptions of the Study

The study worked on the assumption that all the registered youth groups operate together, are intact and had specific locations where they operated from. It was also assumed that the respondents and key informants provided correct and truthful information to questions and explanations sought by the research instruments used.

1.8: Delimitation of the Study

The study was limited to the youth groups in the Financial Knowledge for Africa (FIKA) training program under Equity Bank – Homa-Bay branch, Homa-Bay district.

1.9: Limitations of the Study

The researcher was likely to encounter this challenge as the study lied on the fact that many people were usually reluctant on discussions touching on their economic status and dynamics, as such there was fear that such respondents would give false answers to the questions posed, hence

a compromise on the quality of the study. Some respondents perceived such interviews to be associated with some form of aid while others would even demand payment or financial assistance for the information provided and time spent.

In order to overcome these limitations, this study gave respondents a written assurance that the data collected would be used only for research purposes, strict confidentiality was observed and a respondent, upon request would be given a copy of the findings of the study.

1.10: Definition of Significant Terms as used in the Study

Business growth – This refers to a youth business progressing from its original state to expansion, more profit making and employs more youths thus achieving the group's objectives and goal.

Entrepreneurship – This refers to the process of conceptualizing, organizing, and launching through innovation and creativity nurturing a business opportunity into a potentially high growth venture.

Financial Access/Inclusion – This refers to the process of promoting affordable, timely and adequate access to a range of regulated financial products and services and broadening their use by all segments of society previously unbanked through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promote financial wellbeing as well as economic and social inclusion.

Financial Education – The process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take

other effective actions to improve their financial well-being how to manage personal, household, or micro-enterprise finances over time.

Financial Literacy - The ability to understand how to use financial products and services and how to manage personal, household, or micro-enterprise finances over time.

Projects /Enterprises/Businesses – These are business enterprises that are run and managed by youths in Homa-Bay district, Homa-Bay County.

Youth - As defined by the Equity Bank's Financial Literacy program means any person (male or female) aged between 18-35 years old.

Youth Group – This is a social system made of a team of 15 or more youths who share a common purpose, interact and work together for the achievement of a common good.

Youth Enterprise Development Fund (YEDF) – This refers to the loans disbursed to youth groups in each constituency, each receiving a maximum of fifty (50) thousand shillings for business start-ups or expansion.

1.11: Organization of the Study

This research project report contains five chapters and an appendices section. Chapter one, which is the introduction, gives the background of the study, statement of the problem, purpose of the study, research objectives that guided the study, research questions, research hypotheses. It also gives significance of the study, the basic assumptions of the study, delimitations of the study, limitations of the study and the definitions of significant terms as used in the study.

Chapter two examined a comprehensive literature review of related studies and publications conducted regarding the influence of Financial Education on business growth among youth groups as well as the theoretical and perceived conceptual framework that gave the relationship between the variables.

Chapter three contained a description of the methodology that was used in conducting the study. This included: the research design, area of study, target population, sample size and the sampling procedures, research instruments, the validity and reliability of the instruments, data collection procedures and the data analysis techniques. This chapter concluded with the operational definition of variables which associated the research objectives with the methodology and provide a map to the expected results.

Chapter four, comprised of data analysis, presentations, interpretations and discussions. Finally, chapter five had summary of findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1: Introduction

This chapter presents a comprehensive literature review of past studies and arguments related to the influence of financial education program on business growth among youth groups have been looked into as they occur in different countries of the world. It focused on variables such as: entrepreneurship information; financial access; debt management; savings and business development services on business growth among youth groups. The chapter also related the variables through a conceptual framework and explored the related theory. It then gave a summary of the literature.

2.2: Business Growth

Youth Enterprise development projects generally aim to improve the lives and livelihoods of young people around the world. In recent years, the promotion of entrepreneurship as a possible source of job creation, youth empowerment and economic dynamism in a rapidly globalizing world has attracted increasing policy and scholarly attention. However, there has been no systematic attempt to look at it from a youth perspective despite this attention. The tendency has been either to subsume the youth into the general adult population or to ignore their efforts to forge a livelihood through enterprise activities which has resulted in the lack of an adequate understanding of the potential benefits of financial literacy education in youthful populations to foster entrepreneurship as a means of improving youth livelihoods (Chigunta, 2000).

In Kenya according to the Global Entrepreneurship Monitor, GEM report, 2007 there is limited access to education and training as well as lack of relevance of education to the Kenyan job market. It is important to note that although access to finance is a necessary factor in growing

entrepreneurial activity, it is not a fundamental factor. Providing finance in the absence of adequate infrastructure, market opportunities and business and management skills is unlikely to lead to an increase in the number of successful businesses (GEM report, 2009).

2.3: Influence of Financial Education:

The Global Financial Crisis (GFC) has refocused attention on the vulnerability of global capital markets to large-scale, systemic risks and the urgent need for sustainable solutions that will minimize the impact of future shocks. Continuing social, economic and political change over the last decade has meant that the need for financial capability in young people is even more pressing. In many western countries issues surrounding increasing levels of personal debt, crashing markets and their effect on pensions mean that there is a greater need for individuals to take a more active and informed interest in their own financial future (Gallery et al, 2010).

In the OECD publication: “Financial education is the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become aware of [financial] risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection.” This definition refers quite broadly to financial products, opportunities and risks (OECD, 2005a).

Youth unemployment is a pervasive problem. A number of countries faced with similar challenges have developed and implemented various labour market programs and interventions aimed at redressing the youth employment problem. One of the comprehensive surveys of interventions to address youth employment is provided by Betcherman, et al. (2007) and Puerto (2007). The recent economic decline in the US that was triggered in part by over borrowing on

credit cards and the failure of large corporations to sustain jobs has convinced us that all Americans must strengthen their financial literacy and entrepreneurship skills, and we must be exposed to these concepts early on. “Entrepreneurship education is essential for developing the skills, attitudes and behaviors necessary to create jobs, generate economic growth, advance human welfare and stimulate innovation to address economic challenges of the 21st Century” (World Economic Forum, 2009).

Fostering entrepreneurship and financial literacy skills, particularly in youth, can serve as a catalyst for economic development. Not only are young entrepreneurs with these skills likely to be more responsive to new economic trends and opportunities, but if more opportunities are available to them locally, the community is more likely to retain their creativity, expertise, and energy. Historically, most entrepreneurship and financial literacy work has been targeted at adults. The Small Business Administration, community development financial institutions, colleges, and many other organizations offer programs and services for adults. This work is helping Native American communities overcome poverty and achieve economic growth. However, to tackle persistent conditions of poverty and the impact on youth, this work must start much earlier. Communities must integrate entrepreneurship and financial literacy into K-12 education (Native Entrepreneurship Nationwide & in South Dakota, February 2007).

In the African Youth Charter (2006) it is stipulated that states should promote youth entrepreneurship by including entrepreneurship training in the school curricula, providing access to credit, business development skills training, mentorship opportunities and better information on market opportunities.

The South Africa’s Financial Sector Charter requires financial institutions to commit to annually invest a minimum of 0.2% of post tax operating profits in consumer education and to direct 0.5%

per annum of post tax operating profits to corporate social investment (CSI), where CSI projects may include financial literacy programmes. Moreover, the Financial Sector Charter Council developed Implementation Guidelines for Consumer Education Standards, requiring financial institutions to follow given standards [regarding physical accessibility, appropriateness, affordability, simplicity and non-discrimination] in their consumer education initiatives. The Nakekela Imali! [Take care of your money!] Project is an example of a training programme devoted to low-income people, targeting mineworkers at two South African mining houses. Mineworkers fall within the lowest living standard measures categories. The programme is led by Ubank, a commercial bank, with Innovations for Poverty Action (IPA) carrying out a randomized control evaluation. This programme consists of two-day on-site training workshops, where participants also receive training material to take home and share with their families (IPA, 2010; Blair and Poppleton, 2011).

Approximately 36 percent of Kenya's population are youths. They are dynamic and full of energy and can play a significant role in the country's economy, politics and culture. However, due to high unemployment and low participation levels, Kenya's youth remain marginalized and unable to contribute to their full potential in national development. The realization of Kenya Vision 2030 and the attainment of the Millennium Development Goals (MDGs) critically depend on the degree of inclusion of the youth in the development agenda (Kenya National Human Development Report, 2009). In addition to lack of expertise, Kenyan youth face additional challenges to starting a business. Currently, Kenya ranks 125 out of 183 economies in terms of ease of starting a business. Additionally, 8 out of 10 businesses collapse after 2 years in operation (World Bank: Doing Business Report, 2011).

Though a number of policy interventions have been formulated and variously implemented since independence in 1963, to address the growing employment problem in Kenya, creation of adequate, productive and sustainable employment opportunities continue to be the greatest challenge. Unfortunately, the longer people stay out of work, the more their ‘employability’ deteriorates, making it progressively harder for them to gain employment. This is especially worrying for the youth who may get trapped into a lifetime of weak attachment to the labour market alternating between low paid insecure work and open unemployment (Kitonga et al, 2011).

Financial education thus can empower consumers to better manage their personal and household resources, both on a day-to-day basis and over a long-term horizon. Moreover, as poor consumers often rely on highly uncertain income sources from the informal sector, they need to be able to plan and save in order to smooth their income fluctuations and to deal with unexpected personal or family expenses without falling into over indebtedness. In addition, it is also relevant for the small-scale entrepreneurial activities that often constitute an important source of revenues for poor households. Due to the relative scarcity of formal jobs, many individuals become own account workers, with sometimes a blurred distinction between personal and business finances. Greater financial literacy can empower vulnerable individuals to successfully manage and develop small-scale or micro-enterprises, improving their management skills and the appropriate use of financial products for their businesses. Furthermore, improved financial literacy can potentially strengthen the efficiency of financial markets. Consumers who are better informed about financial risks and opportunities, and who are more aware of their own rights and responsibilities in relation to financial institutions can contribute to developing better functioning financial markets [alongside appropriate regulation and consumer protection]. Moreover, by

fostering long-term saving, financial education can promote the development of formal financial markets and infrastructure, ensuring that the financial sector makes an effective contribution to real economic growth (Messy and Monticone, 2012).

2.3.1: Entrepreneurship Information

Ryan, (2003) as quoted in Irene, (2009) observes that within the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation among young people. As traditional Job-for-life career paths become more and more rare, youth entrepreneurship is regarded as an additional way of integrating youth into the labor market and overcoming poverty (ILO, 2005). Youths in small scale businesses in most developing countries however need help in the area of information management with respect to availability and accessibility of information which could enhance their businesses transactions (Egwuonwu U.I. et al 2011). According to the Bhutan National Human Development Report, 2005 the youth entrepreneurial training Programme, as with the CGS in Bhutan, could benefit from greater media coverage and stronger advocacy to enhance its awareness among youth and that the lack of widespread awareness about the course among the intended beneficiaries severely diminishes its potential reach.

In Sri Lanka key informants and literature indicated a need for information about micro credit and finance schemes suitable for young entrepreneurs to be disseminated to key players across the country (National Action Plan for youth Employment Sri Lanka – August 2006). Improving entrepreneurship in South Africa is dependent upon making information and resources more available to potential innovators. This is cited as a chief contributor to the consistently low level of entrepreneurship in this country, according to the findings of the 2007 Global

Entrepreneurship Monitor (GEM) report. According to a research done by Umsobomvu Youth Fund, 2002 in South Africa, Mass media coverage remains the most effective tool for creating widespread awareness of entrepreneurship in society and increasing its legitimacy. Media coverage about the role of entrepreneurship and profiles of entrepreneurial activity stimulate discussion to demystify and raise awareness of the entrepreneurial process.

In Kenya, there is a correlation between use of financial services [such as having a bank account] and exposure to financial information. Radio, followed by word of mouth from friends and family members, is the most common source of financial information, although urban youth also have greater access to television and other media (Lisa Xu et al, 2012). On a similar vein, a number of ‘edutainment’ initiatives (e.g. soap operas, movies, and radio dramas with an educational content) have recently been launched with the aim of reaching a large audience. The Kenyan soap opera *Makutano Junction* addresses financial literacy issues. It is [partially] funded by the FEF and is crafted by Mediae, a development organization, as a development communication tool, highlighting health, environmental and social issues. Some episodes of series 9 and 10 also address pertinent financial education issues. At the end of each episode, the audience can send a text message in order to receive a leaflet on the content of that particular episode. The leaflets cover topics such as budgeting, savings, investments and debt management. When the episode is related to banking services, the leaflets also include an application allowing viewers to sign up at a specific bank (FEF, 2012).

A study done in Kenya found out that despite the fact that YEDF could be a preferred source of funding among the youths, accessing it remained a great challenge as most youth have not been properly informed on how these funds can be accessed (Amenya et al, 2010). The foundation of awareness creation, information and skill enhancement is being done mostly by financial

institutions(FIs), micro-finance institutions(MFIs), non-governmental organizations (NGOs) and civil society organizations(CSOs) ranging from large producer associations to community based organizations (CBOs). Public sector officials in the rural areas work closely with such agents of community mobilization.

2.3.2: Financial Access

Worldwide, financial access has become an increasingly important development metric, as one of the factors which can drive widespread economic development (Cracknell, 2012). Financial inclusion, in the fullest sense of the term, goes well beyond access to a basic bank account (Reagan et al, 2003). Worldwide, 50 percent of adults report having an individual or joint account at a formal financial institution. But while account penetration is nearly universal in high-income economies, with 89 percent of adults reporting that they have an account at a formal financial institution, it is only 41 percent in developing economies. Globally, more than 2.5 billion adults do not have a formal account, most of them in developing economies (Demirguc-Kunt et al, 2012).

Mainstream financial products provide ways for families and individuals to manage and leverage their financial resources, whatever these may be. As Ray Boshara (2005) explains, it is hard to build a productive asset with savings under the mattress and you can't save at a cheque casher. Mainstream financial services and products, even if not always responsive to the needs of low and modest-income Canadians, are overseen by public regulators and deposit accounts are insured against loss or theft – protections that are not available to those who keep their cash at home or rely on fringe financial services.

The INFE has adopted the following working definition: “Financial inclusion refers to the process of promoting affordable, timely and adequate access to a range of regulated financial

products and services and broadening their use by all segments of society through the implementation of tailored existing and innovative approaches including financial awareness and education with a view to promote financial wellbeing as well as economic and social inclusion” (OECD INFE, 2010a).

As Buckland (2010b) points out, low-income consumers often feel unwelcome in mainstream banks and encounter obstacles in their transactions that do not impact middle and upper income consumers in the same way. These include identification requirements; travel to and from the bank, banking hours, and the design of the products themselves. As a result, vulnerable consumers may find it preferable to use fringe financial services, including payday lenders, pawnbrokers and cheque cashers because they lack access to better alternatives. Fringe services typically offer fewer barriers and are delivered in less stigmatizing ways for vulnerable consumers, making them attractive in spite of service fees and interest charges well in excess of 100% on some credit products (Buckland, 2010b).

Finally, full financial inclusion encompasses access to timely and affordable help with financial choices and decisions. Research suggests that consumers who get financial advice feel more confident about their decisions (TFFL, 2011).

Well-functioning financial systems serve a vital purpose, offering savings, credit, payment, and risk management products to people with a wide range of needs. Inclusive financial systems - allowing broad access to financial services, with-out price or non-price barriers to their use - are especially likely to benefit young people and other disadvantaged groups. Without inclusive financial systems, young people must rely on their own limited savings to invest in their education or become entrepreneurs - and YREs must rely on their limited earnings to pursue

promising growth opportunities. This can contribute to persistent income inequality and slower economic growth (Demirguc-Kunt et al, 2009).

Financial education can thus help to reduce the demand-side barriers to financial inclusion. Improved financial literacy can increase awareness about products and services, as well as confidence and ability in using them. In turn, this can help to promote the demand for formal financial products and services. To be effectively included in financial markets, consumers need not only to have access to safe and regulated financial products, but also to be aware of their existence, understand their terms and conditions, and be able to compare products so as to choose the most appropriate to their needs. Moreover, consumers' lack of knowledge and experience with financial issues may put them in a disadvantaged position with respect to banks, microfinance institutions, and informal lenders, thus increasing the probability that they fall victim to fraud or abuse. In this respect, financial education can also foster effective financial inclusion by making consumers aware of their rights, so that they can better avoid scams and abuse from unscrupulous financial sector providers (Messy and Monticone, 2012).

While the informal and semi-formal systems are innovative and in many cases responsive to people's needs, they are far from perfect. Informal systems can be expensive, insecure, and inaccessible to some groups. They can be inefficient and inadequate in providing enough money when it is needed (Morduch, 1999).

Equity Bank's lending experience to young entrepreneurs demonstrates a strong business case for youth-inclusive financial services. Not only do young people make up the majority of the Kenyan market for financial services, young people also offer the institution the ability to grow a strong and long-lasting client base. Young people are also attractive clients in that they bring fresh ideas and new energy that pressure the Bank to be innovative and look toward the future.

Anecdotal evidence also shows that youth learn faster and are able to benefit from trainings more than adults, and they are able to quickly transform training to real business solutions and growth. Specifically, Equity plans to diversify its reach of young people to include those working in sectors including: commercial agriculture, tourism, infrastructure development, services, ICT/Business Process Outsourcing, manufacturing, retail/wholesale trade, and the entertainment industry. In particular, Equity Bank estimates that about 75% of Kenyan youth are farmers. In order to reach deeper into rural areas and engage young people working in the agriculture sector, Equity Bank will need to adapt to their needs. The major challenge for these young people living in remote areas is physical access to financial services so delivery channels must adapt to the available means. Additionally, agro-based youth will require different types of financial products that respond to the planting and harvesting seasons; technology; access to market information; and expertise in agricultural businesses to create more jobs and make it profitable and attractive to youth (Making Cents International, 2012).

Moreover, since its launch Equity Bank's youth product has grown faster than the rest of its products. From December of 2010 through December of 2011, the youth product grew by 52% while the rest of the bank's portfolio grew by 45%. The youth product also performed better than the banks other loan products in terms of portfolio quality where portfolio at risk greater than 90 days, at the end of September 2011 was 0.32% for loans to young people and 2.84% for the rest of the Bank. In addition to the standard delivery channels, Equity Bank is increasingly looking to technology-based solutions for increasing scale and reducing transaction costs. Youth clients can now use their cell phones to apply for loans, make payments, and deposit or withdraw money without having to spend time and money traveling to and waiting in line at the bank. The mobile channel [called Eazzy 247] provides services like money transfers, utility/bill payments, loan

application, balance enquiry, air time top-ups, cheque book related services and mini statements (Cracknell, 2012).

2.3.3: Debt Management

Consumers must confront complicated financial decisions at a young age in today's demanding financial environment, and financial mistakes made early in life can be costly. Young people often find themselves carrying large amounts of student loans or credit card debt, and such early entanglements can hinder their ability to accumulate wealth. To aid younger consumers, it is critical for researchers to explore how financially knowledgeable young adults are. The financial situation of today's youth is characterized increasingly by high levels of debt.

Recent survey results suggest that these debt loads are causing anxiety among young people and influencing major labor decisions. A 2006 USA Today/National Endowment for Financial Education (NEFE) poll of young adults' ages 22 to 29 found that, of those with debt, 30% said they worried about it frequently; 29% had put off or decided against furthering their education because of debt; and 22% had taken a job they would not have taken otherwise because of debt. There are other potentially costly consequences of accumulating high levels of debt early on, such as bankruptcy (Roberts et al, 2001). For instance, the U.S. Senate Committee on Banking, Housing and Urban Affairs reported in 2002 that the fastest-growing group of bankruptcy filers was those age 25 and younger (U.S. Congress, 2002).

These debt loads are of particular concern given recent evidence that young people may lack sufficient knowledge to successfully navigate their financial decisions. For instance, a National Council on Economic Education study of high school students and working-age adults showed widespread lack of knowledge among respondents regarding fundamental economic concepts

(NCEE 2005), confirming evidence provided by the Jump\$tart Coalition for Personal Financial Literacy (Mandell, 2004).

Previous research has found that financial literacy can have important implications for financial behavior. People with low financial literacy are more likely to have problems with debt (Lusardi et al, 2009), less likely to participate in the stock market (van Rooij et al, 2007), less likely to accumulate wealth and manage wealth effectively (Stango et al, 2007; Hilgert et al, 2003), and less likely to plan for retirement (Lusardi and Mitchell 2006, 2007a, 2009).

In addition, in another study the project delivered financial education services through one-on-one counselling at two Consumer Advice Centres (CACs) in Nairobi, Kenya and Dar es Salaam, Tanzania. The evaluation established its baseline data from consumers on their first visit in the centres. This data was then combined with a post intervention questionnaire to establish to what extent consumers responded to the new knowledge gained from the services provided by the CACs.

In both Kenya and Tanzania, the share of respondents who report to save regularly and have an account at a bank or with an informal group increased. Similarly, the proportion of respondents who prepared monthly/weekly budgets, understood their importance, and stuck to them when spending increased. The results in terms of debt management are less encouraging. The share of respondents reporting to have paid all their loans without default increased in both countries, even though the number of those who have sometimes skipped their repayments appears to have increased in Tanzania (ESF Apex, 2012).

Equity Bank's historical analysis of the youth portfolio also revealed some promising trends. Of those youth who began borrowing in 2007, 83% have remained with the bank after five years. Twenty-seven per cent of these youth borrowers have also borrowed additional products,

indicating a strong case for profitability over time. Average loan size also tells a promising story where initial loan sizes of between US\$200-250 have nearly quadrupled in five years to an average loan size of \$860 for those youth who began borrowing in 2007. On average, these youth have taken out 6 loans in five years, indicating a consistent trend in credit and debt management (Making Cents International, 2012).

2.3.4: Savings

Poor people in developing countries share the same goals as all people - economic security for themselves, their families, and future generations. The main difference is that they have fewer resources and opportunities. Most live in high-risk and unpredictable environments. And, compared to others, they don't have much money. In this context, managing the little money that they have is vital. Good money management is critical for meeting day-to-day needs, dealing with life cycle events and unexpected emergencies, taking advantage of opportunities when they present themselves, and planning for the future (Rutherford 2000).

The global population of youth, ages 15 to 24, will rise from just under 500 million in 1950 to 1.2 billion by 2050. Almost 90% will live in developing economies, and over 80% will live in either Africa or Asia (Population Reference Bureau, 2009). As these young people assume adult economic roles and responsibilities, they will increase interactions with informal and formal financial institutions. A formal bank savings account may be one of the most secure ways for youth to protect their savings and asset accumulations for near and future purposes. While financial institutions, non-profits, and governments have initiated youth savings products in many countries, youth savings has received relatively little scholarly attention (Masa et al, 2010). Increasingly being “banked” [owning a savings or transaction account in a formal financial

institution] is considered the standard worldwide for basic financial capability (Chaia et al., 2009).

Building assets is important for poor people in developing countries because they provide the basis for economic security. Common ways that poor people build assets are through savings, and investments in land, businesses, and housing. They also build assets by investing in children's education, health, and the maintenance of reciprocal social relationships that provide support in times of need. Good money management is critical to the process of accumulating all kinds of assets and preserving them. Access to appropriate financial products and services, along with the financial skills to manage these resources well, are key to the process of asset accumulation. Improving money management skills has been a focus of microenterprise training programs for many years. A decade ago, training in cash flow management and record keeping was integral to many microenterprise programs involving credit (Dupas et al, 2013).

Hundreds of millions of people in developing countries earn their living through small-scale business (World Bank, 2004; de Soto, 1989). Many of these entrepreneurs do not have access to even the most basic of financial services, such as a simple bank account in which they can save money. Given that many entrepreneurs need to save up daily profits for lumpy investments or set aside some money to use for unexpected shocks, is it possible that not having a place to save securely impedes business success? (Dupas et al, 2012).

In Kenya, scholars find a positive association between participation in a youth savings program and higher income, savings, and household assets (Erulkar & Chong, 2005). Equity Bank also noted a strong increase in savings of these initial borrowers. Over 90% of the youth entrepreneurs came to Equity without a savings account. In five years, these young borrowers have opened between 2-3 savings accounts within the bank. Equity's requires young

entrepreneurs to save 10% of their loan amount. On a weekly basis the average young person saves KES 100 [approximately US\$1]. Currently youth savings at Equity totals 7.1 million USD [KES 568 million] and loans outstanding total 18.6 million USD [KES 1,487 million]. This suggests that young people are savings well above the 10% minimum and the high value they place on savings [the ratio currently stands at 38% of savings to the outstanding book].

2.3.5: Business Development Services

According to the Bhutan National Human Development Report, 2005, Potential youth entrepreneurs and existing YREs need more than access to credit. As the successes of both the IG in Italy and the PTB in Britain suggest, they also need to know how to develop a business plan, business management, management of business finances [budgeting], time management, stress management, improving sales, managing and reducing costs, debt recovery techniques, stock control techniques, marketing and recruitment.

According to the European Network on Youth Employment baseline survey, 2010 it was found out that there was need for an integrated package for the promotion of youth entrepreneurship. This package includes skills training, business counseling, and mentor support, access to working space, Business expansion support, and creating support networks. These trainings according to the baseline survey should also be extended to service providers in order to improve their professional and technical competence, especially in the areas of programme conception, design, implementation and evaluation. The extent and quality of business support available for young entrepreneurs may be the vital difference between success and failure of an enterprise, particularly in the initial few years after the start-up. The valuable lessons learnt from the Entrepreneurial Development Programmes (EDP) strongly reflect the need for close business monitoring and advisory inputs, post-training and business support services, particularly

guidance and mentoring, are likely to be even more pertinent in the context of youth entrepreneurs, given their relative inexperience. For instance, the youth entrepreneurship experience in many countries reflects a better entrepreneurial performance record for those youth who participated in programmes that had effective mentoring components (Bhutan National Human Development Report, 2005).

In South Africa according to the Umsobomvu Youth Fund, 2002 report the small business support infrastructure consist of small business development centers, enterprise and business service centers and economic development offices. These resources provide counseling, advisory and business planning services, as well as access to resources – finance, markets and technology (Making Cents International, 2008).

Business Development Services also include seeking market for youth business products.

According to Chigunta, many Youth Run Enterprises (YREs) in both developed and developing countries largely rely on the local market. Available evidence suggests that heavy reliance on the local market, especially in poor countries, is a key constraint on earnings and growth of enterprises. The evidence suggests that YREs in both developed and developing countries largely rely on the local market (Chigunta, 2002).

According to the European Network baseline survey on youth employment, 2010 information on marketing to Youth Run Enterprises is very limited. YREs, especially those in poor countries, are concentrated in low value local markets and these youth also lack access to information on product and input markets. Thus, promoting the viability of YREs will require facilitating the access of youth to information on product and input markets and linking them to global value chains. Chigunta, 2002 emphasizes that this will require encouraging young to explore existing global initiatives aimed at promoting trade between Developed Countries and Less Developed

Countries. An example is the African Growth and Opportunity Act (AGOA) passed by the US Congress which was signed into law by President William Jefferson Clinton. Chigunta adds that there is urgent need to explore the opportunities that such global trade initiatives offer to potential youth entrepreneurs and existing YREs in Less Developed Countries (Chigunta, 2002).

In favor of local markets Philip (2002) notes that the critical advantage of producing for local markets is that the entrepreneurs know and understand local needs and opportunities, as well as the quality standards and expectations of that market (as cited by Chigunta , 2002). However Chigunta points out that in many LDCs, government and domestic company patronage of the informal sector is extremely limited. In many poor countries, the informal sector virtually has no foreign consumers among its entire clients. This has serious implications on the growth of YREs (Chigunta, 2002).

Business leaders interviewed for the survey in Zambia by Chigunta, 2002 cited the following as some of the reasons why they were not sub – contracting informal enterprises in general and youth enterprises in particular: lack of capacity [in form of equipment and raw materials] to produce quality products; lack of capacity to deliver products on time; lack of commitment and discipline in business management, and; lack of tax registration. The heavy reliance of youth proprietors and other non-youth informal sector operators on a low income market cannot lead to surplus accumulation which could allow young people to pursue independent livelihoods (Chigunta, 2002). This situation applies to many countries thus hindering many youths from exploring foreign markets which would lead to the growth of their businesses.

“As youth employment programs are being linked to market opportunities, so should youth enterprise development and financial literacy programs. In an increasingly global economy, end markets for many products are outside the producing country. Programmers can assist young

entrepreneurs develop an understanding of market opportunities and link them to value chain” (Making Cents International, 2008).

Equity Bank provides follow up business advisory services to ensure that youth businesses are not at risk of collapsing. Equity Bank also links young entrepreneurs with successful local and international entrepreneurs to form mentoring relationships. These mentors provide young people with guidance and advice on managing and growing their businesses. The mentoring process is anchored with the group lending structure where a section of the members are above a specific age with business experience and acumen. The clubs/groups are designed to create an environment where the youth entrepreneurial ideas are incubated to maturity. The bank in conjunction with Google has recently launched a channel on you tube called the “African Success Story: Generation X,” where successful youth can exhibit their businesses and enterprises (Abeywickrema, 2009). The bank has also been partnering with the Government’s MOYAS in facilitating the National Youth Trade Fair, where the youth can show case their products and enterprises.

In Kenya however these youth business support services are only limited to business advisory services from youth offices and few provincial and nation trade fairs organized by YEDF which are not adequate to enable youth market their wares and grow their businesses to greater heights (DYO, 2013).

2.4: Theoretical Framework

This research was grounded on the Learning Theory [Behaviorism]. Learning theory offered a methodical study of the observable influences of behavior and how people acquire habits (Goldhaber 2000). Ivan Pavlov, a founding behaviorist, documented that behavior can be

learned, modified, and extinguished by altering the conditions [including immediate stimuli] in which the behavior occurs (Pavlov, 1960).

Learning theory evolved most notably with the work of B. F. Skinner. Skinner determined that once the behavior is associated with a consequence, whether a reinforcer or punishment, the likelihood of the action continuing changes. For example, a rat that receives food after pulling a lever will continue to pull the lever, but a rat that receives a shock will not (Crain, 1992).

Firstly, Skinner argued that positive reinforcement and punishment are not equal; with the former providing longer lasting results and the latter having negative side effects (Skinner, 1953). Skinner argued that a punishment should include positive reinforcements so individuals receive a signal about how to behave as well as how not to (Crain, 1992).

Secondly, Skinner studied two types of behavioral reinforcers: primary and secondary. Primary reinforcers are biologically programmed into humans, such as food, pain, or odors, and cause innate responses (Delgado et al. 2006; Skinner, 1969). For Skinner, money is a powerful secondary reinforcer, because it is associated with the ability to purchase primary reinforcers [for instance, food] and has a socially-negotiated value. Therefore, money can promote behavior, such as working, because it enables a higher standard of living.

Thirdly, Skinner found that time mattered - that a lapse of even a few seconds affects the association between behavior and the consequence (Skinner, 1954). This attention to time led Skinner, as well as Pavlov, to argue that, by breaking large tasks into separate skills that can be performed in sequence and reinforced, an individual will be better able to learn complex behaviors, such as paying down debt or investing in stock.

Finally, learning theory advanced investigations of human behavior by focusing attention on the observable, thus emphasizing the importance of testing behavior propositions. It acknowledges

the power of prerequisite conditions and the anticipated consequences, whether positive or negative, in influencing people's actions.

The research was hinged on the following considerations with regard to consequence: firstly, the theory described how future behavior is encouraged or discouraged by the outcomes of similar behavior. When the youths make a good choice, good things [rewards] happen. When the youths make a bad choice, bad things [punishments] happen. These consequences result in learning and changes in behavior. The implication was that persons experiencing negative financial outcomes may become more cautious than those experiencing positive outcomes. This may be beneficial to the youths in some circumstances but detrimental when, for example, being rejected for a loan deters future involvement in the formalized financial institutions and encourages interactions with high cost alternatives.

The second consideration was the effect of punishment and rewards on behavior - time. Learning theory argued that immediacy of the consequence creates a strong connection to the behavior. The rewards for impulsive spending are immediate and salient; the punishments are typically delayed. Additionally, because the rewards for saving require time, people may find other uses for extra money thus training the youth on consistence and dedication in savings.

Thirdly, learning theory also suggested breaking large tasks into smaller ones and focusing on specific changes that could be done to make a difference on the larger behavior. This characterized some debt counseling where focus was on reducing debt components without full attention to the total debt. By breaking debt repayment plans into smaller tasks, the youths could focus on a specific issue and see the rewards before tackling the next behavior.

2.5: Perceived Conceptual Framework

The perceived conceptual framework was captured as follows:

2.5.1: Introduction

This section covered the conceptual framework that guided this study. Experience suggests that when developing the research questions it is very beneficial to also diagram the problem or topic. This is often called a conceptual framework. According to (Miles & Huberman, 1994), A conceptual framework explains, either graphically or in narrative form [diagrams are much preferred], the main things to be studied - the key factors, constructs or variables - and the presumed relationships among them.

The study was guided by the following conceptual framework:

Figure 2.1: Conceptual Framework Showing Relationships of Variables.

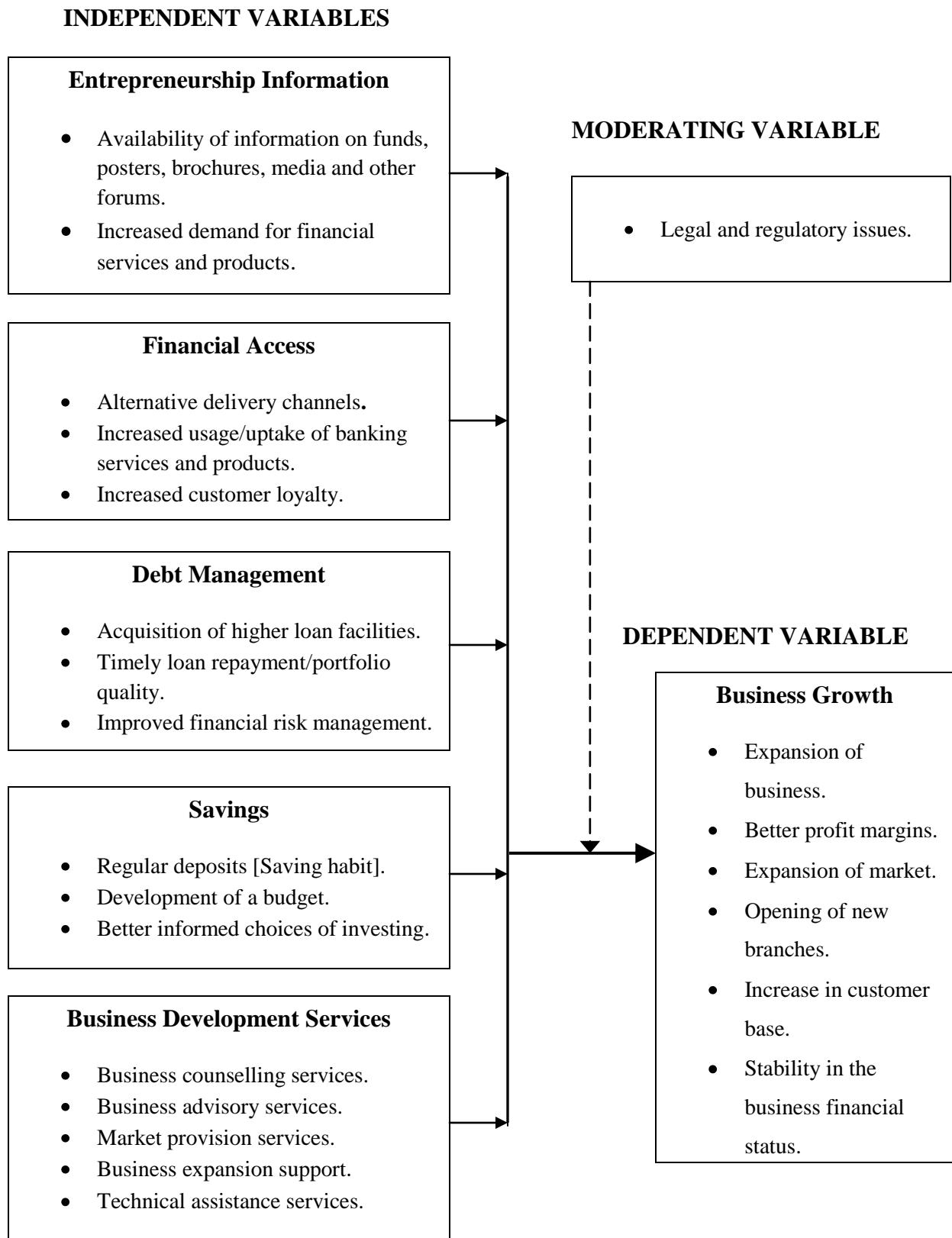


Figure 2.1 above showed the five thematic areas of financial education that were under consideration: entrepreneurship information, financial access, debt management, savings and business development services were the independent variables that influenced business growth among youth groups in Homa-Bay district, Homa-Bay County.

Business growth [to be realized in terms of: expansion of business, better profit margins, expansion of market, opening of new branches, increase in customer base and stability in the business financial status] among youth groups was determined by the presence or lack of the aforementioned. The five thematic areas above are clearly interdependent but whose results are affected by the legal and regulatory issues in the market environment as espoused by the government.

2.6: Summary of Literature Review and Research Gap

The chapter reviewed literature on financial literacy education intervention programmes in the world, continent and the Kenyan context. Literature review pointed to the fact that financial literacy with emphasis on the youth across the globe was gaining momentum. From most research findings it was established that though efforts were being made by various governments to amend the anomaly, the intervention programmes were slow to pick and are yet to have impact on youth enterprise development. It was evident that there were no previous studies which focused on influence of financial literacy education on business growth among youths. Very little research had been done to follow up on the impact of these numerous youth interventions programmes towards unemployment and if at all they enable young people get the desired business growth and achieve youth enterprise development.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1: Introduction

This chapter presented a detailed description of the methods and procedures the researcher applied in conducting the research. It dealt with the research design, location of the study, the target population, sample and sample selection, research instrument, validity and the reliability of the research instrument, data collection procedures, data analysis techniques and the types of variables and measurement scales that were employed in the research study.

3.2: Research Design

The study used the descriptive research survey design. Mugenda and Mugenda (2003) describes a survey design as an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. The design was applied because it enabled the researcher to establish relationships between variables in order to achieve an in depth analysis of the influence of financial education program on business growth in Homa-Bay District, Homa-Bay county. This design was appropriate and economical for finding out the business characteristics and attitudes of the youth run enterprises and was a rich source of information to the study.

3.3: Target Population

This section explored on the study population from which the sample was drawn. Population according to Tuckman (1972), is the total target group who will, in the ideal world, be the subjects a researcher is interested in gaining information from and drawing conclusions. The study targetted the active registered youth groups operating within Homa-Bay District. According to Equity Bank's Homa-Bay branch, the records on the FIKA training program

indicated there were 35 registered and active youth groups spread across the 4 divisions each consisting of 15 members totaling to 525 who were the study's target population. Homa-Bay district consists of four administrative divisions [Asegø, Rangwe, Upper Nyokal and Lower Nyokal] all of which were included in the study. This was illustrated in the table 3.1 below:-

Table 3.1 Data on Target Population for Study

Study Population	Youth Groups	Total Population
Asegø Division	13	195
Rangwe Division	7	105
Upper Nyokal Division	8	120
Lower Nyokal Division	7	105
TOTAL	35	525

Note: Each group has a total of 15 members

3.4: Sample Size and Sampling Procedure

According to Cooper and Schindler (2003), the ultimate test of a sample design is the characteristic of population it represents. In its measurement term the sample must be valid. The survey sample size is defined as the minimum required number of sampling units that are needed to build sound statistical conclusions and inferences. The sample size and sampling procedure were captured as shown in table 3.2:-

3.4.1: Sample Size

The sample size was based on the total population of 525 youth members drawn from 35 youth groups under the FIKA program. According to Mugenda and Mugenda (2003), for descriptive studies a sample size of 10% of the population is convenient thus a sample size of 10% was selected from each stratum [division] in the district which was represented by 20, 11, 12 and 11

respondents from Asegø, Rangwe, Upper Nyokal and Lower Nyokal Divisions respectively. In total, the researcher had a sample size of 54 respondents as shown in Table 3.2:-

3.4.2: Sampling Procedure

Sample selection is the process of selecting a number of individuals or objects from a target population such that the selected group contains characteristics reflective of those found in the entire group (Mugenda & Mugenda, 2003). Stratified sampling was used on the youth groups based on the geographical divisions within Homa-Bay District from where the sample to be selected for inclusion into the study was drawn.

There were four strata, that is youth members from Asegø, Rangwe, Upper Nyokal and Lower Nyokal divisions of Homa-Bay district and random sampling method was used to identify the respondents in each specific stratum of these divisions. This method was preferred because it was important the sample includes representative survey units with specific characteristics of a pre-determined size obtained from strata of the entire Homa-Bay district. This gave members of every stratum an equal chance of being selected in the study. Table 3.2 below illustrates:-

Table 3.2: Sample Size and Sampling Procedure

Study Population	Total Population	%	Sample Size	Sampling Procedure
Asegø Division	195	10	20	Stratified/Random
Rangwe Division	105	10	11	Stratified/Random
Upper Nyokal Division	120	10	12	Stratified/Random
Lower Nyokal Division	105	10	11	Stratified/Random
TOTAL	525		54	

3.5: Research Instruments

Research instruments are simply devices for obtaining information relevant to your research project (Wilkinson & Birmingham, 2003). This study used questionnaires. While questionnaires were very detailed, covering many subjects or issues, they would also be very simple and focus on one important area. A set of questionnaires containing both structured and unstructured questions were used for the study to collect primary data. The study targeted all the youth members in Table 3.2 above and were administered on basis of random sampling of members from the four strata within Homa-Bay district trained under Equity Bank's Homa-Bay branch FIKA program. The study preferred the use of questionnaires because of the simplicity in their administration, scoring of items and analysis of the collected data. The questionnaires were divided into sections and were developed based on the research objectives in order to capture relevant information.

The youth members were expected to provide information regarding entrepreneurship information availed, benefits of financial access, debt management, savings and business development services shared. A section on business growth would also be captured. The Questionnaire had both close-ended and open-ended questions which allowed the respondents the opportunity to give more insight to the research problem and also facilitate consistency of responses among the respondents. In addition, face to face interactive interview was employed to allow the researcher to probe for responses and clarify any ambiguities. In this regard data collection was done personally by the researcher.

3.5.1: Piloting of the Study

A pilot study was carried out in Homa-Bay district to validate the research instruments. It was done prior to collecting data in the field purposefully to refine the questionnaire. A pre-test was

carried out randomly by picking 6 respondents for this purpose and questionnaires were administered to each of one. The findings of the pilot instruments were then analyzed and necessary modifications made on them.

3.5.2: Instruments Validity

A research was deemed valid only if it actually studied what it set out to study and only if the findings were verifiable (Saunders, 2000). Validity is therefore the degree to which a test measures what it is intended to measure. Content validity allowed a researcher to measure intended domains of indicators or content of a particular concept. Validity therefore had to do with the accuracy of the data that was obtained in a study prior to using the questionnaires and it ensured that they were pilot tested. The testing was important to establish the content validity of the instruments which were used and to improve the questions, format and scales. The purpose of the pilot testing was to refine the questionnaire so that respondents would have no problems in responding to the questions and as such there would be no problem in recording data.

According to Borg and Gall (1989) content validity of an instrument is improved through an expert's judgement and therefore to enhance this in the study content related validity of the questionnaire on schedule was determined by the help of experts (such as the research supervisor). The supervisor gave guidance on it to ensure that the instrument was well constructed and that it addressed the information that was sought by the research objectives.

3.5.3: Instruments Reliability

A study is reliable only if another researcher, using the same procedure and studying the same phenomenon, arrives at similar or comparable findings (Sekaran, 2003). Reliability in the true research is influenced by random error (Mugenda and Mugenda, 2003). Having realized that respondents would be biased or simply not in the mood to answer the questions with any degree

of interest or simply tick off response option without reading or considering them (Sekaran, 2003), necessary measures were taken. The researcher ensured that the questionnaires were carefully read through to curb any logical flaws and ensured that responses that were given by any one respondent were not contradictory (Hair, 1992). In addition, the questionnaire combined both open-ended and close-ended questions which were administered to the respondents. This allowed respondents to have an opportunity to give more insight to the research problem which in turn facilitated consistency of responses among the respondents.

Table 3.3: Calculating Reliability Using SPSS (v16)

		DM3	BG9
DM3	Pearson Correlation	1	- 0.753
	Sig. (2-tailed)		0.456
	N	52	52
BG9	Pearson Correlation	- 0.753	1
	Sig. (2- tailed)	0.456	
	N	52	52

DM3 – If your answer to question 13 is yes, how many times

BG9 – Has your business expanded as a result of either Equity bank loans or other sources

The calculated reliability using SPSS (v16) gave a Pearson's correlation coefficient of -0.753. Values between 0.7 and 1.0 indicated a strong positive linear relationship via a firm linear rule. This meant that the test pre-test reliability of the instruments was good.

3.6: Data Collection Procedures

A letter of identification from the University of Nairobi was used to obtain a research permit from the National Council of Science and Technology. The researcher then reported and sought permission from the relevant authorities before proceeding to the field. Such authorities included; the Office of the President through the Homa-Bay District Commissioner's office and Ministry of Youth Affairs and Sports through the District Youth Office prior to collection of data from the target population. A written letter of transmittal that introduced the researcher to the respondents and assured them of total confidentiality of their responses was obtained. In this study, data was collected through a drop and pick method where the questionnaires were dropped in the youth groups' meeting venues and picked the following week when they would be holding their meeting. The whole process of data collection was administered personally by the researcher.

3.7: Data Analysis Techniques

Once the questionnaires had been administered and collected from the respondents, the raw data collected was organized systematically so as to facilitate analysis. The data collected was checked for consistency and then coded with regard to the type and source. The data was analyzed and interpreted both quantitatively and qualitatively in light of the research objectives. Analysis of data was conducted with the aid of the Statistical Package for Social Sciences (SPSS) version 16 software for windows and Microsoft Excel 2007 computer software whereby data collected was coded and fed on to the computer Programme for easy analysis. To check for the relationship between variables, Chi Square test (χ^2) was used. This utilized the responses that were generated from the questionnaires. This technique was used to test the hypotheses. The significance level was maintained at .05 and appropriate degree of freedom.

The findings were presented in form of tables, frequencies and percentages in order to bring out the relative differences in values. Descriptive statistics also enabled the researcher to meaningfully describe the distribution of measurements (Mugenda & Mugenda, 1999). The data was collected then organized into themes, categories, and patterns pertinent to the study. This assisted in identification of information which would be relevant to the research questions and objectives.

3.8: Ethical Issues

Ethics involves the study of right and wrong conduct (Dooley, 2007). This study ensured that the respondents were assured of the confidentiality of the information they provided. Permission was sought from the relevant authorities prior to the commencement of the study. Such authorities included: a research permit from the National Council of Science and Technology, the Office of the President through the Homa-Bay District Commissioner's office and Ministry of Youth Affairs and Sports through the District Youth Office and Equity Bank, Homa-Bay branch prior to collection of data from the target population. The study intended to inform the respondents of the purpose of the study and gave them a written assurance that the data collected would be used only for research purposes and that strict confidentiality would be observed. To increase the degree of confidence among the respondents, no personal identification details were required for the purpose of the questionnaires. The sources of data and other information for literature review were acknowledged effectively, in this study.

3.9: Operationalization Table

This section presented the dependent and independent variables, the associated indicators and how they were measured. The data collection instruments were outlined and the scales of

measure represented. The techniques that were used for the analysis of data were also laid down.

Both the independent and dependent variables were operationalized as shown in table 3.4.

Table 3.4: Operationalization of Variables

Objectives	Types of variables	Indicators	Measurements	Level of scale	Data collection method	Approach of analysis	Type of analysis	Level of analysis
	Independent							
To assess the influence of entrepreneurship information on business growth among youth groups in Homa-Bay district.	Entrepreneurship information	-Availability of information -Increased demand for financial services/products	-Number of forums attended -Posters and brochures -Frequency of demand of products/services	Ordinal	Questionnaire	Survey	Quantitative and qualitative	Descriptive
To determine the extent to which financial access influences business growth among youth groups in Homa-Bay district.	Financial access	-Alternative delivery channels -Uptake of banking services/products	- Access to ATMs, Point of sale (POS), Eazzy 247, agency banking, banking halls etc -Number of products/services used -Type of product/service used	Ordinal	Questionnaire	Survey	Quantitative and qualitative	Descriptive
To establish the extent to which debt management influences business growth among youth groups in Homa-Bay district.	Debt management	-Acquisition of higher facilities -Timely loan repayments	-Number of times borrowed -Progression in borrowing for repeat borrowers -Frequency of loan repayments -Frequency of loan repayment default	Ordinal	Questionnaire	Survey	Quantitative and qualitative	Descriptive

		-Improved financial risk	-Other economic diversifications					
To investigate the influence of savings on business growth among youth groups in Homa-Bay district	Savings	<ul style="list-style-type: none"> -Regular savings -Development of a budget -Better informed choices of investing 	<ul style="list-style-type: none"> -Ownership of a savings account -Frequency of savings -Setting up clear savings goals -Adherence to the budget 	Ordinal	Questionnaire	Survey	Quantitative and qualitative	Descriptive
To examine the extent to which business development services influences business growth among youth groups in Homa-Bay district.	Business development services (BDS)	<ul style="list-style-type: none"> -Business advisory support -Business expansion support -Technical assistance -Market provision 	<ul style="list-style-type: none"> -Sources of advice on business -Money for expansion purposes -Advice on expansion -Visits by experts in the business area -Advice on market opportunities -Market linkages 	Ordinal	Questionnaire	Survey	Quantitative and qualitative	Descriptive
	Dependent variable							
	Business growth	<ul style="list-style-type: none"> -Expansion of business -Increase in customers and market expansion 	<ul style="list-style-type: none"> -Initial and current sales -Acquired assets -Number of customers in business 	Ordinal	Questionnaire	Survey	Quantitative and qualitative	Descriptive

		<ul style="list-style-type: none">-Profits gained-Opening of new branches	<ul style="list-style-type: none">-Type of market goods/services sold-Financial records-Number of new branches opened					
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CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS, INTERPRETATIONS AND DISCUSSIONS

4.1: Introduction

On the basis of data collected using questionnaires from the youth groups, the study sought to establish the influence of financial education program on business growth among youth groups in Homa-Bay district, Homa-Bay County. Data collected was analyzed to capture the demographic characteristics of the respondents and the influence of financial education program on business growth among youth groups. Descriptive statistics such as frequencies and percentages were used to analyze responses from various questionnaire items in accordance to the study objectives.

On the other hand, inferential statistics - Chi-square (χ^2) test was used to establish the implications of responses to various items in the questionnaire and also to test the study hypothesis at .05 level of significance and appropriate degree of freedom. For the purpose of this study, the Chi-square (χ^2) was used to test the following hypotheses:

H_01 : There is no significant relationship between entrepreneurship information and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_02 : There is no significant relationship between financial access and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_03 : There is no significant relationship between debt management and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_04 : There is no significant relationship between savings and business growth among youth groups in Homa-Bay district, Homa-Bay County.

H_0 : There is no significant relationship between business development services and business growth among youth groups in Homa-Bay district, Homa-Bay County.

4.2: Return Rate of Instruments

A total of 54 respondents were administered with 54 questionnaires; of which 52 of the questionnaires were returned. All the 52 questionnaires administered were valid. The 52 valid questionnaires represented 96.3% return rate. This rate was above 75% minimum advocated by Tuckman (1972). This high response rate was realized because the questionnaires were administered and collected in person. The reason cited in the cases of non-response of the other 2 was misplacement of the questionnaires.

4.3: Demographic Characteristics of the Respondents

This section described the characteristics of the respondents used in the study. Demographic characteristics involve features like gender, age, level of education, length of group's existence, position and type of business. The demographic characteristics were looked at in order to gain understanding of the respondent's background which was perceived as critical in the analysis of the data obtained.

4.3.1: Characteristics of the Respondents by Gender

The findings revealed that 30 of the respondents (57.7%) were male while 22 (42.3%) were female as distributed in Table 4.1 below.

Table 4.1: Gender Distribution of the Respondents

Gender	Frequency
Male	30 (57.7%)
Female	22 (42.3%)
TOTAL	52 (100.0%)

4.3.2: Characteristics of the Respondents by Ages

The study considered age as an important factor. Respondents were asked to state their ages. This would help elicit the category that is largely involved in the training and if this had a net effect on opinions about implementation of the FIKA program in Homa-Bay district, Homa-Bay County. The Table 4.2 shows the results:

Table 4.2: Age Distribution of the Respondents

Respondent's Age	Frequency
15 – 20	1 (1.9%)
21 – 25	14 (26.9%)
26 – 30	13 (25.0%)
31 – 35	18 (34.6%)
Above 35	6 (11.5%)
TOTAL	52 (100%)

The findings indicated that the most productive age group formed the majority of the respondents (88.4%), that is, those who qualified as target beneficiaries (18-35). For the isolated members (11.5%) who were above 35 years it was presumed that maybe their birthdays came while they were still servicing loans under the youth category with a possible graduation on completion. This illustrates that the activities of the training were on point.

4.3.3: Education Level of Respondents

The characteristic was important to the study as it revealed the education background of the respondents. The respondents gave feedback as illustrated below in Table 4.3:

Table 4.3: Education Level of Respondents

Education Level	Frequency
'A' Level KCPE	27 (51.9%)
'O' Level KCSE	18 (34.6%)
Professional Certificate	6 (11.5%)
Diploma	1 (1.9%)
Bachelors Degree	0 (0.0%)
TOTAL	52 (100.0%)

Table 4.3 depicts that a total of 45 youths (86.5%) had 'O' Level education and below qualifying that the training was targetting the right segment of the population who were the most vulnerable in economical terms.

4.3.4: Length of Group's Existence

The length of existence was a significant indicator since it would point to the maturity of the group's operations. The response to the length of groups' existence is as given in Table 4.4 below:

Table 4.4: Length of Group's Existence

Period	Frequency	Percentage (%)
< 1 year	3	5.8%
1 – 2 years	33	63.5%
3 – 4 years	7	13.5%
> 5 years	9	17.3%
TOTAL	52	100%

The findings showed that over 75% of the groups had been in existence for less than 5 years. This was in tandem with the period FIKA training came into being.

4.3.5: Position Held in the Group

The response to the respondents' position in groups was as given in Table 4.5 below:

Table 4.5: Position Held in the Group

Position	Frequency	Percentage (%)
Chairperson	5	9.6%
Secretary	6	11.5%
Treasurer	7	13.5%
Member	34	65.4%
TOTAL	52	100%

The findings revealed that 34.6% of the respondents were officials of the groups this therefore boosted the reliability of the information provided as they were the custodians of the groups.

4.3.6: Respondents Representation in accordance to the Type of Business

The youth businesses were distributed in various business sectors is as seen in Table 4.6:

Table 4.6: Respondents Representation in accordance to the Type of Business

Type of Business	Frequency	Percentage (%)
Agriculture based	8	15.4%
Entertainment	1	1.9%
Food and Beverage	6	11.5%
Service Provision	6	11.5%
Small Scale Business	31	59.6%
TOTAL	52	100%

The findings above indicated that majority of the youth members 31 (59.6%) were involved in small scale businesses like kiosks and shops. The interpretation was that the most dominated SME businesses among youth groups in Homa-Bay were small scale business, followed by agricultural based activities, service provision, food and beverage and entertainment in that order.

4.4: The influence of Entrepreneurship Information on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

Entrepreneurship information had been cited by literature as integral aspect in the enhancement of business growth among youth enterprises. To provide a baseline understanding of this, respondents were asked to respond to questions on where they got Entrepreneurship information on the bank's products and services and how important they rated the information they received as compared to other service providers. In support to objective 1 the study sought to establish the influence of entrepreneurship information on business growth among youth groups in Homa-Bay district, Homa-Bay County. The responses were summarized in the tables 4.7 and 4.8 below:

4.4.1: Sources of Entrepreneurship Information about Equity Bank's Services/Products

For the FIKA program to be productive it had to increase its coverage by creating provisions and sensitizing its target audience (youths) through a variety of avenues. The researcher sought to establish whether this fact was being practised in Homa-Bay district. The findings indicated that Equity bank branch was the most relied on source by the respondents at 86.5%, followed by other forums like barazas, posters and media in that order. This implied that the presence of a branch network created a significant impact on the availability and access of entrepreneurship information. Table 4.7 highlighted on this and the results obtained were as follows:

Table 4.7: Sources of Entrepreneurship Information about Equity Bank's Services/Products

Source	Frequency	Percentage (%)
Media	1	1.9%
Equity Bank Branch	45	86.5%
Equity Bank Posters & Brochures	1	1.9%
Other Public Forums – Barazas	5	9.6%
TOTAL	52	100.0%

4.4.2: Importance of Entrepreneurship Information Received

The response to this item was as displayed in Table 4.8 below:

Table 4.8: Importance of Entrepreneurship Information Received

Service Providers	Very Much	Much	Moderate	Little	Not at all	TOTAL
Financial literacy trainers	35 (67.3%)	16 (30.8%)	1 (1.9%)	0 (0.0%)	0 (0.0%)	52 (100%)
Other trainers	1 (1.9%)	0 (0.0%)	5 (9.6%)	34 (65.4%)	12 (23.1%)	52 (100%)
TOTAL	36 (34.6%)	16 (15.4%)	6 (5.8%)	34 (32.7%)	12 (11.5%)	104 (100%)

From the above table, the study found out that: 98.1% of the respondents found the information provided by the financial literacy trainers vital while 88.5% gained minimally from the other service providers on entrepreneurship information. These findings affirmed that the financial education program had made great efforts in ensuring the target audience (youths) made gains on the availability and accessibility of entrepreneurship information.

4.4.3: Findings on the First Study Hypothesis

Test of hypothesis entailed the study of relationship between the independent variable using Chi-square test (χ^2). For the purposes of this research confidence level was maintained at 5% and appropriate degree of freedom, as advocated by many social science researchers (Punch, 2004). The researcher was interested in confirming or rejecting the notion that there is no significant relationship between entrepreneurship information and business growth among youth groups in Homa-Bay district, Homa-Bay County. To establish the relationship between entrepreneurship information and business growth among youth groups in Homa-Bay district, Homa-Bay County, Chi square test (χ^2) was used to test the hypothesis:

Ho₁: There is no significant relationship between entrepreneurship information and business growth among youth groups in Homa-Bay district, Homa-Bay County.

The null hypothesis stated above was determined by the findings of the Chi-square calculation on Table 4.9 below. The study focused on the importance of entrepreneurship information received from financial literacy trainers and other service providers on business growth among youth groups in Homa-Bay district. From the Chi-square computation calculated value was 5.368 with a degree of freedom, (df) of 3. From the Chi-square tables .05 significance level had a corresponding p-value of 4.277.

Clearly the computed Chi-square was greater than the critical value (4.277). The null hypothesis ***Ho₁*** was therefore rejected; this implied that there was a significant relationship between the entrepreneurship information and business growth among youth groups in Homa-Bay district, Homa-Bay County.

Table 4.9: Influence of Entrepreneurship Information on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

Entrepreneurship Information	Very Much	Much	Moderate	Little	Not at all	TOTAL
EI 2	35 (67.3%)	16 (30.8%)	1 (1.9%)	0 (0.0%)	0 (0.0%)	52 (100%)
EI 3	1 (1.9%)	0 (0.0%)	5 (9.6%)	34 (65.4%)	12(23.1%)	52 (100%)
TOTAL	36 (34.6%)	16 (15.4%)	6 (5.8%)	34 (32.7)	12 (11.5%)	104 (100%)

EI 2 - How important is the entrepreneurship information that you receive from financial literacy trainers

EI 3 - How important is the entrepreneurship information that you receive from other service providers

Chi-square (χ^2) = 5.368

Degree of freedom = 3

P-Value = 4.277

Confidence level = .05

4.5: The influence of Financial Access on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

This section presents the findings in respect to objective 2 which sought to establish the influence of financial access on business growth among Youth groups in Homa-Bay district, Homa-Bay County. The responses were summarized in the tables 4.10, 4.11 and 4.12 below:

4.5.1: Alternative Delivery Channels used for Business Transaction

According to the findings on Table 4.10, majority of the respondents 28 (53.8%) used agency banking for their business transactions, followed by banking hall 8 (15.4%), ATMs (15.4%), Eazzy 247 7 (13.5%) and finally POs 1(1.9%) in that order. This implied that the FIKA program had made efforts to instill confidence to the members especially those young people living in

remote areas where physical access to financial services was a challenge hence the need to come up with convenient and innovative delivery channels such as agency banking to include this niche. The response by the respondents is as given below:

Table 4.10: Alternative Delivery Channels used for Business Transaction

Channel	Frequency	Percentage (%)
ATMs	8	15.4%
Point of Sale Machines (POs)	1	1.9%
Eazzy 247	7	13.5%
Agency Banking	28	53.8%
Banking Hall	8	15.4%
TOTAL	52	100.0%

4.5.2: Benefitted more than once from any of the banking services/products

The response to the respondents was as given in Table 4.11 below:

Table 4.11: Benefitted more than once from any of the banking services/products

Response	Frequency	Percentage (%)
Yes	52	100.0%
No	0	0.0%
TOTAL	52	100.0%

From the findings above, it indicated that 100% had benefitted more than once from the bank's products/services thus strengthening the youth members' involvement in proactive ways to grow their businesses.

4.5.3: Frequency of benefit

The response to the respondents was as given in Table 4.12 below:

Table 4.12: Frequency of benefit

Response	Frequency	Percentage (%)
Two times	25	48.1%
Three times	12	23.1%
Five times	7	13.5%
> Five times	8	15.4%
TOTAL	52	100.0%

4.5.4: Findings on the Second Study Hypothesis

The second objective of the study was to establish the relationship between financial access and business growth among youth groups in Homa-Bay district, Homa-Bay County.

The researcher was interested in confirming or rejecting the notion that there was no significant relationship between financial access and business growth among youth groups in Homa-Bay district, Homa-Bay County. To establish the relationship between the variables, a Chi-square test (χ^2) was used to test the hypothesis:

H₀2: There is no significant relationship between financial access and business growth among youth groups in Homa-Bay district, Homa-Bay County.

The hypothesis was tested by changes in various financial access attributes and the attitudes of the respondents towards these variables. The relationship between financial access and business growth among youth groups in Homa-Bay district was examined with reference to financial access. Computed Chi-square (χ^2) was 1.291, with a degree of freedom(df) of 4 and a P-value of 1.145 at .05 significance level. The implication on the objective was that there was a significant

relationship between financial access and business growth among youth groups in Homa-Bay district, Homa-Bay County. The null hypothesis was thus rejected and, thus validating the notion that financial access had a direct influence on business growth among youth groups in Hom-Bay district, Homa-Bay County.

Table 4.13: Influence of Financial Access on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

Financial Access (FA)	Frequency	Percentage (%)
Two times	25	48.1%
Three times	12	23.1%
Five times	7	13.5%
Over five times	8	15.4%
TOTAL	52	100.0%

FA – How many times have you benefitted from any of the banking products/services

Chi-square (χ^2) = 1.291

Degree of freedom = 4

P-Value = 1.145

Confidence level = .05

4.6: The influence of Debt Management on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

This section presents the findings in respect to objective 3 which sought to establish the influence of debt management on business growth among Youth groups in Homa-Bay district, Homa-Bay County.

4.6.1: Beneficiaries of the Youth Loan Products

The response to the respondents was as given in Table 4.14 below:

4.14: Beneficiaries of the Youth Loan Products

Response	Frequency	Percentage (%)
Yes	52	100.0%
No	0	0.0%
TOTAL	52	100.0%

The findings indicated that 100% of the respondents had benefitted from the youth loan products.

This can be attributed to the fact that many of the members were financially included as a result of the training program which availed to them entrepreneurship information hence the demand for loan products.

4.6.2: Benefitted more than once from the Youth loan Products

According to Table 4.15, the findings showed that 45 (86.5%) of the respondents had benefitted from the youth loan products more than once while 7 (13.5%) did not. This clearly supported literature on the growth of the youth loan products in Equity bank. The findings also suggested that there was a positive net effect on the relationship between financial education and the uptake of loan products. The response was as given below:

Table 4.15: Benefitted more than once from the Youth loan Products

Response	Frequency	Percentage (%)
Yes	45	86.5%
No	7	13.5%
TOTAL	52	100.0%

4.6.3: Frequency of benefit on Youth Loan Products

The researcher was interested to find out the frequency of those who had benefitted more than once and the findings in the table 4.16 showed that 30 (66.7%) had gained two times which implied that their group also had not existed for long as opposed to 5 (11.1%) who gained over four times meaning they had established a good borrowing history over the years as shown below:

Table 4.16: Frequency of benefit on Youth Loan Products

Response	Frequency	Percentage (%)
Two times	30	66.7%
Three times	4	8.9%
Four times	6	13.3%
Over four times	5	11.1%
TOTAL	45	100.0%

4.6.4: Amount in Successive loan facilities greater than the previous

The response to this item was as given in Table 4.17 below:

Table 4.17: Amount in Successive loan facilities greater than the previous

Response	Frequency	Percentage (%)
Yes	41	91.1%
No	4	8.9%
TOTAL	45	100.0%

According to the above table, 41 (91.1%) of the respondents who had benefitted more than once from the youth loan products had amounts greater in the successive loans than the previous as compared to 4 (8.9%) whose amounts were lower. This implied that the members had built a good credit history and were consistent in their previous repayments. Thus they were good debt managers which was a fact that could be attributed to the FIKA training program.

4.6.5: Response on the usage of money

The response to this item was as given in Table 4.18 below:

Table 4.18: Response on the usage of money

Response	Frequency	Percentage (%)
Expansion of original business activity	47	90.4%
Start of a new business activity	5	9.6%
TOTAL	52	100.0%

The findings above revealed that 47 (90.4%) of the respondents used the money borrowed for expansion of the original business activity while 5 (9.6%) used the money for diversification.

This meant that the 9.6% had matured and braved the storms of uncertainty in their line of business thereby empowering their business acumen to venture beyond the usual scope.

4.6.6: Default in loan Repayment Schedule

The response in Table 4.19 below showed that 41 (78.8%) had not defaulted in the loan repayment while a minimal segment 11 (21.2%) agreed. This had the implication that the FIKA training was meeting its objectives in so far as preparing its members for debt management practices. Anecdotal evidence also showed that youth learnt faster and they were able to quickly

transform training into real business solutions and growth. This feedback alluded to sufficient knowledge to successfully navigate their financial decisions. The response was as given below:

Table 4.19: Default in loan Repayment Schedule

Response	Frequency	Percentage (%)
Yes	11	21.2%
No	41	78.8%
TOTAL	52	100.0%

4.6.7: Response on which loan repayment

The researcher sought to find out among the respondents on which loan repayment they had defaulted in. From the findings in Table 4.20 the results showed that out of the 11, 6 (54.5%) defaulted in their first loan while 5 (45.5%) in their successive loan repayment. Implying, for the ones who defaulted in their first loan, they may have experienced teething problems as they adjusted to the trade after funding while for the ones on successive loans may have suffered unexpected shocks and/or uncertainties which may have distorted their plans hence the default.

The table below has the response to this item as given below:

Table 4.20: Response on which loan repayment

Response	Frequency	Percentage (%)
First loan	6	54.5%
Successive loan	5	45.5%
TOTAL	11	100.0%

4.6.8: Response on the Frequency

The researcher here sought to find out among the respondents the frequency of delinquency on either the first or successive loan repayment. The response to this item was as given in Table 4.21 below:

Table 4.21: Response on the Frequency

Response	Frequency	Percentage (%)
Once	10	90.9%
Two times	1	9.1%
Three times	0	0.0%
TOTAL	11	100.0%

The finding above indicated that 10 (90.9%) had defaulted once while only 1 (9.1%) had defaulted two times. This thus meant that the majority, who had for various reasons defaulted in the first loan, made the necessary changes to redeem their business to productivity to sustain the loan repayments as per the agreements, improved on their financial risk and ultimately safeguarded their credit life history.

4.6.3: Findings on the Third Study Hypothesis

The third objective of the study was to establish the relationship between debt management and business growth among youth groups in Homa-Bay district, Homa-Bay County. On the basis of existing literature on debt management, the researcher was interested in confirming or rejecting the notion that there was no relationship between debt management and business growth among youth groups in Homa-Bay district, Homa-Bay County. To establish the relationship between the variables, a Chi-square (χ^2) was used to test the following hypothesis:

Ho₃: *There is no significant relationship between debt management and business growth among youth groups in Homa-Bay district, Homa-Bay County.*

Table 4.22: The influence of Debt Management on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

Debt Management	Frequency	Percentage (%)
Once	7	13.46%
Two times	30	57.69%
Three times	4	7.69%
Four times	6	11.54%
>Four times	5	9.62%
TOTAL	52	100.0%

DM – How many times have you benefitted from the youth loan products

This hypothesis was tested by changes in various debt management attributes and the frequency of the respondents towards these variables. The relationship between the variables was examined with reference to debt management. Computed Chi-square (χ^2) for the influence of debt management on business growth among youth groups in Homa-Bay district, Homa-Bay County was 3.542, with a degree of freedom (df) of 3, and a P-value of 3.051 at .05 significance level. The implication on the objective was that there was a significant relationship between debt management and business growth among youth groups in Homa-Bay district, Homa-Bay County. The null hypothesis was thus rejected, thus validating the notion that debt management influences business growth among youth groups in Homa-Bay district, Homa-Bay County. This is shown in Table 4.22 above.

Chi-square (χ^2) = 3.542

Degree of freedom = 3

P-Value = 3.051

Confidence level = .05

4.7: The influence of Savings on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

This section presents the findings in respect to objective 4 which sought to establish the influence of savings on business growth among Youth groups in Homa-Bay district, Homa-Bay County.

4.7.1: Those with Business Savings Account

The researcher sought to find out whether the respondents had business savings accounts and the response to this was as given in Table 4.23 below:

Table 4.23: Those with Business Savings Account

Response	Frequency	Percentage (%)
Yes	52	100.0%
No	0	0.0%
TOTAL	52	100.0%

The findings showed that all 52 (100%) respondents had business savings accounts. The implication of this could be on the widespread awareness and advocacy by the program on the need to increase interactions with formal financial institutions and being the most secure ways for youths to protect their savings and asset accumulations for near and future purposes.

4.7.2: Frequency of saving

The study sought to investigate this through questionnaire responses and came up with findings as captured in the Table 4.24 below:

Table 4.24: Frequency of saving

Response	Frequency	Percentage (%)
Daily	0	0.0%
Weekly	42	80.8%
Monthly	10	19.2%
TOTAL	52	100.0%

The findings above revealed that 42 (80.0%) saved weekly while 10 (19.2%) saved monthly. This suggested that the members had confidence in the security of their money. According to Chaia et al., (2009) owning a savings account is considered the standard worldwide for basic financial capability. This fact impresses on many entrepreneurs the need to save up daily profits for lumpy investments or set aside some money to use for unexpected shocks.

4.7.3: Development of a Budget since the Inception of the Business

The study sought to investigate this through questionnaire responses and came up with findings as captured in the Table 4.25 below:

Table 4.25: Development of a Budget since the Inception of the Business

Response	Frequency	Percentage (%)
Yes	52	100.0%
No	0	0.0%
TOTAL	52	100.0%

The findings indicated that all the respondents 52 (100%) had developed budgets since the inception of their businesses. This was a good gesture to receptiveness on the part of the respondents on the training received because it was viewed as a fundamental tool for sound financial management and reference.

4.7.4: Regularity in adherence to the formulated budget

In furtherance to the item on the development of a budget, the researcher also sought the regularity to the adherence of the formulated budget. The results showed 26 (50%) used it always, 21 (40.4%) used it sometimes and 5 (9.6%) rarely used it. This suggested that a substantial percentage of the respondents were keen on the implementation of some of the aspects of the FIKA training in so far as meeting the productivity and growth of their enterprises.

The response was as given in Table 4.26 below:

Table 4.26: Regularity in adherence to the formulated budget

Response	Frequency	Percentage (%)
Always	26	50.0%
Sometimes	21	40.4%
Rarely	5	9.6%
TOTAL	52	100.0%

4.7.5: Findings on the Fourth Study Hypothesis

The fourth objective was to investigate the relationship between the influence of savings and business growth among youth groups in Homa-Bay district, Homa-Bay County. On the basis of existing literature on the significance of savings, the researcher was interested in confirming or rejecting the notion that there was no relationship between savings and business growth among

youth groups in Homa-Bay district, Homa-Bay County. To establish the relationship between the variables, a Chi-square (χ^2) was used to test the following hypothesis:

Ho₄: *There is no significant relationship between savings and business growth among youth groups in Homa-Bay district, Homa-Bay County.*

This hypothesis was tested by changes in various savings attributes and the attitude of the respondents towards these variables. The relationship between the variables was examined with reference to savings. Computed Chi-square (χ^2) for the influence of savings on business growth among youth groups in Homa-Bay district, Homa-Bay County was 6.177, with a degree of freedom (df) of 1, and a P-value of 5.350 at .05 significance level. The implication on the objective was that there was a significant relationship between savings and business growth among youth groups in Homa-Bay district, Homa-Bay County. The null hypothesis was thus rejected, thus validating the notion that savings influences business growth among youth groups in Homa-Bay district, Homa-Bay County as shown in Table 4.27:

Table 4.27: Influence of Savings on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

Savings	Daily	Weekly	Monthly	TOTAL
S2	0 (0.0%)	42 (80.8%)	10 (19.2%)	52 (100.0%)

S2 – What is your frequency of saving

Chi-square (χ^2) = 6.177

Degree of freedom = 1

P-Value = 5.350

Confidence level = .05

4.8: Influence of Business Development Services on business growth among youth groups in Homa-Bay district, Homa-Bay County

This section presents the findings in respect to objective 5 which sought to examine the extent to which business development services influences business growth among Youth groups in Homa-Bay district, Homa-Bay County.

4.8.1: Response on whether you ever got any BDS from Equity Bank

Literature expounds on the need for partnership between the youths who form the bulk of SMEs and formal financial institutions in meeting economic growth prospects of the country. The study sought to investigate this through questionnaire responses and came up with findings as captured in the Table 4.28. It was revealed that all the respondents had at one point in time got the services of BDS from Equity bank which meant that the program was on course in the attainment of its objectives to the members. The results are as shown below:

Table 4.28: Response on whether you ever got any BDS from Equity Bank

Response	Frequency	Percentage (%)
Yes	52	100.0%
No	0	0.0%
TOTAL	52	100.0%

4.8.2: Regularity of the BDS from Equity bank

The study sought to investigate this through questionnaire responses and came up with findings as captured in the Table 4.29 below:

Table 4.29: Regularity of the BDS from Equity bank

Business Service	Always	Sometimes	Rarely	Never	TOTAL
Business Counselling	35 (67.3%)	17 (32.7%)	0 (0.0%)	0 (0.0%)	52 (100%)
Advisory Support	32 (61.5%)	20 (38.5%)	0 (0.0%)	0 (0.0%)	52 (100%)
Business Expansion	18 (34.6%)	31 (59.6%)	3 (5.8%)	0 (0.0%)	52 (100%)
Technical Assistance	0 (0.0%)	2 (3.8%)	24(46.2%)	26 (50%)	52 (100%)
Market Opportunities	6 (11.5%)	28 (53.8%)	8 (15.4%)	10 (19.2%)	52 (100%)

According to the findings, business counselling services had the highest delivery 67.3%, followed by advisory support 61.5%, business expansion 34.6%, market opportunities 11.5% and the worst delivery was on technical assistance at 3.8%. This meant that mechanisms should be put in place to integrate the two weakest areas – market opportunities and technical assistance as these responses suggested that may be the expanse of coverage was large and thus the need to reinforce these components as it would nurture some of the new entrepreneurial skills.

4.8.3: Findings on the Fifth Study Hypothesis

The fifth objective was to establish the relationship between the influence of business development services and business growth among youth groups in Homa-Bay district, Homa-Bay County. On the basis of existing literature on business development services, the researcher was interested in confirming or rejecting the notion that there was no relationship between business development services and business growth among youth groups in Homa-Bay district, Homa-Bay County. To establish the relationship between the variables, a Chi-square (χ^2) was used to test the following hypothesis:

H₀5: *There is no significant relationship between business development services and business growth among youth groups in Homa-Bay district, Homa-Bay County.*

This hypothesis was tested by changes in various business development services attributes and the attitude of the respondents towards these variables. The relationship between the variables was examined with reference to business development services. Computed Chi-square (χ^2) for the influence of business development services on business growth among youth groups in Homa-Bay district, Homa-Bay County was 1.033, with a degree of freedom (df) of 1, and a P-value of 0.996 at .05 significance level. The implication on the objective was that there was a significant relationship between business development services and business growth among youth groups in Homa-Bay district, Homa-Bay County. The null hypothesis was thus rejected, thus validating the notion that business development services influences business growth among youth groups in Homa-Bay district, Homa-Bay County as shown in the table below:

Table 4.30: Influence of Business Development Services on Business Growth among Youth Groups in Homa-Bay district, Homa-Bay County

Business Service	Always	Sometimes	Rarely	Never	TOTAL
BDS2	35 (67.3%)	17 (32.7%)	0 (0.0%)	0 (0.0%)	52 (100.0%)
BDS3	32 (61.5%)	20 (38.5%)	0 (0.0%)	0 (0.0%)	52 (100.0%)
BDS4	18 (34.6%)	31 (59.6%)	3 (5.8%)	0 (0.0%)	52 (100.0%)
BDS5	0 (0.0%)	2 (3.8%)	24 (46.2%)	26 (50.0%)	52 (100.0%)
BDS6	6 (11.5%)	28 (53.8%)	8 (15.4%)	10 (19.2%)	52 (100.0%)
TOTAL	91 (35.0%)	98 (37.7%)	35 (13.5%)	36 (13.8%)	260 (100.0%)

BDS2 – How often do you get business counselling services from Equity bank

BDS3 – How often do you get advisory support services from Equity bank

BDS4 – How often do you get business expansion support services from Equity bank

BDS5 – How often do you get technical assistance services from Equity bank

BDS6 – How often do you get market opportunities from Equity bank

Chi-square (χ^2) = 1.033

Degree of freedom = 1

P-Value = 0.996

Confidence level = .05

4.9: Information on Business Growth

This section shows the results of the various elements of business growth as in the table below:

4.9.1: Response on whether the Business makes Profits

The study sought to investigate this through questionnaire responses and came up with findings as captured in the Table 4.31 below:

Table 4.31: Response on whether the Business makes Profits

Response	Frequency	Percentage (%)
Yes	52	100.0%
No	0	0.0%
TOTAL	52	100.0%

The findings above clearly indicated that all the respondents 52 (100%) made profits in their businesses. The implication was that the youths had the requisite business skills to steer their enterprises towards desirable business growth patterns as advanced by the FIKA training program.

4.9.2: Response on Percentage Margin of Profits

The study sought to investigate this through questionnaire responses and came up with findings as captured in the Table 4.32 below:

Table 4.32: Response on Percentage Margin of Profits

Margin	Frequency	Percentage (%)
0 – 25%	9	17.3%
26 – 50%	23	44.2%
51 – 75%	14	26.9%
76 – 100%	4	7.7%
Above 100%	2	3.8%
TOTAL	52	100.0%

The findings supported that the FIKA program had actually changed the lives and livelihoods of its members as espoused by literature based on the records that were kept by the youth members.

4.9.3: Improvement of Business Financial Status over the years

The response to the item was as given in Table 4.33 below:

Table 4.33: Improvement of Business Financial Status over the years

Response	Frequency	Percentage (%)
Yes	51	98.1%
No	1	1.9%
TOTAL	52	100.0%

According to the findings, there was a strong case for improvement in the financial status of the respondents' businesses as 51 (98.1%) agreed clearly validating the positive impact of the FIKA training program.

4.9.4: Response on Cause of the Improvement

The response to the item was as given in Table 4.34 below:

Table 4.34: Response on Cause of the Improvement

Response	Frequency	Percentage (%)
Equity Bank's Loan	50	96.2%
Other Sources of Funds	2	3.8%
TOTAL	52	100.0%

The findings revealed that 50 (96.2%) attributed the improvement to the bank while only 2 (3.8%) said it was other sources of funds. This implied that Equity bank through the FIKA program had essentially nurtured the members through the thematic areas discussed above to the point of these remarkable transformations in their enterprises.

4.9.5: Response on Business benefits from either Equity bank loans or other sources

The study sought to investigate this through questionnaire responses and captured the findings as seen in the Table 4.35 below:

Table 4.35: Response on Business benefits from either Equity bank loans or other sources

Benefit	Yes	No	TOTAL
Expanded your markets	41 (78.8%)	11 (21.2%)	52 (100%)
Increase in number of customers	52 (100%)	0 (0.0%)	52 (100%)
Opened new branches	5 (9.6%)	47 (90.4%)	52 (100%)
Made profits	52 (100%)	0 (0.0%)	52 (100%)
Expansion of your business	52 (100%)	0 (0.0%)	52 (100%)

From the table above, the findings showed that: 41 (78.8%) had expanded their markets, 52 (100%) had increased the number of customers, made profits and expanded their businesses generally. However, 47 (90.4%) disagreed on the fact they had opened new branches which was

a challenge to be addressed by all the stakeholders. Consequently this went to support the efficacy of therapy that was offered by the FIKA program to its members who represent a vulnerable segment of the society with scarce resources.

4.10: Discussions

From the findings in this research project it can be inferred that financial education to financial consumers or investors is of paramount significance. This can be done by the process of improving their understanding on financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become aware of [financial] risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being and protection (OECD, 2005a). Indeed the findings have demonstrated these facts consistently.

The entrepreneurship information received from the financial literacy trainers had been rated the most significant at 98.1% while other service providers had benefitted the members minimally at 88.5%. This mirrored findings on Ryan (2003) that the framework of potential efforts and strategies to boost employment and job creation for young people, entrepreneurship is increasingly accepted as an important means and a useful alternative for income generation among young people. Further, Youths in small scale businesses in most developing countries however need help in the area of information management with respect to availability and accessibility of information which could enhance their businesses transactions (Egwuonwu U.I. et al 2011). These findings affirmed that the financial education program had made great efforts in ensuring the target audience [youths] made gains on the availability and accessibility of entrepreneurship information.

(Cracknell, 2012) established that worldwide, financial access has become an increasingly important development metric, as one of the factors which can drive widespread economic development. The study findings established that there was a positive net effect on the relationship between financial education and the uptake of bank services and products as 48.1% had benefitted two times, 23.1% three times, 13.5% five times and 15.4% over five times. This was consistent with literature that financial education can thus help to reduce the demand-side barriers to financial inclusion, as improved financial literacy can increase awareness about products and services, as well as confidence and ability in using them (Messy and Monticone, 2012). The findings still emphasized on the fact of all the alternative delivery channels used agency banking was the most preferred at 53.8% thus the youthful population had embraced this latest model of banking that was not only available to those in remote areas but accessible and convenient.

Consumers must confront complicated financial decisions at a young age in today's demanding financial environment, and financial mistakes made early in life can be costly (Roberts et al, 2001). The study findings established that on debt management, 21.2% had defaulted in the loan repayment schedule while 78.8% had not. These were in concurrence with literature on a study done CACs in Nairobi, Kenya and Dar es Salaam, Tanzania. The share of respondents reporting to have paid all their loans without default increased in both countries, even though the number of those who have sometimes skipped their repayments appears to have increased in Tanzania (ESF Apex, 2012). Further, according to the findings, 91.1% who had benefitted more than once from the youth loan products had amounts greater in the successive loans than the previous as compared to 8.9% whose amounts were lower. This implied that the members had built a good

credit history and were consistent in their previous repayments, thus they were good debt managers which was a fact that could be attributed to the FIKA training program.

On savings, the findings established that the youth groups in Homa-Bay district had business savings accounts and where 80.0% saved weekly while 19.2% saved monthly. This suggested that the members had confidence in the security of their money. In addition, this was supported by literature from Chaia et al., (2009) who emphasized owning a savings account is considered the standard worldwide for basic financial capability. This fact impresses on many entrepreneurs the need to save up daily profits for lumpy investments or set aside some money to use for unexpected shocks.

(TFFL, 2011) established that full financial inclusion encompasses access to timely and affordable help with financial choices and decisions. Research suggests that consumers who get financial advice feel more confident about their decisions. This was consistent with the study findings on the regularity of business development services from Equity bank that: on all the services rated cumulatively, 91.1% agreed to always, 98% sometimes, 35% rarely and 36% never. However, the last two meant that mechanisms should be put in place to integrate the two weakest areas – market opportunities and technical assistance as these responses suggested that may be the expanse of coverage was large and thus the need to reinforce these component as it would nurture some of the new entrepreneurial skills. (Demirguc-Kunt et al, 2009) found out that inclusive financial systems - allowing broad access to financial services, with-out price or non-price barriers to their use - are especially likely to benefit young people and other disadvantaged groups.

The study hypotheses sought by the study were validated by the findings. The null hypotheses were thus rejected. This meant that the independent variables invariably determine business

growth among youth groups in Homa-Bay district, Homa-Bay County. The findings were also consistent with the literature findings that stated entrepreneurship education was essential for developing the skills, attitudes and behaviors necessary to create jobs, generate economic growth, advance human welfare and stimulate innovation to address youth related economic challenges of the 21st Century as this would be a catalyst for economic development (World Economic Forum, 2009). Since youth unemployment is a pervasive problem, there is need to develop partnerships between the various stakeholders [governments, development partners, donors, formal and non-formal financial institutions, NGOs and others citizens of good will] to fast track this surmountable challenge as it required massive capital investment. This will augment the efforts of the FIKA training program in influencing positively business growth among youth groups in Homa-Bay district, Homa-Bay County a plausible reality in the short term.

Using both descriptive and inferential statistics, this chapter analyzed and presented findings on the influence of financial education program on business growth among youth groups in Homa-Bay district, Homa-Bay County. The objective was to ascertain the influence of financial education program with regard to: entrepreneurship information, financial access, debt management, savings and business development services. Testing of hypotheses on significance of financial education program influence on business growth among youth groups in Homa-Bay district, Homa-Bay County validated the objectives of the research; financial education program had significant influence on business growth among youth groups in Homa-Bay district, Homa-Bay County. From the data analyzed, it was also evident that having zero default rates in loan repayment may not be feasible in the immediate due to unexpected shocks in the market. However, it is also true that better informed choices of investing, improved rate of financial risk

and the stability in business financial status can be improved if monitoring and evaluation of the enterprises is intensified by deploying more staff.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1: Introduction

The main concern of this study was to examine the influence of Financial Education on business growth among youth groups in Homa-Bay district, Homa-Bay County. To unravel this, an investigation was carried out on the independent variables: entrepreneurship information, financial access, debt management, savings and business development services on business growth among youth groups in Homa-Bay district, Homa-Bay County. The indicators of business growth were: expanded market opportunities, increase in number of customers base, opening new branches of the enterprises, making better profits margins and expansion and improvement of business financial status. Finally this chapter gave a summary of findings in chapter four, drew conclusions and made recommendations based on the study findings.

5.2: Summary of Findings

The study was guided by five main objectives; the first objective was to assess the influence of entrepreneurship information on business growth among youth groups in Homa-Bay district, Homa-Bay County. Second was to determine the extent to which financial access influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. Thirdly, to establish the extent to which debt management influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. Fourthly, to investigate the influence of savings on business growth among youth groups in Homa-Bay district, Homa-Bay County and finally to examine the extent to which business development services influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. Five hypotheses corresponding to this

objectives were also formulated and Chi-square (χ^2), used to test the relationship between variables at alpha .05 level of significance. The study findings were as follows:

On entrepreneurship information, the study revealed that this had significantly influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. The study findings also validated other studies carried out on entrepreneurship information. The study also established that the entrepreneurship information received from the financial literacy trainers had been rated as the most significant while other service providers had benefitted the members minimally. These findings affirmed that the financial education program had made great efforts in ensuring the target audience [youths] made gains on the availability and accessibility of entrepreneurship information through a variety of avenues with the branch network being the most relied on source.

The second objective was to determine the extent to which financial access influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. According to the data gathered, there was a positive net effect on the relationship between financial education and the uptake of bank services and products. Consequently, the increased customer loyalty in terms of consumption of a mix of products/services tailored to suit the members' uniqueness. The findings still emphasized on the fact of all the alternative delivery channels used agency banking was the most preferred thus the youthful population had embraced this latest model of banking that was not only available to those in remote areas but accessible and convenient.

The third objective was to establish the extent to which debt management influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. The study discovered that most respondents had benefitted from the youth loan products more than once, this can be attributed to the fact that many of the members were financially included as a result of the

training program which availed to them entrepreneurship information hence the demand for loan products. In addition, majority of the members had built a good credit history and were consistent in their previous repayments, validating greater amounts in the successive loans which majorly meant for expansion of business with a few starting up new businesses activities.

The fourth objective was to investigate the influence of savings on business growth among youth groups in Homa-Bay district, Homa-Bay County. The study established that all the respondents had business savings accounts with the bank and this could be because of the widespread awareness and advocacy by the program on the need to increase interactions with formal financial institutions and being the most secure ways for youths to protect their savings and asset accumulations for near and future purposes. Moreover, the respondents preferred saving weekly and a few monthly on their ploughed profits for lumpy investments or set aside some money to use for unexpected shocks.

The last objective was to examine the extent to which business development services influenced business growth among youth groups in Homa-Bay district, Homa-Bay County. The study established that most respondents had regularly received business counselling, advisory support and business expansion support, this emphasized the provisions of Equity Bank leveraging by offering business development services to augment the members' efforts to ensure return on investment bearing in mind the scarcity of resources. However, on technical assistance and market opportunities there was still room for improvement as they were the least regular.

5.3: Recommendations

The recommendations made are confined to the influence of financial education program on business growth among youth groups in Homa-Bay district, Homa-Bay County. The Ministry of Youth Affairs and Sports in liaison with the Ministry of Education should develop and

implement a comprehensive curriculum on entrepreneurship education training which should be integrated into the school curriculum at all levels from kindergarten to university, so as to build a strong entrepreneurial culture early enough in our youth. Another comprehensive curriculum for out of school youth involved in entrepreneurship should be developed and be rolled out periodically and in known phases by stakeholders [financial institutions, YEDF] to avoid ad hoc and amorphous 1 to 2 days trainings.

More public private partnerships should be fostered between government, development partners, NGOs, financial institutions to ensure investments are made towards building capacity of the vulnerable youths on thematic areas as entrepreneurship and financial dynamics within Homa-Bay district as this will go a long way in augmenting Financial Education program on business growth among youth groups in Homa-Bay district, Homa-Bay County offered by Equity bank. Business incubation centers should be set up in the district [county], where role models will be sourced from the locality that is business mentors to motivate and guide the youth through business processes and also up scaling the provision of professional BDS services for them so as to achieve the desired business growth. Regular regional trade fairs and Business exhibition expos that feature local youth should be organized by district youth offices so that the youth will meet to show case their wares and learn from the best business practices in their own district.

5.4: Suggestions for Further Research

To be able to develop accurate conclusions from the study findings on influence of financial education program on business growth among youth groups in Homa-Bay district, Homa-Bay County, it is imperative for further research to be conducted on: the significance of motivation on business performance among youth groups in Homa-Bay district, Homa-Bay County; a comparative study may also be conducted to assess the difference in business performance on the

youths funded by financial institutions and the youths funded by YEDF in Homa-Bay district and a study may also be undertaken to examine the influence of market opportunities/technical assistance on business performance among youths in Homa-Bay district, Homa-Bay County.

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APPENDICES

APPENDIX I

LETTER OF TRANSMITTAL

UNIVERSITY OF NAIROBI,
SCHOOL OF CONTINUING
AND DISTANCE LEARNING,
KISII EXTRA-MURAL,
P.O. BOX 2461- 40200,
KISII.

05TH JULY, 2013.

Dear Sir/Madam,

LETTER OF TRANSMITTAL

I kindly wish to bring to your attention that as a requirement for my Master of Arts in Project Planning and Management Programme. I intend to conduct a research study on the “Influence of financial education program on business growth among youth groups in Homa-Bay district, Homa-Bay County.”

Data for this study will be collected through questionnaires for the youth groups under Equity Bank’s FIKA training program. All data will be held in strictest confidence.

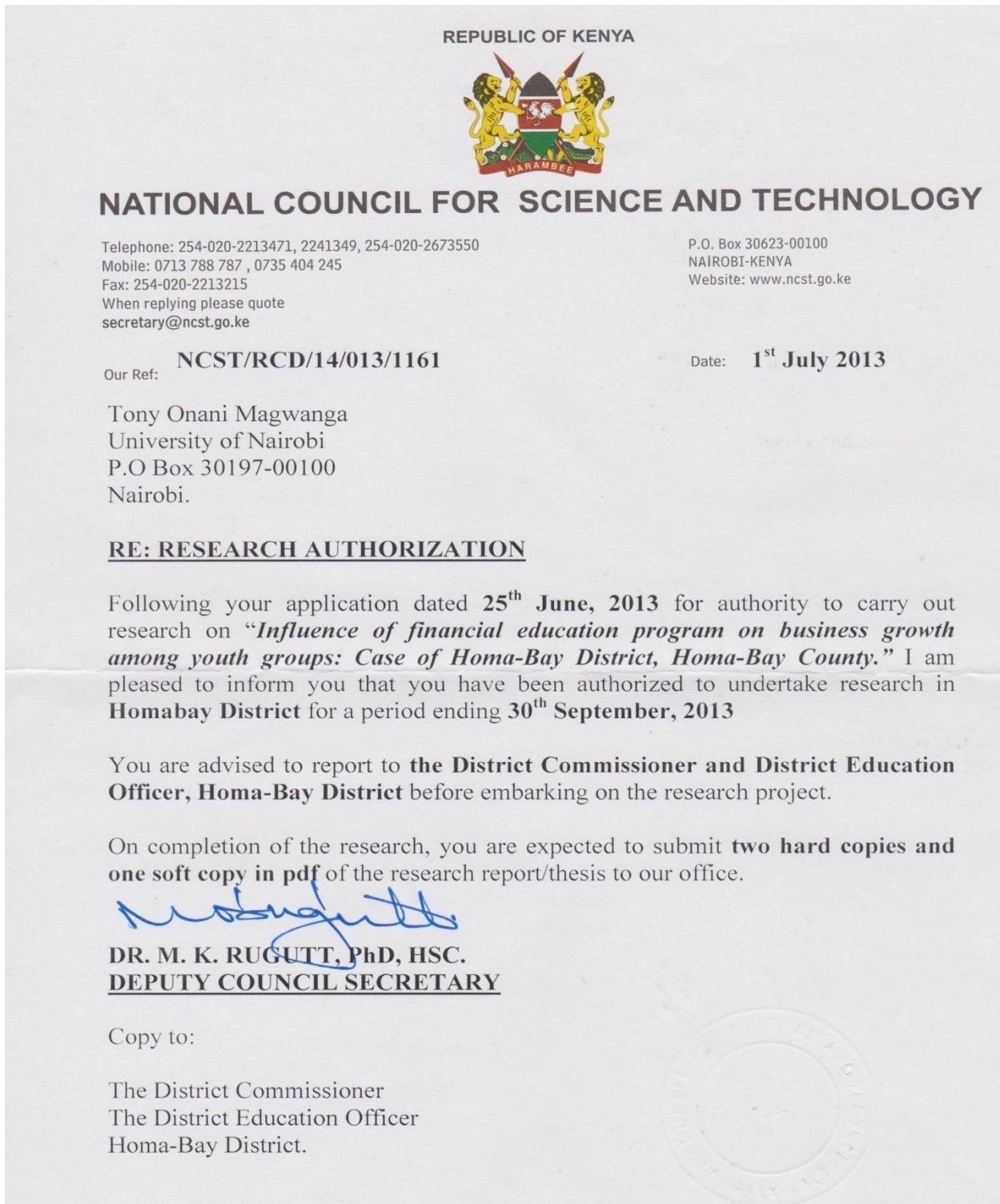
Your co-operation will be highly appreciated, as the success of this study depends on it.

Yours faithfully,

MAGWANGA TONY ONANI

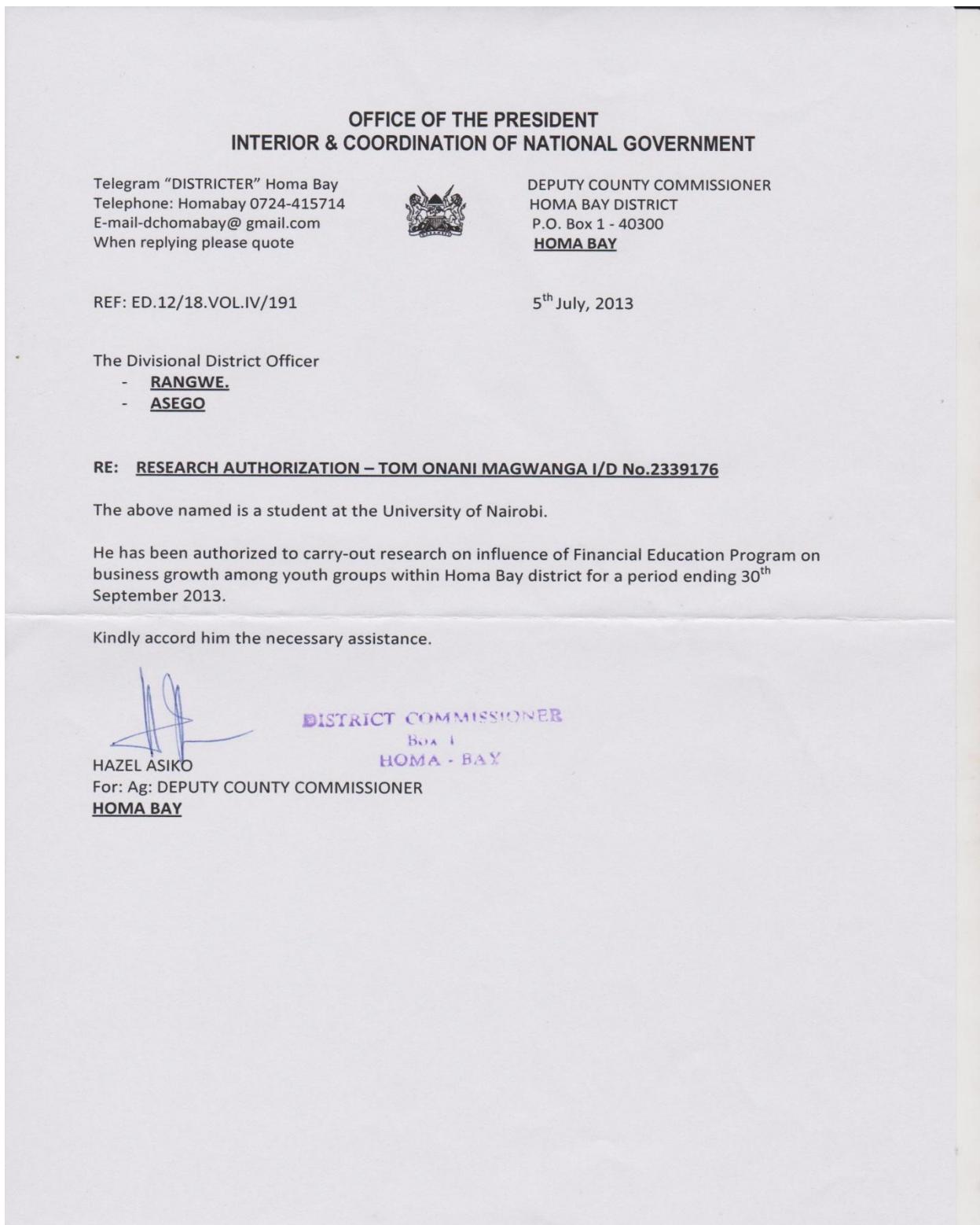
APPENDIX II

Authorization letter by the National Council for Science and Technology to conduct research on youth groups.



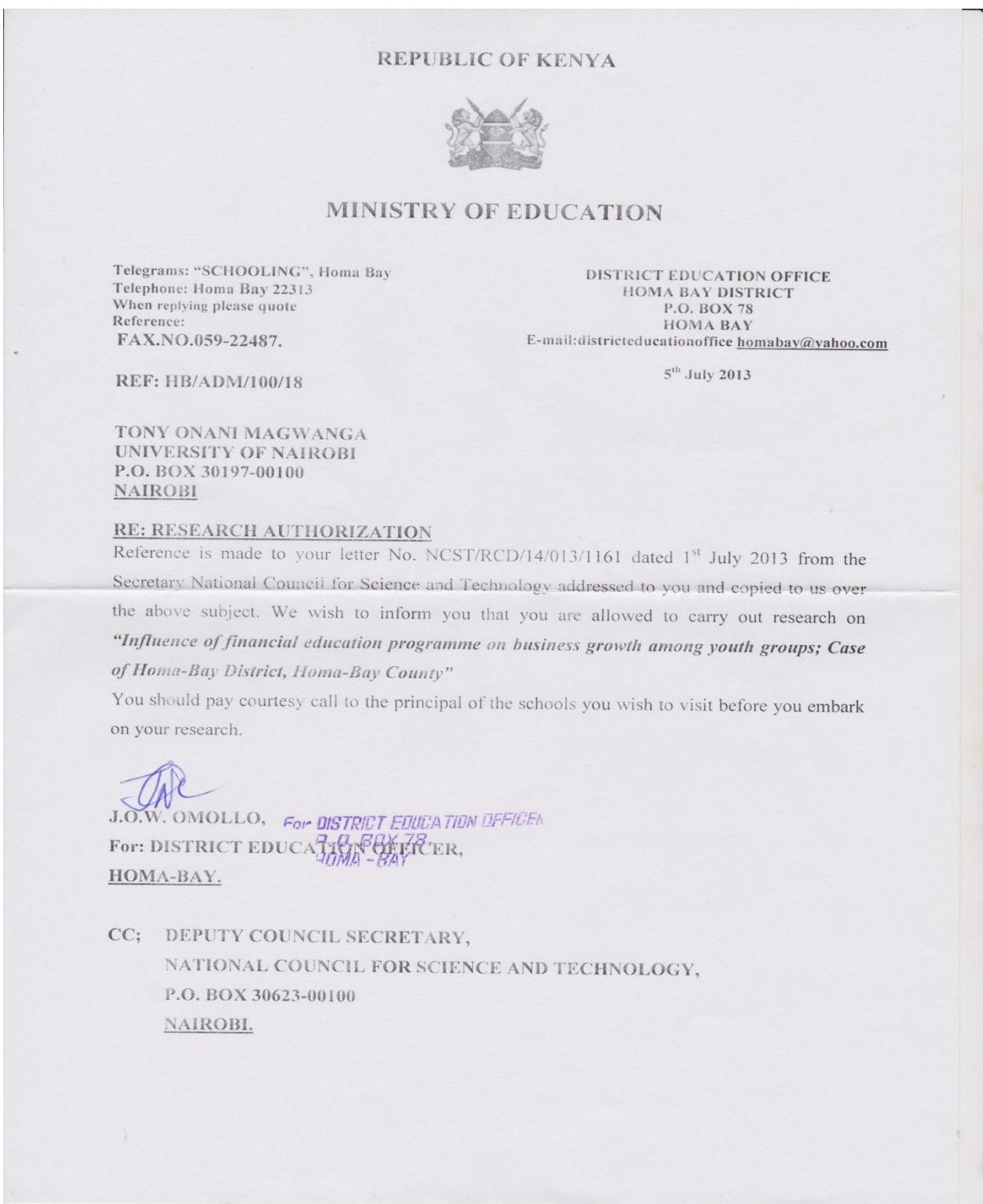
APPENDIX III

Authorization letter by the District Commissioner to conduct research on youth groups.



APPENDIX IV

Authorization letter by the District Education Officer to conduct research on youth groups.



APPENDIX V

QUESTIONNAIRE FOR YOUTH GROUPS

This questionnaire is intended to collect information about: “the influence of Financial Education Program on business growth among youth groups in Homa-Bay district, Homa-Bay County.”

Please fill the blank spaces provided or tick (✓) where necessary. All the information volunteered will be treated with utmost CONFIDENTIALITY.

Section A: Background Information

Tick (✓) as appropriate

1. What is your gender? Male [] Female []

2. How old are you? 15 - 20 Years [] 21 - 25 Years [] 26 -30 Years []
 31 - 35 Years [] Above 35 Years []

3. What is your highest academic qualification attained?
‘A’ Level (KCPE) [] ‘O’ Level (KCSE) [] Professional Certificate []
Diploma [] Bachelor’s Degree [] Post-graduate []
Any other (specify).....

4. How long has your group been in existence?
Less than one (1) year [] 1 - 2 years [] 3 - 4 years [] Over 5 years []

5. What position do you hold in your youth group?
Chairperson [] Secretary [] Treasurer [] Member []

6. Which type of business do you do?
Agriculture based [] Light manufacturing [] Entertainment []
Food and beverage [] Service provision [] Small scale business []
Others [] specify.....

Section B: Information on Entrepreneurship Information

Tick (✓) as appropriate

7. How do you get entrepreneurship information about Equity Bank's services and products?

On media [] Equity Bank Branch [] Equity Bank Posters & brochures []

Other public forums like Barazas []

8. How important is the entrepreneurship information that you receive from the following groups?

Service Providers	Very Much	Much	Moderate	Little	Not at all
Financial literacy trainers					
Other providers					

Section C: Information on Financial Access

Tick as appropriate [✓]

9. What are the alternative delivery channels that you have used to transact business?

ATMs [] Point of Sale machines – POs [] Eazzy 247 []

Agency banking [] Banking hall []

10. Have you benefitted more than once from any of the banking services/products?

Yes [] No []

11. If your answer to question 10 is yes, how many times?

Two times [] Three times [] Five times [] Over five times []

Section D: Information on Debt Management.

Tick as appropriate [✓]

12. Have you been a beneficiary of the youth loan products? Yes [] No []

13. Have you ever benefitted more than once from the youth loan products? Yes [] No []

14. If your answer to question 13 is yes, how many times?

Two times [] Three times [] Four times [] Over four times []

15. If more than once, was the amount in the successive loan facilities greater than the previous?

Yes [] No []

16. What was the money used for?

Expansion of original business activity []

Start-up of a new business activity - diversification []

Any other (specify).....

17. Have you ever defaulted in your loan repayment schedule? Yes [] No []

18. If Yes, in which loan repayment? First loan [] Successive loan []

19. How many times? Once [] Two times [] Over three times []

Section E: Information on Savings.

Tick as appropriate [√]

20. Do you have a business savings account? Yes [] No []

21. If yes, what is your frequency of saving? Daily [] Weekly [] Monthly []

Others (Specify).....

22. Have you ever developed a budget since the inception of the business? Yes [] No []

23. If yes, how often do you adhere to the formulated budget?

Always [] Sometimes [] Rarely [] Never []

Section F: Information on Business Development Services.

Tick as appropriate [√]

24. Have you ever got any Business Development Services from Equity Bank? Yes [] No []

25. If YES how often?

Business Service	ALWAYS	SOMETIMES	RARELY	NEVER
Business Counselling				
Advisory Support				
Business Expansion Support				
Technical Assistance				
Market Opportunities				

Section G: Information on Business Growth.

Tick as appropriate [√]

26. Does your business make profits? Yes [] No []

27. If yes, by what margin? 0 -25% [] 26 - 50% [] 51 -75% [] 76 - 100% Above 100% []

28. Has your business financial status improved over the years? Yes [] No []

29. If yes, what caused the improvement?

Equity Bank's Loan [] Other sources of funds [] specify.....

30. Has your business made any of the following benefits either from Equity Bank loans or other sources?

Benefit	YES	NO
Expanded your markets		
Increase in number of customers		
Opened new branches		
Made profits		
Expansion of your business		

31. In your view, what are the challenges in the implementation of the Financial Education program?

.....
.....
.....

32. What solutions would you suggest for these challenges?

.....
.....
.....

THANK YOU VERY MUCH FOR YOUR RESPONSES AND PATIENCE.