

**DETERMINANTS OF UPTAKE OF YOUTH ENTERPRISE
DEVELOPMENT FUND BY THE YOUTHS
IN BOMET COUNTY.**

BY:

ROSEMARY CHEPNGE'NO KOROS

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER
OF ARTS IN PROJECT PLANNING AND MANAGEMENT,
UNIVERSITY OF NAIROBI.**

2015

DECLARATION

This Research project is my original work and has never been presented for a degree or any award in any other university.

Signature Date

Rosemary Chepng'eno Koros
L50/76658/2014

This research project has been submitted for examination with my approval as the University Supervisor.

Signature Date

Mr. Onuonga G. Odhiambo.

Lecturer, University of Nairobi

DEDICATION

I dedicate this work to my beloved husband Mr. Eric Keter, sons; KevinCollins Kipkirui, KelvinianTonny Kiprono and my daughter; KeithIvyne Chelangat Keter for the enormous support they gave me towards accomplishing my project.

ACKNOWLEDGEMENT

My gratitude is due to the guidance, instruction, patience and support I received from all the relevant institutions. Special thanks are extended to my supervisor Mr. Onuonga G. Odhiambo, my lecturers: Mr. John Owino, Mr. Fredrick Chirchir, my colleagues Mr. Fred Koech, Miss Faith Soy the lead colleagues, the rest of my colleagues and the staff of the University of Nairobi Litein and Bomet campuses, for their tireless guidance, encouragement and advice, my husband Eric for his financial support and co-operation during the study period. More appreciation is to my parents for their understanding and to all friends and relatives who gave me moral and spiritual support. May the Lord bless you abundantly.

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ABSTRACT

Lack of access to finance has been identified as one of the major constraints to small business growth. The reason is that provision of financial services is an important means for mobilizing resources for more productive use. Since Kenya attained independence, considerable efforts have been directed towards accelerating access to finance geared towards enterprise development. However the efforts have been partially successful. In Bomet County, statistics show that there is low uptake of Youth Enterprise Development Fund (YEDF) by youth groups. The study therefore seeks to investigate factors that determine the level of uptake of the fund. The specific objectives of the study are; to undertake institutional assessment and organizational profile of youth groups to assess level of awareness and perception of Youth Enterprise Development Fund (YEDF) amongst youth groups and to determine factors that influence uptake of Youth Enterprise Development Fund (YEDF) by youth groups in Bomet County. The target population of the study is youth groups in Bomet County. The study will use the list of all the registered youth groups in Bomet County. The list will be obtained from the County youth office. Since the target population under the study is homogenous, Yamane's (1967) formula for sample size determination will be applied. For the study, population size is 300 youth groups therefore the required sample size is 171 youth groups. For robustness of results, 180 youth groups will be selected to participate in the study. Primary data will be collected using questionnaire administered to the officials of youth groups. The structured questionnaire will have both open and closed ended questions. The questionnaire is designed to cover: general information about the factors influencing uptake of YEDF and institutional framework and organizational profile of youth groups. Data will be coded and entered into Microsoft Excel and SPSS version 17.0 for analysis. First, descriptive statistics will be done to assess the characteristics of the youth groups that will participate in the study. Likert scale will be used to assess the degree of Youth groups' level of awareness and perception on YEDF while logistic regression will be used to determine factors that influence uptake of YEDF. The findings will be useful to policy makers in the government and researchers among others. The findings will also enable policy makers in the government to develop appropriate policy interventions to support the youth groups in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Since Kenya attained independence, considerable efforts have been directed towards accelerating access to finance geared towards enterprise development. Since then emphasis has shifted to Small and Medium Enterprises (SMEs) following the success of SMEs in the economic growth of Asian countries (Ojo, 2003). However, small business enterprises in Kenya still find it difficult to access formal financial institutions such as commercial banks for funds. The inability of the SMEs to meet the standard of the formal financial institutions for loan consideration provides a platform for informal institutions to attempt to fill the gap usually based on informal social networks, and this is what gave birth to micro-financing.

In many countries across the world, people have relied on mutually supportive and benefit-sharing of the social networking of these sectors for the fulfillment of economic, social and cultural needs and the improvement of quality of life (Portes, 1998). In order to enhance the flow of financial services to the Micro, Small and Medium Enterprises (MSME) subsector, the Government of Kenya has, in the past, initiated a series of programmes and policies targeted at the MSMEs. Notable among such programmes is Youth Enterprise Development Fund (YEPF), Njoroge (2013). The fund was established in year 2006 with the sole purpose of reducing unemployment among the youth.

The Fund was gazetted on 8th December 2006 and then transformed into a State Corporation in 2007 and the target is young people within the age bracket of 18 to 35 years .The Fund's strategic focus is on enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building. The government has so far released KES 3.8 billion to the Fund (YEPF Report, 2015).

Micro enterprise development can be an effective means of assisting the poor in developing countries (Zeller and Sharma, 2000). Micro enterprises have the potential to create employment especially given that all sectors have limited ability to absorb new job seekers. In the World Bank's "World Business Environment Survey" (WEBS) of more than 10,000 firms in 80 countries, Small and Micro Enterprises (SMEs) worldwide on average named financing constraints as the second most severe obstacle to their growth, while large firms on average placed finance only fourth. Firms in Central and Eastern Europe, the former Soviet Union, and Africa were most likely to cite finance as their most severe constraint, followed by those in South Asia and Latin America.

Lack of access to finance has been identified as one of the major constraints to small business growth (Carpenter, 2001). The reason is that provision of financial services is an important means for mobilizing resources for more productive use (Watson and Everett, 1999). The twin strategic pillars of this initiative are enterprise development and externally focused employment creation through Youth Employment Scheme Abroad (YESA).

According to Jandaya (2014), while reporting from his encounters with the uptake of Women Business Fund Package in Venezuela, the intended beneficiaries cited their inability to access the funds due to tedious processing procedures, conditions of loaning and poor prospects of investment in gainful ventures as a result of stiff competition by established firms. With its focus on the accessibility of commercial credit facilities by the small business entrepreneurs in Taiwan, Alrio (2013) noted that lending conditions were still unfavorable to low income entrepreneurs, processing guidelines were scaring and awareness of the existence of these facilities generally low.

The youth enterprise fund guide 2009 indicates that the loan access procedures include, having a registered group which has been in existence for at least 3 months as of the date of application, the registered entity must have a bank account, the entity must have at least 70% youth membership

and 100% of its leadership in the youth bracket, prepare business proposal using the standard format provided, submit the proposal form to Divisional Youth Enterprise Development Fund Committee through Youth Officers. Giving an account of her experience on uptake of credit facilities by the low income entrepreneurs in the banking sector in Ghana, Lemo (2011), indicated that the general bank lending rates were still unfavorable to this cadre of clients, loan processing requirements were too demanding, yet the degree of skills to manage the funds was also relatively low.

In Uganda, the government through the treasuries special fund for the youth and women was created to advance business funds to enhance growth of the informal sector for job creation, but much of these funds remained in the intermediary banks and those borrowed registered poor servicing. The reasons for this phenomenon include lending procedures, low awareness of the intended beneficiaries about the existence of the funds and poor microeconomic business environment, Tobilo (2012).

In his YEDF Report (2015) in Nambale Sub County, Wanjala noted that the general absorption of the youth enterprise development fund remained low as most of the clients were unable to service their loans effectively, denying new youths additional funds to borrow. He attributed this state of affairs to lack of awareness on the need to refund as this was seen as a public fund, conditions of lending which often kept off the intended beneficiaries and ineffective credit handling skills among the youth.

According to Ochieng (2015), the chairlady of Uwezo fund in Kasipul Sub County, over 12% of those who applied for the fund declined complaining that they would not afford to repay such funds, yet these funds were not attracting any interest. She attributed this to lack of awareness on the details of the fund, poor credit management skills and turbulence of the modern business environment.

In Bomet County, the uptake of the youth enterprise development fund is not any better, as the bulk of the funds remain in the banks, clients rate of repayment has often remained low and the growth of the SME sector still wanting, Kirui (2015).

1.2 Statement of the problem

Kenya has an overwhelmingly large young population, with children and young people under the age of 35 years accounting for 78% of the total population. As the country gears towards Vision 2030, the Kenyan youth faces important challenges, particularly in the economic context of livelihoods. A large population of young people is without work and many more are engaged in short-term, low-paid jobs or in the informal economy. In 2006, the Youth Enterprise Development Fund (YEDF) was conceived as a strategic move towards addressing youth unemployment in Kenya through enterprise development.

However statistics from Bomet County youth office (2015) reveals that there is low uptake of Youth Enterprise Development Fund (YEDF) by youth groups in the county, given that over 45% of the funds for the financial year 2013/2014 were still uncollected from the banks by the beginning of 2015. According to Kirui (2015),in Bomet county, the uptake of the youth enterprise development fund is not any better, as the bulk of the funds remain in the banks, clients rate of repayment has often remained low and the growth of the SME sector still wanting,

This study therefore sought to investigate factors determining the level of uptake of the fund of the enterprise development fund by the youth in Bomet County.

1.3. Purpose of the study

The purpose of the study was to investigate factors influencing the level of uptake of the youth enterprise development fund by the youth in Bomet County.

1.4. Objectives of the study

The study was guided by the following objectives;

1. To explore the extent to which credit management skills influences uptake of youth enterprise development fund by youth entrepreneurs in Bomet County.
2. To assess the influence of lending conditions on uptake of youth enterprise development fund by youth entrepreneurs in Bomet County.
3. To evaluate the influence of awareness on uptake of youth enterprise development fund by youth entrepreneurs in Bomet County.
4. To examine how processing procedures influence uptake of youth enterprise development fund by youth entrepreneurs in Bomet County.

1.5 Research questions

The study sought to answer the following research questions;

1. To what extent do credit management skills influence uptake of youth enterprise development fund by youth entrepreneurs in Bomet County?
2. How do lending conditions influence uptake of youth enterprise development fund by youth entrepreneurs in Bomet County?
3. What influence does awareness levels influence uptake of youth enterprise development fund by youth entrepreneurs in Bomet County?
4. What is the influence of processing procedures on uptake of youth enterprise development fund by youth entrepreneurs in Bomet County?

1.6 Significance of the study

One important factor that requires a thorough investigation relates to credit access directed at women and youths who are vulnerable to poverty. As attested, credit is an important instrument for improving the welfare of the poor directly through consumption that reduces their vulnerability to short-term income. It also enhances productive capacity of the poor through financing investment in their human and physical capital. It is on this account that, macroeconomic policies have been formulated, within the framework of youth development initiatives. This study would therefore be significant in providing information for improving uptake of credit facilities in order to invest in small business ventures for addressing cases of unemployment.

The strategies to increase opportunities for the youth have been operationalized in the “Marshal Plan” for youth unemployment, which emphasized the importance of a coordinated and multi-sectoral approach to address the problem of youth unemployment. The development and implementation of the Youth Enterprise Development Fund (YEDF) was geared towards alleviating youth unemployment in Kenya through enterprise development, and hence the government through this study would be notified of the glaring challenges on the uptake of the fund.

1.7 Limitations of the study

The study was done in Bomet County within the small business enterprises operated by youth entrepreneurs in the entire County which was very expansive which posed difficulties in accessing all the respondents during data collection. However, this limitation was addressed by engaging in data collection using two well trained and motivated research assistants who used motorbikes to reach the respondents. The study was also limited by weather conditions that were often unpredictably fluctuating given that it was conducted during the onset of long rains in the region. To overcome this weather phenomenon, study visits were timed at around noon or thereabouts when the weather conditions were still favorable. Some respondents, due to

undisclosed reasons, also declined to give information, with others intending to give false information deliberately. This was addressed by explaining to the respondents that the purpose of the study was purely academic and also that any information obtained would be used confidentially and never, whatsoever divulged to any other person.

1.8. Delimitations of the study

The study focused specifically on factors influencing uptake of Youth Enterprise Development Fund by youth entrepreneurs in Bomet County. It was confined to those enterprises that are registered on the name of youth entrepreneurs engaged in different aspects of SMEs, covering the five Sub County's in Bomet County Government. These entrepreneurs were in construction, service, bodaboda transportation and general vendors.

1.9 Basic assumption of the Study

The study was guided by the basic assumptions that; the final sample selected would reflect the major characteristics of the target population; respondents would be willing to give information honestly and objectively and that the data collection instruments would be valid and reliable in measuring the anticipated results.

1.10 Definition of significance terms as used in the study.

Uptake of YEDF : Ability to borrow and service credit facilities offered by the government for the youths to motivate them to engage in income generating activities for poverty reduction.

Levels of awareness: Ability to obtain crucial information about the existence and purpose of the fund

Lending conditions : The terms upon by credit facilities are advanced to clients ranging from meeting age limits to being in possession of collaterals.

Credit management skills : Ability to access and effectively manage credit facilities for purposes of attaining business growth.

Processing procedures : Takes into consideration the time required and activities performed from application to final loan disbursement..

Youth entrepreneurs : Persons of age of 18- 38 who engage in different business ventures.

1.11 Organization of the study

The study is organized in five chapters, with chapter one featuring background of the study, statement of the problem, purpose of the study and objectives of the study. Also included in this chapter are research questions, significance of the study and limitations of the study. Moreover, it also presents basic assumptions, delimitations of the study and definition of significant terms used in the study.

Chapter two details literature review done on the basis of major study objectives. Also outlined in the chapter are theoretical framework, conceptual framework and summary of the literature review. Chapter three captures research methodology used, outlining introduction, research design, target population, sample size and sample selection. Besides, it also presents data collection instruments, piloting, validity of the instruments and instruments' reliability. In addition, it also outlines the procedures used for data collection, and methods that were used for data analysis.

Chapter four gives a detailed data analysis, presentation, interpretation and discussion, with chapter five highlighting summary of findings and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter focuses on literature review from other studies previously carried out by different scholars in the field of SMEs and the challenges encountered in accessing business credit. Literature was reviewed against the prism of the key study variables; the influence of lending conditions, credit management skills, levels of awareness and processing procedures on uptake of YEDF by youth entrepreneurs. Also featured in this section are the theoretical and conceptual frameworks of the study.

2.2 Overview of uptake of youth enterprise development fund

Even with strategies for accelerated youth development in place, it is apparent that economic development of the youth has been slower than expected, leading to continuing gross socio-economic disparities between the youth and the rest of population. The findings of the study are expected to contribute to opportunities for learning and improvement of performance of Youth Enterprise Development Fund (YEDF) Scheme, Rabala (2011).

These put micro and small enterprise development at the centre stage, which include a range of measures to improve the access of young people to vocational training. The importance of enterprise development are articulated in various policy documents mainly the 2005 employment targeted poverty reduction strategic paper and government sessional papers including the 2003a Sessional Paper on the Development of micro and small enterprises for employment creation and poverty reduction, and the 2003b Economic recovery strategy for wealth and employment creation.

The objectives of the YEDF are; provide loans to existing micro-finance institutions (MFIs), registered non-governmental organizations (NGOs) involved in micro financing, and savings and credit co-operative organizations (SACCOs) for on-lending to youth enterprises; attract and

facilitate investment in micro. The youth enterprise guide 2009 further indicates that loan Access Procedures include; applicant must have identification details such as business registration certificates or personal identification papers such as National Identity Card or passport, a bank account preferable to the preferred Financial Intermediary, the applicant collects loan application form from his or her preferred Financial Intermediary; Submit the loan application form or self-prepared business proposal to the preferred Financial Intermediary; the preferred Financial Intermediary carries out the assessment of the proposed business to establish financial viability and other relevant technical matters; attendance of training programme, if required; verification by the District Youth Officer when sought for by Financial Intermediary; the applicant repays the loan with interest rate of 8% to the Financial Intermediary; and the repayment period and amount is as agreed with the Financial Intermediary (YEDF guide, 2009).

Small and medium enterprises oriented commercial infrastructure such as business or industrial parks, markets or business incubators that will be beneficial to youth enterprises; support youth oriented micro, small and medium enterprises to develop linkages with large enterprises; facilitate marketing of products and services of youth enterprises in both domestic and international markets; and facilitate employment of youth in the international labor market (YEDF guide, 2009).

Minimum conditions for accessing the Fund include; one must fall in the age bracket of 18 to 35 years and Kenyan, one must have the intention of investing the Fund in a business venture, the Fund is a loan and must therefore be repaid and any form of legally registered organization or firm operating in Kenya.

This portion of the Fund is to ensure that all young people especially those living in remote areas not well served by Financial Intermediaries are not disadvantaged in accessing the Fund. The features and access procures include: The loan is accessible only to youth groups operating within the parliamentary constituency, maximum loan amount per group is KES 50,000 ,not accessible to

individually owned youth enterprises ,the loan attracts no interest but has an administration fee of 5% deductible upfront from the approved loan ,Proposal Screening, recommendation and approval done by Youth Enterprise Development Fund (YEDF) committees at divisional and district levels ,3-month grace period; full repayment within 12months after grace period ,mixed age groups must have at least 70% youth membership and 100% of their leadership in the youth bracket and standard proposal format available to all potential applicants (YEDFguide,2009).

Social Development Assistants, or the Constituency Office ,divisional Youth Enterprise Development Fund Committee evaluates the proposal using evaluation guide provided by the Ministry of State for Youth Affairs ,recommended proposals submitted to the District Youth Enterprise Development Fund Committee for validation and approval ,the District YEDF Committee submits the approved proposals to the Youth Enterprise Development Fund (YEDF) Secretariat ,the YEDF Secretariat disburses the funds directly to the bank accounts of the approved groups and the Entity repays the loan in installments within 12 months after the grace period into the bank account of the YEDF (YEDFguide,2009).

The committee is composed of the District Officer (Chairman), the Divisional Youth Officer (Secretary), the Social Development Assistants, two youth representatives (male and female) from non-applicant groups, two representatives from the dominant faith-based organizations in the division, and local area member of Parliament as an ex-officio. The committee is comprised of the District Commissioner (Chairman), the District Youth Development Officer (Secretary), the District Youth Training Officer, the District Social Development Officer, Chairperson of *Maendeleo ya Wanawake*, two youth representatives (male and female) not serving the divisional committees, two representatives of main religious faiths in the district, and representative of a major civil society organization operating in the area.

2.3. Influence of lending conditions on uptake of YEDF

A number of factors explain why certain borrowers prefer to use credit. Factors related to the participation of credit users in the credits market were therefore investigated. Such factors can be divided into borrowers characteristics, and the loan terms and conditions imposed by lenders (Kashuliza and Kydd, 1996; Zeller, 1994) revealed that the type of financial institution and its policy will often determine the access.

Where credit duration, terms of payment, required security and the provisions of supplementary services do not fit the needs of the target group, potential borrowers will not apply for credit even where it exists and when they do, they will be denied access. In addition, Bigsten *et al.* (2003) stated that in developing countries asymmetric information, high risks, lack of collateral, lender-borrower distance, small and frequent credit transactions of rural households make real costs of borrowing vary among different sources of credit.

A study by Atieno (2001) indicates that income level, distance to credit sources, past credit participation and assets owned were significant variables that explain the participation informal credit markets. Hussein (2007), also indicated that Farm households are more likely to prefer the informal sector to the formal sector with respect to flexibility in rescheduling loan repayments in times of unexpected income shocks.

According to Hossain (1988), the Graeme Bank experience shows that most of the conditions imposed by formal credit institutions like collateral requirements should not actually stand in the way of smallholders and the poor in obtaining credit. The poor can use the loans and repay if effective procedures for disbursement, supervision and repayment have been established. On the other hand, Getaneh (2005), stated that group lending approach effectively ration out some groups of farm households (The poorest of the poor). That is co-borrowers tend to self select themselves into a group of homogenous members that effectively discriminates against some others to reduce risk of carrying the burden of repayment incase of defaults of co-borrowers.

Access to formal credit can also be affected by household characteristics. As stated by Hussien (2007), the probability of choosing the formal credit sector was positively affected by gender, educational level, household labor and farm size. He further explained that education, credit information and extension visit are more likely to increase the information base and decision making abilities of the farm households including the ability to compare pros and cons of choosing appropriate credit and production technology.

Physical distance of farm households from formal lending institutions is one of the factors that influence access to formal credit. According to Hussien (2007), farm households are discouraged to borrow from credit sector if it is located farther. This is because both temporal and monetary costs of transaction, especially transportation cost, increase with lender-borrower distance which raises the effective cost of borrowing at otherwise relatively lower interest rate in the sector.

A study in Egypt by Mohieldin and Write (2000), employing a Probit model analysis of the formal credit sector shows the impact of the explanatory variables on the outcome of whether a person has a loan. Both the requirements of the individual (demand side) and of the lending institution (supply side) determined whether a loan is extant. The results of the study indicated that educational level, ownership of land, total assets, and sizes of the household were significant factors.

Assefa (1989), empirically tested a set of socio-economic and other important factors influencing agricultural credit use among small farmers aimed at differentiating borrowers from non-borrowers. Using discriminant analysis, Assefa found that large farm size, high investment, adoption of improved technology were significant variables in distinguishing borrowers from non-borrowers.

Hussien (2007), in his study also found out that the use of extension package, in effect, requires adequate labor supply, thus a positive effect of household labor on the choice of formal credit for the farm input. The choice of the formal sector increases with the number of productive members of the farm households. It was also indicated that the low level of education of the farm households

may have contributed for limited use of formal sector credit by farm households. Men tend to borrow more from the formal and semiformal sources than women do. That is being a female reduces the likelihood of borrowing from the formal and semiformal credit sectors where it increases the probability of borrowing from the informal credit sources.

Hence, based on the above explanations and the author's knowledge of the credit schemes of the study area the following conceptual framework depicted the most important variables expected to influence smallholder farmers' access to formal credit in the study area.

2.4. Influence of credit management skills on uptake of YEDF

Successful entrepreneurs are passionate and obsessive about making their business opportunity work with a strong vision. Their determination to succeed is due to their strong will. Setbacks and risks do not discourage them and they are relentless in their pursuit of goals (Mokaya, 2010).

Hard work and commitment are their strong entrepreneurial traits. Entrepreneurs are able to work long hours, are not afraid to get their hands dirty and are among the first few people to focus on their task with a high degree of involvement. They set high standards of performance by their accomplishments and are motivators. Willing to lead the team members especially in a crisis is an entrepreneurial skill that is valued highly (Mwirigi, 2007). Selling ideas and their products is an entrepreneurial skill that cannot be undervalued.

Manpower Group (2012), observes that a lack of skills relevant to the work place has played a down impact on economies. Even those youths who have pursued a course of study with a specific career in mind often find themselves with general or theoretical knowledge that does little to prepare them for actual tasks they will encounter on the job. This is partly the fault of school curricula and poor connections between employers and the educational system. Young people also lack specific ``21st century workplace skills'' such as cooperation, communication, critical thinking, creativity, and a focus on the needs of the enterprise. The Government of Kenya

recognizes that access to entrepreneurial skills development is key to the growth and development of any enterprise and more so the MSE.s (Republic of Kenya, 2005).

Skilled entrepreneurs have what it takes to pursue their dreams and acquire their objective. They have a way of surviving the tough situations. They must remember to take regular breaks from work which will ensure that you do not burn out quickly. Most successful entrepreneurs exhibit the following entrepreneur skills (Rasmussen & Sorheim, 2006).

Selling ideas and their products is an entrepreneurial skill that cannot be undervalued. Appealing presentations, direct selling whenever there is a need and determining sales quotas accurately are tasks that entrepreneurs must be able to achieve. Enhance your marketing skills by acquiring knowledge and practice. Being customer oriented is an entrepreneurial skill that helps them to satisfy the needs of their customers. An entrepreneur must be customer focused. Ultimately, it is they who decide if the business will boom or go bust. Remember, it is easy to keep your regular customers happy rather than try to woo new customers (Buckley, 1993). Ability to adapt and change to a new environment is an entrepreneurial skill that decides the outcome of success or failure in a dynamic environment.

According to Hisrich (2005), there is strong evidence that entrepreneurs tend to have entrepreneurial parents. Having a parent who is self-employed provides a strong aspiration for the entrepreneur. The independent nature and flexibility of self-employment is ingrained at an early age.

Entrepreneurial parent often further enforces this feeling of independence, achievement and responsibility. This supportive relationship of the parent appears to be the most important for entrepreneurs (Hisrich, et.al, 2005).

According to Cheung (2008, p. 501), small business owners often lack experience and training in management of their businesses. Previous study by Wawire and Nafukho (2010), shows that poor management is the second most cause of MSEs' failure after lack of enough funds.

This is despite the fact that management has been established to be a very important aspect that affects the success of any given enterprise. Despite the numerous institutions providing training and advisory services, there is still a skills gap in the MSE sector as a whole (Kayanula & Quartey, 2000). This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency (King & McGrath, 2002). As a result, they cannot meet the future needs of society. Ahmad (2009, p. 98) adds that factors that hamper MSEs growth include a lack of abilities and skills. Ihua (2009, p. 199) reports that one of the serious constraints on small business growth is lack of management skills, which results in the poor management actions taken by small business owners (Wawire and Nafukho, 2010). Literature makes it clear that 54 per cent of those who manage the MSEs had no training at all, while 38 per cent had some limited project management knowledge (Wawire and Nafukho, 2010). The literature is confirmed by finding of Mbonyanne and Ladzani, (2011) that almost no training was provided for MSE staff.

Customer care skills are important in the performance of enterprises. Tsvetanka (2010) outlines ways to treat clients. She indicates that there is need to treat the clients with the utmost respect. Clients whether they consciously do it or not, know the value of their money.

Akande, (2011) described entrepreneurial skills as qualities or attributes required for an entrepreneur to start and successfully manage a business in a competitive environment.

Entrepreneurship skills are simply business skills which individuals acquire to enable them effectively function in the turbulent business environment as an entrepreneur or self-employed.

It takes special skills to succeed as an entrepreneur but most entrepreneurial skills come by learning and practicing (Ezeani et al., 2012).

Even if the products can be bought in from manufacturers, those people within your business dealing directly with customers still need to have detailed product knowledge in order to give the required varies from business, depending on the complexity of what the firm is delivering (Shaw, 2012).

Lack of business skills had been identified as a key barrier to youth's entrepreneurship. According to Ghai cited in Chigunta et al., 2005), entrepreneurship among young people is affected by a number of factors, including lack of skills, social capital, knowledge and experience which have led to poor overall performance of youth enterprises.

On this account, youth enterprises are highly vulnerable to failure (Entwistle, 2008). Many small businesses struggle and fail because of poor management and planning (Ondeng, 2007).

Cacciolotti et al. (2011) in their research indicates that MSEs that make good use of structured marketing information presented a higher probability of growth. Scheers (2011) found that lack of marketing skills of MSEs contribute to high business failure in South Africa. The study concluded that lack of marketing skills has a negative impact on success of small business. Mahmoud (2011) in a research in Ghana concluded that the higher the level of market orientation, the greater the level of performance in Ghanaian firms. Marketing an MSE determines in the long term whether the business will succeed or go under. The assumption is, if potential customers are not aware of your products or services, no one will do business with you. However, MSEs face marketing limitations due to limited resources like finance, time and marketing knowledge, shortage of exclusive marketing techniques and limitation in market influence (Pandya, 2012). Small business deliberations involve informal, unplanned activities that heavily rely on the intuition and energy of owner/ manager to make things happen.

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).

The scale of the problems facing a large proportion of youth in Kenya make planning and implementing policies and programmes a daunting but urgent task for the state and non-state actors. This is because youth are constantly shaken and shaped, pulled and pushed into various actions by encompassing structures and processes over which they have little or no control (Honwana and Boeck 2005). Consequently, youth, despite their numeric strength and high degree of mobility, versatility and adaptability lack adequate space to organize in order to design their own credible path towards realizing their potential and meeting their needs. (Akwetey,2006). Youth-focused policies and programmes have been identified as fundamental in defining a suitable path and putting in place structures which enable youth to utilize their skills, develop their potential and contribute in the mainstream economy, politics and other affairs of public life. Well-designed policies have the ability to transform an environment which has hitherto been repellent to youth development and participation, to one where youth are recognized, supported and encouraged to actively contribute to national development. Youth policies are therefore viewed as critical in consolidating and amplifying young people's voices so that wrong assumptions and perceptions that have long persisted can give room for more informed ways of planning and meeting the needs of youth.

A national youth policy is a declaration of the commitment a country gives to setting and meeting the priorities and development needs of its young men and women and clearly defines their roles in

the society and the responsibilities of that society to the young people themselves (UNESCO, 2004)

It is a broad statement which provides a framework that governs the provision of services to young people, and provides the possibilities and limits for young people to participate in decision-making (Wyn and White 2008). According to UNESCO (2004), a national youth policy should embody strategies that empower youth to actively influence and shape the political agenda. A progressive national youth policy obliges traditional decision-makers to work not only for young people but with them and let their experiences inform the development of appropriate interventions and services (Ibid). An integrated and cross-cutting youth policy strengthens the capacity and effectiveness of government to respond to the needs of youth (UN-Habitat, 2004). The development of a sound youth policy requires the involvement of a wide variety of social actors and large-scale cross-sectoral consultation with the civil society (UNESCO, 2004) In addition, young people must be considered as primary actors with whom to develop partnerships, not as spectators or advisers, but as active agents of change. Such a policy ought to be gender sensitive and pay special attention to the needs and experiences of the most vulnerable youth, those in conflict with the law, those living with HIV/AIDS, or in the most vulnerable and risky situations. Despite the wide range of benefits associated with youth policies, they often suffer from limitations which impact their effectiveness in terms of allowing youth to meaningfully engage in decision making process. Wyn and Whiet (2004) argue that policies affecting youth share a common theme of futurity- the valuing of young people for what they will become. They are based on the common view that young people are not important as youth, but as future adults. Their language draws on youth development to assert that young people are important because they represent the future cultural and social capital of the society.

In her study on Youth Polytechnics (YP) in Kenya, Kinyanjui (2007) points out that YP education is not necessarily a direct or immediate route to employment, rather it is a futuristic investment that parents and households make to equip their children with skills in the hope that they will have a better life than themselves. Policies that locate young people's value in their future as adults also tend to emphasize "governmentality" (Wyn and White, 2008), whereby, they provide a rationale for monitoring and controlling young people's lives in the interest of protecting the future of young people and of the society. The NYP for example states that "the government is obliged to carefully plan and be involved in developing youth to be responsible and available to contribute to the current and future nation-building efforts" Accordingly, the state is obliged to "be the lead agent in supporting the implementation of the youth policy, by creating sufficient employment opportunities and education and health facilities for youth." It also requires the state to provide the necessary framework for young people to fulfill their obligations. These include: Be patriotic and loyal to Kenya and promote the country's well-being; Contribute to social-economic development at all levels including through volunteerism; Create and promote respect for humanity, sustain peaceful co-existence, national unity and stability; Protect the environment; Help to support and protect those who are disadvantaged and vulnerable; Promote democracy and the rule of law; Create gainful employment; Take advantage of available education and training opportunities; Develop a positive attitude towards work; Avoid careless and irresponsible sex; and Take responsible charge of their lives. Underlying the development of a youth policy is often the assumption that young people should not be taken seriously because they are not yet adults (Wyn and White, 2008). This tendency is definitely in tension with the increasing acknowledgement that young people should participate in decision-making, as espoused in many national and global youth policies and initiatives. In addition, there is contestation about the extent to which young people can be regarded as citizens in any sense or whether they are "simply citizens in training" (Ibid). Consequently,

youth are trained for their future roles and not equipped with skills and understanding that can be given expression immediately (Owen, 1996 cited in Wyn and White, 2008) This reduces them to either non-citizens or at best, apprentice-citizens (Ibid). To be relevant to youth, training should encompass issues that help young people to play roles in forming, maintaining and changing their societies. From this perspective, youth would be valued and valuable citizens in the present, as well as citizens of; the future. The NYP proposes the formation of the NYC to help “coordinate youth organizations, design youth programmes and continuously review the implementation of youth-focused policies and programmes” In addition, the NYC is meant to mobilize, sensitize and organize youth, in order to consolidate their voice regarding political, economic and socio-cultural activities. However, almost five years since the operationalization of the NYP, the NYC has not been formed, and the government, through the Ministry of Youth Affairs and Sports, still oversees the implementation of the NYP and other youth related programmes.

Parliament passed the legislation establishing the NYC in August 2010, but it was shelved awaiting further consultations within the government about its operationalization. Notably, the youth policy and programme implementation process has proceeded without proper mechanisms to accommodate the voice of youth, and effectively mobilize them towards setting a progressive and comprehensive youth development agenda. Indeed, the government has raised its own suspicions about the youth development programmes that are supported by international agencies and implemented by NGOs and local community based organizations (CBOs) .A new legislation, the Prevention of Organized Crimes Act, 2010, which seeks to criminalize all groups undertaking organized crime, could have unprecedented consequences for youth, who are required to network and mobilize in order to meet their collective needs (Gok, 2010). The law identifies 33 organized criminal groups, which are mainly composed of youth. It criminalizes even non-members who abet or aid the group’s activities by allowing them to use their property to carry out their activities (ibid).

Unlike the law providing the establishment of the national youth council, which was passed by parliament but shelved without specific details on implementation, the law on organized crime took effect immediately. While the NYP and other programmes, such as Youth Enterprise Development Fund (YEDF) and Kenya Youth Empowerment Project (KYEP), encourage youth to network and form groups, the new law could lead to isolation of some youth who belong or formerly belonged to criminalized groups. The law has received criticism, especially regarding the groups identified as criminal.

2.5. Influence of levels of awareness on uptake of YEDF

Perception of the relevance of technologies is largely influenced by farmers' level of education as observed by Oladele(2001). He also concluded that, the bigger the farm size the better the perception of the relevance of technologies. Ndaghu (2000) concluded that technology that is perceived to sustain means of livelihood will be adopted by farmers. (Negatu, *et al* 1999) observed that perception is one of factors that influence farmers' decisions to adopt a new agricultural technology. (Smathers 1992) concluded farmer's attitude and perceptions than any other factor are likely to determine adoption of conservation practices. (Alonge *et al* 1995), found that compatibility of sustainable practices with their farming systems, farmer's perceptions is rated as the best predictors of adoption of such practices. Attitude towards adoption of technology and contact with extension agents were the main factors influencing the adoption of no-tillage practice (Sheikh *et al.*, 2003).

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 Business.

The Youth Enterprise Development Fund (YEDF) was established in December 8, 2006 through legal notice no. 167. It was transformed into a state corporation in May 11 2007 through legal notice no. 63. The fund focuses on enterprise development as a key strategy for increasing economic opportunities for youth as a way of enabling them to participate in nation building. Realizing that not all young people have a keen interest in entrepreneurship, YEDF has broadened its focus to include facilitation of employment of young people (skilled and semi-skilled) in the local and international labour market. The 2009 status report of YEDF outlines a number of successes that have so far been achieved in supporting youth entrepreneurs. Notably, about 1.53 billion Kenya Shillings had, by March 31, 2009 been disbursed to finance 57,075 youth enterprises countrywide. In addition, the Fund provided other services such as training and mentoring, business incubation, holding a business plan competition, and developing partnership with private and public institutions. Acknowledging the challenges confronting youth entrepreneurship, the report stress that, the “growth and sustainability of the Fund is pegged on

2.6. Influence of processing procedures on uptake of YEDF

Shiferawet *al.* 2006 carried out a study on the effectiveness of Producer Marketing Groups (PMG) in the semi-arid eastern Kenya. Group performance (effectiveness) was used as a function of the

level of collective action. However, there are no standardized measures or indicators that can be used to assess the level, viability and effectiveness (performance) of collective action (Place *et al.*, 2002). Six indicators of the level of collective action were used: group size, average annual election, number of members respecting the law, members' attendance of general meetings, average contributions from members, start-up capital per capita and the annual subscription fee. Elections are an indication that members are participating actively in decision making (McCarthy *et al.* 2002). It is a good measure of the level of collective action. By-laws define the interaction between members and their leaders hence ensures smooth and effective running of the groups. Adherence to the laws reduces governance and coordination costs. Attendance to general assembly meetings can also be used as a related indicator since it shows the members' level of involvement in collective action.

According to Besley, (1995) without adequate access to this credit facilities youth entrepreneurs will be subjected to negative shocks and factors such as poor production levels in their businesses, lack of growth and generally poor performance of the business and can lose some of the few assets they have unlike their male counterparts who can access well-designed credits and loans easily thus able to finance their businesses and adopt more effective and efficient strategies to stabilize their businesses (Diagne and Zeller, 2001).

The extent to which institutions reach out to youths and the conditions under which they do vary International Journal of Small Business and Entrepreneurship Research Vol.1, No.4, pp.1-10, December 2013 Published by European Centre for Research Training and Development UK(www.ea-journals.org)noticeably, but youths are at a disadvantage when an institution does not fund the type of activities typically run by youths, when it does not accept female guarantors, when its requirements are not clear or widely known or when, as it is typically the case, loans to

youths are smaller than those granted to adults for similar activities (Baydas, Meyer and Aguilera 1994).

In South Africa Research supported the theory that women have been impeded from acquiring adequate levels of human capital because of social and cultural forces (Chusmir, 1983). Socio-cultural constraints have limited women's access to a meaningful business experience (Cromie and Hayes, 1988), and led to careers interrupted by family obligations (Kaplan, 1988). They have less human capital for the management and development of their businesses.

Additionally, barriers have been seen to impede women's access to financial resources Carter and Allen, (1992). The main focus of this study will be on loan facilities offer by the financial institutions as credit to the women entrepreneurs. Financial institutions such as banks offer finances to businesses which are mostly short term in nature. This is because the deposits made with them are demand deposits, which cannot be lent on long term basis. Due to this fact the financing role of commercial banks is limited to short term loans exceeding four years. Short term loans range from three months to a maximum of four years and are given to established customers of the banks who have the necessary security. These are expensive as the customers will have to only pay interest on them, but also the insurance of the security, Access to finance refers to the possibility that women or enterprises can access financial services, including credit, deposit, payment, insurance, and other risk management services (Demirgüç-Kunt, Beck, & Honohan, 2008).

According to a recent report by the United Nations (2006:23-31), access to formal financial services is limited due to several factors ranging from cultural norms to the lack of financial literacy. Previous studies have pointed out that formal credit access has traditionally been limited for women (Lycette & White, 1989; Van Staveren, 2002). Recent evidence from Latin American

countries shows that women receive less credit than men (Tejerina&Westley, 2007; Fletschner, 2009).

Women's lower access to and use of financial services is primarily associated with economic criteria (Morris & Meyer, 1993) and the presence of gender-biased transaction costs (Baden, 1996). Availability of finance varies greatly between countries and ranges from about 5 percent of the adult population in Papua New Guinea and Tanzania to 100 percent in the Netherlands (for a comprehensive list of estimated measures of access to finance across countries, Demirgüç-Kunt, Beck, & Honohan, 2008, pp. 190–191). Access to finance is a challenge that many entrepreneurs face. It is argued that Women entrepreneurs face additional challenges in accessing finance both in the developed and developing world.

The lack of access to informal and formal credit by women micro and small entrepreneurs has been identified by numerous studies as *a* major, some even say, *the* major constraint. Recent ILO studies in the Philippines (59 percent), Bangladesh (76.4 percent) and Trinidad and Tobago place the lack of capital, especially in the start-up period, as the problem most often mentioned by women micro entrepreneurs.

These studies confirm that this problem is more severe for women than for men. Knowledge in this area will assist in the growth and development of women's businesses and tap into the underutilized resource of women entrepreneur's. Having barriers and unnecessary challenges when accessing finance has a negative impact on any firm and will affect its growth and development and by extension hamper the local and general economy's growth.

Hertz (2011) in her report argue that women entrepreneurs are a significant force in the economy generating in the US economy over a trillion dollars in revenue annually and employing millions of workers. Small and micro enterprises are the life blood of the economy. They are at the fore

front of the government effort to promote enterprise, innovation and increased productivity. Small and micro enterprises will continue to be the main providers of new jobs (Hewitt, 2000).

According to the Global Partnership for Financial Inclusion (GPFI) and IFC, women typically run small and informal firms in lower value-added sectors, which offer smaller returns to creditors, thus impeding their access to finance. Though microcredit can be useful in expanding financing options for the poor, especially women, it is not enough to meet the needs of SMEs. Women entrepreneurs expanding their businesses have financing needs that exceed micro-credit ceilings. One of the chief complaints of women entrepreneurs in the MENA region has been the inability to secure the formal financing necessary.

Those role and importance of women participation in small businesses to the economies of both the developed and the developing nations has been the subject of increased scrutiny particularly in the last decade. This is due to belief that prosperous and dynamic women in SME sector are crucial to performance of a dynamic economy (Beaver, 2002). However for this sector to continue to growing unabated there is need for flow of credit financing among women, which is currently not the case. The study seeks to find out the factors that prevent accessibility of credit finance among women in the sector of Kenyan economy.

The gender gap may be more far reaching than the differences in *access* suggested by the data, due to differences in *usage* and *quality* of financial services.

For example, a study in Pakistan showed that women have access to financial services in name only, as they mostly pass on their loans to their male relatives. In terms of usage of financial services, data (in terms of number of transactions) from Findex indicates that across regions, women are less likely than men to withdraw frequently from their accounts on a monthly basis.

This is particularly the case in the MENA region (30% less likely) and in South Asia (27% less likely). Women are also more likely than men to have no withdrawal activity on their account,

particularly in Europe and Central Asia (46% more likely) and South Asia (32% more likely). In all regions, women are less likely than men to deposit frequently in their accounts on a monthly basis, especially in MENA (32% less likely) and in South Asia (29% less likely). In addition, it is not enough for women to have access to an account, but they also need to own their accounts and savings. Several studies, using randomized control trials, show that providing access to own savings instruments increases consumption and productive investment, especially for women (Dupas and Robinson, 2013) and women's empowerment.

White and Kenyon (2001) noted that women are faced with limitations when starting a business and their businesses viability is questioned due to lack of financial opportunities. The possible avenues to external finance for SMEs include grants, soft loans, conventional banking credit and support networks. Developing relevant knowledge and skills through entrepreneurial education is important. Arguably, these should be fostered from an early age through educational institutions (Kourilsky et al 2007) and also skills development through methods of Life Long Learning (Nafukho and Muyia 2010).

Mansor and Mat (2010), based on a study of 436 women business establishments in the state of Terengganu in Malaysia, observed that environmental factors influence women's involvement in entrepreneurship include access to credit markets, experience, availability of technically skilled labour force, market access, and government regulations. Women are observed to be constrained in their access to formal bank credit as they are perceived to be risky borrowers due to lack of adequate collateral. This perspective is more pronounced in cultural settings where the women have less land and property rights as compared to men, and so cannot offer to the banks the preferred type of collateral (usually land and property).

Members' contributions are a good indicator of the commitment of members towards PMG objectives. This is because the annual subscriptions can be used to overcome working capital

constraints in the course of operation and can be used to implement group's projects (Shiferaw *et al.*, 2006).

Group size has been shown to be positively correlated to performance (Place *et al.*, 2002), although it is not necessarily the case in all collective actions. Olson's (1965) argue that the free rider problem makes smaller groups more effective. There is a general agreement that due to the free rider problem individuals in a larger group will tend to contribute lower levels of "action" (money, effort and time). Group size may have non-linear relationship with performance which would suggest that medium sized groups are more likely to succeed than very large groups (Agrawal and Goyal, 2001). An optimal group size for the PMG was defined as one that was able to minimize transaction, organizational and managerial costs of cooperation and one that could improve the coordination of production and marketing function. Long distance implies geographical isolation where as group size and the number of villages covered by a single PMG were associated with higher transaction costs, coordination failure and lack of cohesion or shared goals and values.

2.7. Theoretical framework

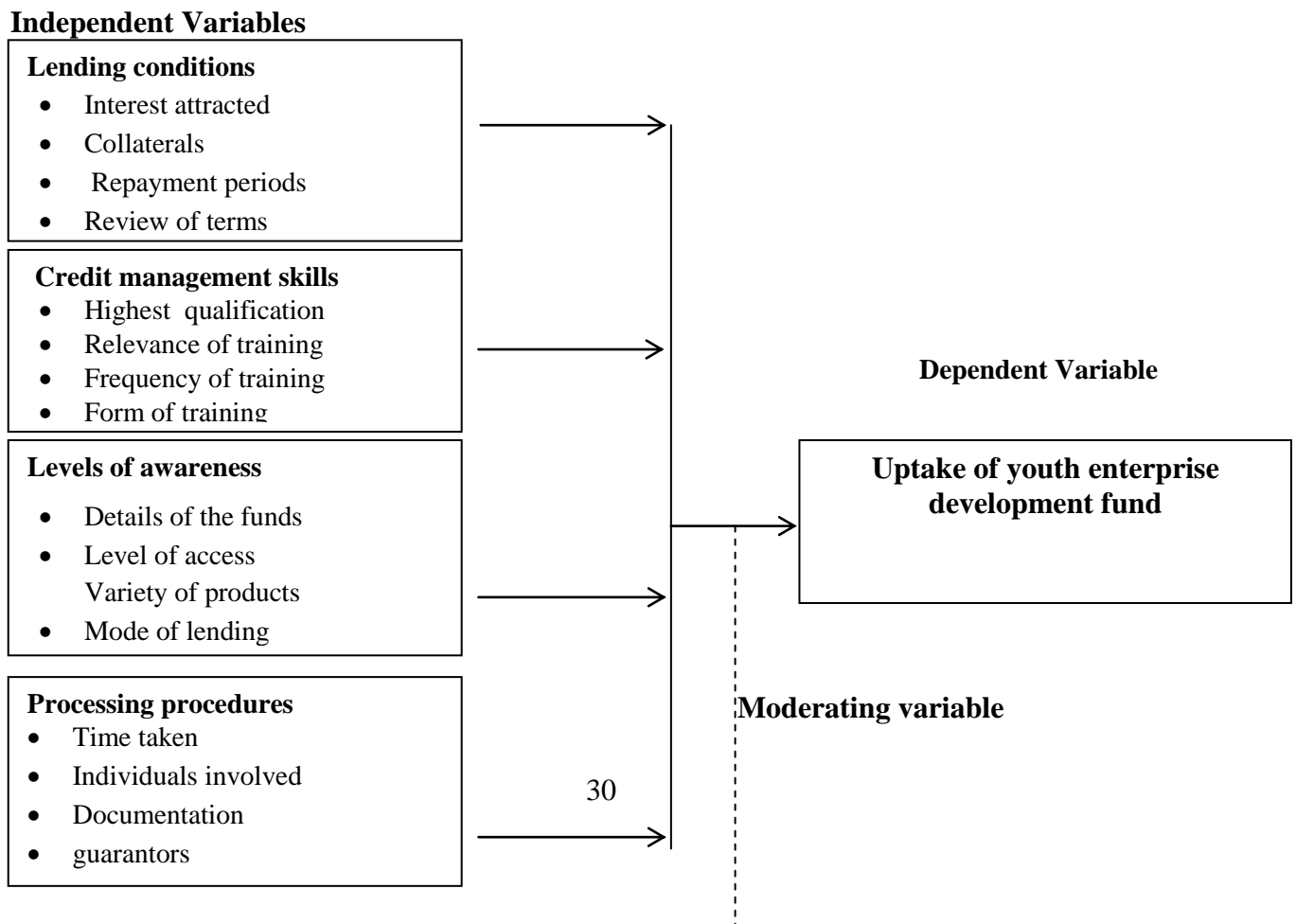
A theory refers to general rules or propositions outlining relationship among different phenomena, Lwal (1934). The study was grounded on the Goriths theory of business refinancing, (1978) which postulates that credit absorption directly correlates to the rate of business investment, such that with high levels of investment, refinancing is required to fill the gap of more need for funds. The theory also holds that, whenever, business does not attain the much anticipated growth, less need for fresh capital is experienced, hence uptake of credit gets low. The theory has one major strength, that is, need for more funds is driven by the rate of business growth and this obeys the laws of trade cycles in which investment is done during periods of business recovery so that funds are not made idle in dead stocks. However, growth of a business or business recovery must be preceded by some economic activities undertaken in the business environment and this means that business operations

must continue, yet some business entrepreneurs seek to wait for recovery to invest. Realities of trade cycles notwithstanding, crave for more funds for business investment generally rises with business growth and hence the justification for using the theory to support this study.

2.8. Conceptual framework

The conceptual frame work below was developed out of a review of the existing literature on access to credit. Micro credit institutions serve and empower the poor people to fill the gap created by the inability of formal financial institutions to mobilize and provide savings and credit services to the rural poor Yunus (1995). The model comprises interrelated variables, youth group’s characteristics as the independent variables and uptake of YEDF as the dependent variable. Micro credit access is where by small loans are made available to those who need credit. Youth group’s characteristics and YEDF related factors are modeled as independent variables for the study while uptake of YEDF fund is modeled as dependent variable.

Figure 2.1. Conceptual framework of the study



2.9. Research Gaps

Although the Kenyan government has developed some programmes on youth economic empowerment such as YEDF, scanty of information on factors that influence the uptake of the fund implying that it has not been deeply explored. The government and other private practitioners could use the findings of this study to seal some loopholes in the YEDF and the data gathered as a source of reference.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter focuses on the research methodology used in the study. These aspects of methodology consist of the research design, target population, and sampling procedures. In addition, it features methods of data collection, instruments pretesting, instruments validity and instruments reliability. Moreover, it also outlines procedures of data collection, methods of data analysis and ethical considerations in research.

3.2 Research Design

Kothari (2004) defines research design as the arrangement of the conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This is the conceptual structure in which research is conducted and constitutes the blue print for the collection, measurement and analysis of data (Mugenda and Mugenda, 2003).

The study adopted a descriptive survey research design. According to Mugenda and Mugenda (2003), a survey is 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. Survey research is considered as the best method available to social scientists and other educators who are interested in collecting original data for purposes of describing a population which is too large to observe directly.

This research design was therefore found suitable in studying uptake of YEDF by the youth entrepreneurs, since the researcher did not have to manipulate such factors as they had already occurred, coupled with the fact that the study targeted a large population spread across the entire Bomet County .

3.3 Target Population

In Mugenda and Mugenda, (2003), a target population is that population to which the researcher wants to generalize the results of the study. In the views of Otunga (2013), a target population refers to the total number of the potential unit that is too large to study directly, hence is fundamental to sample selection upon which the study results infer.

This study targeted youth entrepreneurs registered by Bomet County Government engaged in different business enterprises. According to Bomet County Governments Department of business licensing record (2015) a total of 1568 youth entrepreneurs were currently licensed to operate business ventures in the county.

3.4. Sample Size Sample selection

A sample is subset of a particular population, Mugenda and Mugenda (2003). Generally the sample size depends on the factors such as the number of variables in the study, the type of research design, the method of data analysis and size of accessible population Gay in Mugenda and Mugenda (2003), suggests that for correctional studies, 30 cases or more are required; for descriptive studies, 10 percent of the accessible population is enough and for experimental design at least 30 cases are required.

Sampling in Kothari (2005) is defined as the selection of some part if an aggregate or totality on the basis of which a judgment or inference about the aggregate is made. Wagunda (2013) perceives sampling as the process of selecting units from a population of interest so that by studying the sample, one may fairly generalize the results back to population from which sample was selected.

This study employed probability sampling design; a design of sampling in which each item from the target population was accorded equal chance of being included in the final sample hence ascertaining objectivity in sample selection. Simple random sampling procedures taking the form of stratified random sampling was used by dividing the target population in four strata, such as

service, retail, wholesale and general vendors. A sample of 10% of the target population (1568) was selected giving a sample size of 157 respondents.

3.5. Data Collection Instruments

To ensure that data obtained address the study objectives, the data collection instruments must be selected appropriately to avoid collecting irrelevant information, Opiyo (2014). In this study, questionnaire was prepared for purposes of obtaining data from the respondents. The questionnaire items comprised of closed - ended and open -ended items that offered to give the advantage of collecting both qualitative and quantitative information.

3.5.1. Pre-Testing the Instruments

Instruments pre-testing, also known as piloting is a preliminary study conducted on small scale to ascertain the effectiveness of the research instruments, Alila (2011). A pre-test sample should be between 1% and 10% depending on the sample size, Mugenda, and Mugenda (2003). In this study the researcher used a pre-test sample size equivalent to 10% of the study sample size (157), culminating into 16 respondents.

Copies of questionnaire were developed and self administered to the pre-test sample that was similar to the actual study sample in its major characteristics. This was significant as it helped to reveal aspects of ambivalence depicted by the questionnaire items that were subsequently reframed relative to the responses obtained from the respondents.

3.5.2 Validity of the Instrument

Validity is a measure of the degree to which differences found with a measuring instrument depict true differences among the items being measured, Kothari (2005). In the perspective of Mugenda and Mugenda (2003), an instrument is validated by providing that its items are representative of the skills and characteristics to be measured. Validity of the research instruments was reinforced by ensuring that the questionnaire items sufficiently covered the

research objectives and this was subsequently confirmed by the pilot study. Other measures put in place to address issues of instrument validity took the form of exposing the questionnaire to the experts and peers for judgment and review, respectively. Validity of the instrument was also assured through randomization that proved helpful in checking the influence of extraneous variables. Randomization is considered crucial for it is the best technique of ensuring the representatives of the sample to the target population.

3.5.3. Reliability of the Instruments

According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a measuring instrument yields consistent results or data after repeated trials. In Kothari (2005), reliability of a test instrument is a measure of the consistency with which a test instrument produces the same results when administered to the group over time intervals.

In this study, split-half reliability measure was employed by dividing the questionnaire items into two equal parts on the bases of odd and even appearances. The first part of the research instrument having been administered and the result obtained, the second part was subsequently administered and the results noted. Pearson's product moment coefficient of correlation (r) was then used to compare the two scores obtained and by giving an alpha value of 0.8, indicating that the data collection instrument was reliable.

3.6. Data Collection Procedures

According to Kothari (2005), data collection procedures comprises of the steps and actions necessary for conducting the research effectively and the desired sequencing of these steps. The researcher embarked on the process of collecting data from the field upon preparation of a research proposal which was assessed, corrections effected and research permit obtained from National Council of Science and Technology. With the research permit obtained, the researcher hit the ground for data collection by presenting the permit to relevant authorities such the district

education officer, quality assurance officer and all head teachers of the sampled public secondary schools. Thereafter, two trained and well motivated research assistants were engaged in the actual data collection, while closely being supervised by the researcher.

3.7. Methods of Data Analysis

Given the fact that the study was descriptive in its major characteristics, descriptive statistics was used as main method of data analysis. The analysis of the data commenced with editing and inspection of the pieces of data in order to identify simple mistakes, items that were wrongly responded to and any blank space left unfilled by the respondents. The computer statistical package for social scientists (SPSS) was used to process all the responses from the questionnaire. The questionnaire items were sorted, coded and fed into SPSS program to generate frequencies and percentages and data was presented using frequency distribution tables.

3.8. Ethical Considerations

According to Resnik (2011), there are several reasons for the adhering to ethical norms in research. Norms promote the aims of research, such as knowledge, falsifying or misrepresenting research data, promote the truth and avoid error. Moreover, since research often involves a great deal of cooperation and coordination among many different people in different disciplines and institutions, ethical standards promote the value that are essential to collaborative work, such as trust, accountability, mutual respect and fairness. For instance, many ethical norms in research, such as guidelines for relationships, copyright, and patency policies, data sharing policies and confidentiality and peer reviews are designed to protect intellectual property interest while encouraging collaborations. Many of the ethical norms help to ensure that researcher can be held accountable to the public.

William M.K (2006) lists some of the ethical issues as informed consent, confidentiality and anonymity. Given the importance of ethical issues in several ways, the researcher avoided taking

any ones work and where someone’s work was included, such were acknowledged. In the process of data collection, respondent’s identities were concealed and any information obtained was handled with utmost confidence. No harm of any nature was meted out on any respondent, aspects of privacy were observed and any cruelty avoided.

Table 3.1 Operationalization table

Objectives	Variables	Indicators	Measurements Scale	Data Collection	Data Analysis
To investigate the extent to which lending conditions influences uptake of YEDF.	Independent Lending conditions	Interest rates Collaterals Credit history	Ordinal Ratio	Questionnaire	Descriptive statistics
	Dependant Uptake of Youth Enterprise Development Fund.	Amount borrowed Loan servicing Frequency of borrowing	Nominal interval		
To assess How training on credit management influences uptake of YEDF	Independent Training on credit management.	Highest training Relevance of training Content of training	Nominal ordinal	Questionnaire	Descriptive statistics

	Dependent Uptake of Youth Enterprise Development Fund.	Amount borrowed Loan servicing Frequency of borrowing	Nominal Ordinal	Questionnaire	Descriptive statistics
To show awareness levels influences uptake of YEDF	Independent Awareness levels	Means of obtaining information Content of information Processing of data	Nominal	Questionnaire	Descriptive statistics
	Dependent Uptake of Youth Enterprise Development Fund.	Amount borrowed Loan servicing Frequency of borrowing	Ratio	Questionnaire	Descriptive statistics

To explore the extent to which processing procedures influences uptake of YEDF	Independent	Duration of processing Requirements Individuals involved	Nominal Ordinal	Questionnaire	Descriptive statistics
	Dependant	Amount borrowed Loan servicing Frequency of borrowing	Nominal Ordinal	Questionnaire	Descriptive statistics

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This chapter focuses on an in-depth data analysis, presentation, interpretation, and discussion. Data analysis was done against the backdrop of the key study variables: influence of lending conditions; credit management skills, level of awareness and processing procedures on uptake of youth enterprise fund by youth entrepreneurs in Bomet County.

4.2 Questionnaire Return Rate

Copies of the questionnaire were administered to the respondents by the research assistants, while closely being supervised by the researcher and the following return rate registered as illustrated in table 4.1.

Table 4.1: Questionnaire Return Rate

Target population	Sample size	Return Rate	Return Percentage
1567	157	120	76.43%

Table 4.1 reveals that out of the 157 copies of questionnaire administered to the respondents, 120 were received back duly completed giving rise to a response rate of 76.43%. Response rate refers to the percentage of subjects that respond to a questionnaire. A response rate of 50% is deemed adequate for analysis and reporting, a response rate of 60% is good and a response rate of 70% and over is very good, Mugenda and Mugenda (2003).

In this respect, the study therefore returned an excellent questionnaire response rate. This was attributed to the fact that copies of the questionnaire were administered and collected back by two well trained and motivated research assistants, who consistently distributed the copies of the questionnaire to the respondents in batches of ten until all were administered. The research assistants emphasized to the respondents the need to fill the questionnaire as instructed, as well as assisting some in completing the questionnaire in cases of either commitment or other forms of incapacities.

4.3 Demographic characteristics of respondents

This section features the respondent's demographic characteristics that were considered significant to the study. Such demographic features include sex, age, level of education, marital status and the duration of being in business. The demographic characteristics of respondents were considered significant to the study on the basis that variations on such orientations would depict different attitudes towards embracing specific ventures, hence exposing human drives which may compel them in executing their duties.

4.3.1 Characteristics of the respondents by age

The researcher assumed that the age diversity of the respondents would be of great significance to the study on grounds that unemployment was rampant in the country; hence younger people were relatively few in mainstream labour sector. Moreover, age variations of the respondents could also correspond to their choice of entry into income generating activities within their immediate confines. The respondents were subsequently requested to complete the questionnaire indicating their ages and their responses recorded in table 4.2

Table 4.2: Age characteristics of the respondents

Age in years	Frequency	Percentage
18- 25	14	11.67
25- 30	22	18.33
30- 35	52	43.33
Above 35	24	20.00
Total	120	100.00

Indicated in table 4.2, 14 (11.67%) of respondents whose questionnaire copies were received fell in 18-25 years, 22 (18.33%) in the age of 25-30 years, 52 (43.33%) were in the age of 30-35, with 24 (20%) being above 35 years. The statistics in table 4.2 imply that more relatively elderly youths formed the bulk of the youth entrepreneurs in Bomet County, a sign that most of these were already carrying heavy burden of providing for their families, hence were more committed

to their ventures for additional income. However, relatively younger youths, probably in schools and still holding big dreams, were few in entrepreneurship.

4.3.2 Characteristics of the respondents by sex

This feature was considered crucial to the study for the researcher intended to establish whether sex differences would significantly influence youths engagement in entrepreneurship, owing to social gender roles that could be at variance with the prevailing working environments. In the light of this eventuality, the respondents were asked to complete the questionnaire indicating their sex and table 4.3 displays their responses.

Table 4.3 Characteristics of the respondents by sex

Class Level	Frequency	Percentage
Male	54	45
Female	66	55
Total	120	100

Table 4.3 depicts that of the 120 copies of questionnaire completed by the respondents, 54 (45%) were males and 66 (55%) were females. Reflected in table 4.3 is that, business at the local level, seemed a preserve for females.

Whereas the study did not treat gender as an extraneous variable to be controlled for, the likelihood that different sexes may prefer different economic ventures in their engagements could be a pointer to variations in choice of occupations, though the direction of the influence envisaged was not clear. However, females being responsible for a lot of other family chores were more likely to be in the small business domain to complement the earnings from their spouses.

4.3.3 Marital status of the respondents

This characteristic was of great importance to the study as it would help to reveal the extent to which marital status of the respondents would influence engagement in SMEs on the premise that, single entrepreneurs, being taken care of by other responsible male care takers, were likely to be less committed to SMEs than married ones whose efforts would count greatly in obtaining means of survival for their families.

In the light of this probability, the respondents were then asked to complete the questionnaire indicating their marital status and their responses were captured as illustrated in table 4.4

Table 4.4: Marital status of the Respondents

Marital status	Frequency	Percentage
Single	12	10.00
Married	63	52.50
Widowed	31	25.83
Separated	08	06.67
Other	26	21.67
Total	120	100.00

In table 4.4, of the 120 copies of questionnaire duly completed by the respondents, 12(10%) were single, 63 (52.50%) were married, 31(25.83%) were widowed and 08(06.67%) being separated, with 26(21.67%) having fallen on other marital orientations. The statistics in the table revealed that majority of the youth entrepreneurs in Bomet County were married and hence would have been expected to get meet several lending conditions for obtaining business credit. However, a significant percentage in other marital orientations, based on availability of some assets was equally likely to seek funds for their business investment, though not at the level of the married ones.

4.3.4 Characteristics of the respondents by level of education.

In the study, the researcher believed that level of education would significantly influence individual youths resolve to engage in SME and aggressively mobilize business funds. In this respect, the respondents were asked to fill the questionnaire stating their level of education and table 4.15 displays their responses.

Table 4. 5.Characteristics of the respondents by level of education.

<u>Level of education</u>	<u>Frequency</u>	<u>Percentage</u>
Below certificate	76	63.33
Certificate	19	15.83
Diploma	21	17.50
Degree	00	00.00
Other	04	03.33
Total	120	100.00

Table 4.15 reveals that 76 (63.33%) of the respondents had acquired education at below level, 21 (17.50%) had diploma, 19 (15.83%) obtained certificate and 04 (03.33%) had other forms of education. The impression created by these statistics is that entry into entrepreneurship in Bomet County did not emphasize need for higher level skills, as majority had just humble education below certificate level. Given that business, just like other economic engagements require special skills, this disregard to training meant that limited chances of accessing funds were available to these entrepreneurs.

4.3.5: Characteristics of respondents by duration of business operations.

In this study, it was assumed that the duration of time youth entrepreneurs had been in business could indicate maturity in management as well as adoption of effective resource mobilization strategies. In this respect, young entrepreneurs having just entered into business were less likely to meet strict lending conditions. In contrast, business entrepreneurs with much more experience,

more assets and high liquidity were in a position to obtain funds even from mainstream banking sector.

On account of this eventuality, the respondents were requested to complete questionnaire stating their duration of being in business and their responses were noted as illustrated in table 4.5

Table 4.5 Characteristics of respondents by duration of service.

Length in years	Frequency	Percentage
Below 1 year	58	48.33
1-3	47	39.17
4- 6	15	12.50
7-9	00	00.00
Above 9 years	00	00.00
Total	120	100.00

Table 4.5 reveals that, of the 120 respondents whose questionnaire copies were received, 58(48.33%) stated having been in business for below 1 year, 47 (39.17%) had been in business for 1-3 years, 15 (12.50%) indicated 4-6 years, with none stating above 6 years.

Implied by the statistics in table 4.5 is that most youth entrepreneurs had been in business for relatively short period of time, hence may have not have been able to meet the strict lending conditions to obtain credit for their business investments.

3.3.6 Characteristics of the respondents by business domains

The type of business initiatives youth entrepreneurs engaged in could significantly influence the level of credit to be accessed; for certain ventures offer more security for credit advancement than others. In the light of this eventuality, the respondents were requested to complete the questionnaire stating the different business domains engaged in and table 4.7 displays their responses.

Table 4.7 Characteristics of the respondents by business domain

Domain	Frequency	Percentage
Wholesale	14	11.67
Retail	22	18.33
Service	52	43.33
General vendor	24	20.00
Total	120	100.00

Table 4.7 indicates that of the 120 respondents who filled the questionnaire, 14(11.67%) were in wholesale, 22(18.33%) in retail, 52(43.33%) in service and 24(20%) were in general vendor. By implication, majority of the entrepreneurs were in service and general vendor, an indication that they were in the business domains associated with insufficient resources, hence were unlikely to accumulate enough collaterals for accessing credit

4.4 Influence of lending conditions on uptake of YEDF

Lending conditions describe the terms upon which loans are given, and is often prescribed by the policies of the lending intermediaries on behalf of the YEDF. These conditions tend to institute stringent measures for the clients in order to cushion the lending institutions against any possibility of default. This variable was measured on the basis of interest rates, collaterals and credit history.

4.4.1 Influence of interest rates on access to credit facilities.

The interest rate comprises charges and levies on credit facilities and general interests against loans, as well as different forms of penalties as a result of any defaults, which in turn determines ones borrowing ability. Such charges generally make it intricate for small business entrepreneurs to access credit from commercial lending institutions. In this study, interest rate was measured on the basis of; the prevailing interest in the market, variety of business loans on offer, highest loan ever borrowed and frequency of borrowing. On this account, the respondents were asked to

complete the questionnaire indicating the extent to which they agreed or disagreed that the prevailing interest rates in the market was an impediment to their borrowing ability and their responses noted as illustrated in table 4.8.

Table 4.8. Influence of prevailing interest rate on uptake of YEDF.

Interest rate	Frequency	Percentage
Strongly agree	98	81.67
Agree	22	18.33
Neutral	00	00.00
Disagree	00	00.00
Strongly disagree	00	00.00
Total	120	100.00

Table 4.8 reveals that out of the 120 youth entrepreneurs engaged in small businesses in Bomet County who completed the questionnaire indicating the extent to which they agreed or disagreed that the prevailing interest rates in the market had a significant influence on uptake of YEDF, 98 (81.67%) strongly agreed, 22 (18.33%) agreed and none indicated any form of disagreement.

Implied by these statistics is that due to the fact that the prevailing interest rates charged on loans were seen as relatively high, most youth entrepreneurs were unable to go for YEDF loans to invest in their business enterprises.

4.4.2. Influence of collaterals on uptake of YEDF.

Adequate collaterals against the amount of loan requested from a banking institution is a function of a variety of security so that the pooled value determines credit worth of the client. Normally, lending conditions are established by financial institutions with no or little input from the clients, and that such conditions are more likely to be favorable to the lending institutions than the client. The respondents were asked to complete the questionnaire indicating the levels at which their collaterals were suitable for loans and their responses recorded as displayed in table 4.9

Table 4.9. Influence of collaterals on uptake of YEDF.

Collaterals	Frequency	Percentage
Extremely Suitable	00	00.00
Suitable	00	00.00
Neutral	00	00.00
Less suitable	112	93.33
Other	08	06.67
Total	120	100.00

Table 4.9 indicates that of the 120 respondents who filled the questionnaire disclosing the extent to which the collaterals were suitable for obtaining loans, none stated any form of suitability, with 08 (06.67 %) indicating the other category.

Implied by these statistics was that most youth entrepreneurs in Bomet County did not have the necessary collaterals attractive enough for obtaining loans from the lending institutions. Besides, this reality was attributed to the fact that more valuable assets such as land, machines, buildings and other properties are rarely owned by young people in most African Communities, thereby disadvantaging them in loans acquisition.

4.4.3. Influence of credit repayment history on uptake of YEDF.

It is good credit management practice to establish individual lenders credit history, for this is helpful in determining credit worth of the client. In view of this, the variable was measured on the basis of consistency of servicing loans, frequency of borrowing, different credit facilities held and the number of institutions borrowed from.

History of previous credit management is a crucial indicator of the credit worth of an individual client, so much such that, with a strong positive approval credit history, chances that one will obtain the necessary loan are high. On this account, the respondents were asked to fill the

questionnaire disclosing how consistent in loan servicing they were and table 4.13 displays their responses.

Table 4.13. Influence of consistency of borrowing on uptake of YEDF

Consistency	Frequency	Percentage
Very consistent	10	08.33
Consistent	34	28.33
Neutral	12	10.00
Less consistent	64	53.34
Other	00	00.00
Total	120	100.00

Table 4.13 indicates that of the 120 entrepreneurs who filled the questionnaire disclosing the consistency of loan servicing, 10 (08.33%) indicated they were consistent, 34 (28.33%) stated that they were consistent, 12 (10.00%) were neutral and 64 (53.34%) stated less consistent.

Implied by the statistics was that most youth entrepreneurs in Bomet County were experiencing certain challenges of credit servicing and hence were unlikely to increase their borrowing capacities to enable them enhance uptake of YEDF.

4.5. Influence of credit management skills on uptake of YEDF

Credit management skills entail acquisition of special training on business related knowledge that give an entrepreneur an opportunity to effectively manage different operations of an enterprise. Without the requisite business training, credit management becomes a challenge to an entrepreneur and this greatly lowers the credit uptake from commercial lending institutions.

4.5.1 Influence credit management skills on uptake of YEDF

It is prudent human capital management best practice to identify human differences in all key activities while designing a program for training on credit management. This is because modern business has become complex and necessary knowledge and skills are critical for effective credit

management for future borrowing. On this account, the respondents were asked to fill the questionnaire disclosing their agreement or disagreement that training on credit management was offered before accessing YEDF loans and table 4.14 shows their responses.

Table 4.14 Influence of credit management skills on uptake of YEDF

Training on credit	Frequency	Percentage
Strongly agree	00	00.00
Agree	00	00.00
Neutral	14	11.67
Disagree	62	51.67
Strongly disagree	44	36.67
Total	120	100.00

Table 4.14 indicates that of the 120 respondents who filled the questionnaire disclosing the extent to which they agreed or disagreed that training on credit management was being offered prior to accessing YEDF loans, none neither strongly agreed nor agreed, 14(11.67%) indicated they were neutral, with 62(51.67%) being in disagreement and 44 (36.67%) stating that they strongly disagreed. Implied by the statistics was that most of the youths in business were obtaining loaning products in total disregard to prerequisite training leading to poor management of the funds, dealing a major blow to their credit history for future borrowing.

4.5.2 Influence of timing of training on uptake of YEDF

In circumstances when trainings are offered, it is vital to focus on the timing of these trainings, given that this dimension is crucial for determining the effectiveness of the training session in internalizing the content for application. In order to ascertain the effectiveness of the training given to clients concerning advanced loans, the respondents were requested to fill the questionnaire and they responded as illustrated in table 4.15

Table 4.15: Influence of timing of training on uptake of YEDF

Timing of training	Frequency	Percentage
Before disbursement	00	00.00
After disbursement	12	10.00
Neutral	00	00.00
Less often	74	61.67
Occasionally	34	28.33
Total	120	100.00

Table 4.15 reveals that out of the 120 respondents who filled the questionnaire indicating the timing of training offered, none indicated that these were given before disbursement, 12 (10%) stated after disbursement, 34(28.33%) stated less often and 74(61.67%) indicated occasionally. Implied by these statistics was that when training were offered to clients, the timings were rarely appropriate as these were never done before disbursement to make them effective to learning outcome for purposes of managing credit effectively.

4.6. Influence of awareness levels on uptake of YEDF

Awareness levels of an entrepreneur on the basis of gaining knowledge about the existence of a loan product, lending requirements, repayment models and variety of such products in the financial market is critical in enhancing credit uptake.

4.6.1. Influence of awareness levels on uptake of YEDF

Given that people gain knowledge when they are able to access information on issues relevant to whatever field of venture, the researcher believed that various micro financial products are on offer in the market. However, a lot of time, clients fails to obtain credible information on the most attractive packages in the market and the respondents were asked to complete the

questionnaire indicating the extent of agreement or disagreement that levels of awareness had influence on uptake of YEDF and table 4.116 illustrates their responses.

Table 4.16. Influence of awareness levels on uptake of YEDF

Training on credit	Frequency	Percentage
Strongly agree	62	51.67
Agree	44	36.67
Neutral	14	11.66
Disagree	00	00.00
Strongly disagree	00	00.00
Total	120	100.00

Table 4.16 indicates that of the 120 respondents who filled the questionnaire disclosing the extent to which they agreed or disagreed that levels of awareness had influence on uptake of YEDF, none neither strongly disagreed nor disagreed, 14(11.67%) indicated they were neutral, with 62(51.67%) being in strong agreement and 44 (36.67%) stating that they agreed. By implication, levels of awareness had great influence on uptake of the YEDF loans, yet the entrepreneurs in Bomet County hardly displayed high levels of awareness.

4.6.3 Influence of forms of information on uptake of YEDF

Often people associate information effectiveness with the form in which such are acquired. If the information has a formal basis and linked to different credit products, it becomes much more effective. The respondents were therefore asked to complete the questionnaire indicating the form of information commonly accessed on financial YEDF and their responses noted as illustrated in table 4.17

Table 4.17: Influence of forms of information on uptake of YEDF

Forms of information	Frequency	Percentage
New products	31	25.83
Changes in tariffs	43	35.83
Other products elsewhere	46	38.33
Progress reports	00	00.00
Total	120	100.00

Table 4.17 reveals that, of the 120 respondents who filled the questionnaire giving the content of information obtained on YEDF, 31 (25.83%) stated getting information on new products, 43(35.83%) mentioned changes in tariffs, 46 (38.33%) indicated other products elsewhere and none received information on progress reports. The statistics in table 4.17 give the impression that many respondents received information on relatively diverse areas and hence one would have been expected to enhance uptake of YEDF.

4.6.4. Influence of means of accessing information on uptake of YEDF

In order to effectively get informed, means of accessing the information is considered crucial, for each way surely offers much or less learning in contrast to others. In this context, the respondents were asked to complete the questionnaire indicating the common means of accessing information and their responses captured as illustrated in table 4.18

Table 4.18: Influence of means information on uptake of YEDF

Information means	Frequency	Percentage
Local print media	00	00.00
Business newsletters	09	07.50
Group meetings	32	26.67

Other	79	65.83
Total	120	100.00

Table 4.18 reveals that out of the 120 respondents who completed questionnaire stating the means of obtaining information, none stated obtaining information from local print media, 09 (7.5%) mentioned business newsletters, 32(26.67%) stated , group meetings and 79 (65.83%) indicating obtaining information from other sources. Implied is a confirmation that most entrepreneurs did not obtain credible information about the YEDF, hence were hardly able to enhance uptake of the funds.

4.7. Influence of processing procedures on uptake of YEDF

In the study, it was assumed that the procedure of processing loans by YEDF lending intermediaries had significant influence on access to these products by youths. This was based on the assumption that frequent visits for credit facilities from the banks take time and resources that would have been invested in the business transactions for additional returns. This variable was measured on the basis of lending requirements, length of processing, individuals involved and the review of lending conditions.

4.7.1. Influence of lending requirements on uptake of YEDF.

It is common observation that most youth entrepreneurs, having less borrowing capacity, encounter several challenges in accessing credit facilities due to complex lending conditions that are often at variance with their borrowing characteristics. In view of this, the respondents were asked to fill the questionnaire stating the extent to which they agreed or disagreed that lending conditions had significant influence on uptake of YEDF and table 4.19 shows their responses.

Table 4.19. Influence of lending requirements on uptake of YEDF.

Lending conditions	Frequency	Percentage
Strongly agree	81	67.50
Agree	29	24.17
Neutral	10	08.33
Disagree	00	00.00
Strongly Disagree	00	00.00
Total	120	100.00

Table 4.19 reveals that, out of the 120 youth entrepreneurs who filled the questionnaire indicating the extent of agreement or disagreement that lending conditions significantly influence uptake of YEDF in Bomet County, 81 (67.50%) stated they strongly agreed, 29 (24.17%) mentioned they agreed and 10 (08.33%) indicated being neutral with none indicating any form of disagreement. Implied by these statistics is that most youth entrepreneurs in Bomet County were unable to enhance uptake of YEDF credits from the intermediary lending institutions as a result of complex lending terms.

4.7.2. Influence of credit processing duration on uptake of YEDF.

The researcher assumed in this study that the duration of time taken to process a loan could significantly influence access to the credit services, since many clients wish to obtain credit as immediately as possible. In the light of this, the respondents were asked to fill the questionnaire stating the length of time they often prefer for processing credit facilities by lending institutions and table 4.20 illustrates their responses.

Table 4.20. Influence of duration of credit processing on uptake of YEDF.

Duration	Frequency	Percentage
1-2 days	69	57.50
3-4 days	31	25.83
5-6 days	00	00.00
7-8 days	00	00.00
Other	20	16.67
Total	120	100.00

Table 4.20 reveals that, of the 120 youth entrepreneurs who filled the questionnaire disclosing the duration of time they preferred for processing of the loans, 69 (57.50%) stated having preferred loan processing period of 1-2 days and 31 (25.83%) indicated 3-4 days and 20 (16.67%) mentioned other.

The implication was that majority of the youth entrepreneurs in Bomet County, unable to consolidate sufficient collateral for loans, as well as fearing for any eventuality arising from the possible poor credit rating history, were kept off going for loans due to long processing time.

4.7.3. Influence of guarantors on uptake of YEDF.

Improved uptake of credit facilities from YEDF intermediary lending institutions often depends on the credit standing of the available guarantors. In this respect, banks have to evaluate the ability to repay and in this case clients are often required to obtain guarantors with superior credit rating. The respondents were asked to complete the questionnaire indicating their most preferred borrowing arrangement and table 4.21 illustrates their responses.

Table 4.21. Influence of guarantors on uptake of YEDF.

Lending framework	Frequency	Percentage
Personal borrowing	96	80.00
Group guarantors	24	20.00
Employer report	00	00.00
Family involvement	00	00.00
Other	00	00.00
Total	184	100.00

Table 4.21 reveals that, out of the 120 youth entrepreneurs who filled the questionnaire indicating their most preferred borrowing framework in Bomet County, 96 (80.00%) stated their borrowing preferences as personal arrangement and 24 (20.0%) stated group borrowing and none indicated other borrowing arrangements.

Implied is that a relatively higher number of youth entrepreneurs preferred individual borrowing arrangement, since this was a form of simplifying loan processing procedures in the sense that when many are involved, processing time increases.

4.7.4. Influence of review of lending conditions on uptake of YEDF.

In this study, the researcher was interested in establishing the extent which youth entrepreneurs perceived the review of the lending conditions as done in their favour, or the benefits of the lending intermediaries, as this would influence uptake of the loans. In the light of this eventuality, the respondents were asked to fill the questionnaire disclosing the extent to which they agreed or disagreed that the review of lending conditions favored them and table 4.22 illustrates their responses.

Table 4.22. Influence of review of lending conditions on uptake of YEDF

Review	Frequency	Percentage
Strongly agree	00	00.00
Agree	00	00.00
Neutral	00	00.00
Disagree	56	46.67
Strongly disagree	64	53.33
Total	120	100.00

Table 4.22 reveals that, of the 120 youth entrepreneurs in Bomet County who filled the questionnaire disclosing the extent to which they agreed or disagreed that the review of bank lending conditions favoured their borrowing needs, none stated any form of agreement , with 56 (46.67%) in agreement and 64 (53.33%) strongly agreed.

By implication, majority of the youth entrepreneurs were unable to effectively access loans, fearing that any time the bank lending conditions were reviewed; this would only be in favour of the lending intermediaries and not the youth entrepreneurs.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of the study findings against the backdrop of the key study variables. In this study, the researcher sought to investigate the influence of lending conditions, credit management skills, awareness levels of youth entrepreneurs and credit processing procedures on providers on accessibility on uptake of youth enterprise development fund in Bomet County. In addition, this section also features the conclusions drawn from the study, as well as the study recommendations, both for policy formulation and suggestions for further research.

5.2 Summary of the finding

In this study, out of the 157 copies of questionnaire administered to the respondents, 120 were received back duly completed giving rise to a response rate of 76.43%. In this respect, the study therefore returned an excellent questionnaire response rate. This rate of questionnaire response was attained because the researcher involved two trained and highly motivated research assistants in administration of the data collection instruments.

5.2.1. Demographic characteristics of the respondents

The demographic characteristics of respondents were considered significant to the study on the basis that variations on such orientations would depict different attitudes towards embracing specific ventures, hence exposing human drives which may compel them in executing their duties, inclusive of seeking to obtain business funds from the YEDF. The demographic features considered vital to the study were, age, sex, marital orientations, level of education, type of business domain and the duration of being in business.

The researcher assumed that the age diversity of the respondents would be of great significance to the study on grounds that unemployment was rampant in the country; hence younger people were relatively few in mainstream labour sector with options available in the informal small business sector. Moreover, age variations of the respondents could also correspond to their choice of entry into income generating activities within their immediate confines.

The study noted that 14 (11.67%) of respondents fell in 18-25 years, 22 (18.33%) in the age of 25-30 years, 52 (43.33%) were in the age of 30-35, with 24 (20%) being above 35 years.

In this study, the researcher intended to establish whether sex differences would significantly influence youth's engagement in entrepreneurship, owing to social gender roles that could be at variance with the prevailing working environments. Whereas the study did not treat gender as an extraneous variable to be controlled for, the likelihood that different sexes may prefer different economic ventures in their engagements could be a pointer to variations in choice of occupations.

On marital status, 12(10%) of the respondents were single, 63 (52.50%) were married, 31(25.83%) were widowed and 08(06.67%) being separated, with 26(21.67%) having fallen on other marital orientations. On level of education, 76 (63.33%) of the respondents had acquired education at below level, 21 (17.50%) had diploma, 19 (15.83%) obtained certificate and 04 (03.33%) had other forms of education.

Duration of being in business was considered significant to the study and it was noted, 58(48.33%) stated having been in business for below 1 year, 47 (39.17%) had been in business for 1-3 years, 15 (12.50%) indicated 4-6 years, with none stating above 6 years. The popular business domain was also evaluated and the study revealed that 14(11.67%) of the respondents were in wholesale, 22(18.33%) in retail, 52(43.33%) in service and 24(20%) were in general vendor.

5.2.2. Influence of lending conditions on uptake of YEDF

These conditions tend to institute stringent measures for the clients in order to cushion the lending institutions against any possibility of default. This variable was measured on the basis of interest rates, collaterals and credit history. Out of the 120 youth entrepreneurs engaged in small businesses in Bomet County who completed the questionnaire indicating the extent to which they agreed or disagreed that the prevailing interest rates in the market had a significant influence on uptake of YEDF, 98 (81.67%) strongly agreed, 22 (18.33%) agreed and none indicated any form of disagreement.

Adequate collaterals against the amount of loan requested from a banking institution is a function of a variety of security so that the pooled value determines credit worth of the client. Respondents who filled the questionnaire disclosing the extent to which the collaterals were suitable for obtaining loans, none stated any form of suitability, with 08 (06.67 %) indicating the other category.

It was therefore concluded that most youth entrepreneurs in Bomet County did not have the necessary collaterals attractive enough for obtaining loans from the lending institutions. Besides, this reality was attributed to the fact that more valuable assets such as land, machines, buildings and other properties are rarely owned by young people in most African Communities, thereby disadvantaging them in loans acquisition.

It is good credit management practice to establish individual lenders credit history, for this is helpful in determining credit worth of the client. In view of this, the variable was measured on the basis of consistency of servicing loans, frequency of borrowing, different credit facilities held and the number of institutions borrowed from.

History of previous credit management is a crucial indicator of the credit worth of an individual client, so much such that, with a strong positive approval credit history, chances that one will obtain the necessary loan are high. The study revealed that on consistency of loan servicing,

10 (08.33%) indicated they were consistent, 34 (28.33%) stated that they were consistent, 12 (10.00%) were neutral and 64 (53.34%) stated less consistent, implying that most youth entrepreneurs in Bomet County were experiencing certain challenges of credit servicing and hence were unlikely to increase their borrowing capacities to enable them enhance uptake of YEDF.

5.2.3. Influence of credit management skills on uptake of YEDF

It is prudent human capital management best practice to identify human differences in all key activities while designing a program for training on credit management. This is because modern business has become complex and necessary knowledge and skills are critical for effective credit management for future borrowing. The study established that of the 120 respondents who filled the questionnaire disclosing the extent to which they agreed or disagreed that training on credit management was being offered prior to accessing YEDF loans, none neither strongly agreed nor agreed, 14(11.67%) indicated they were neutral, with 62(51.67%) being in disagreement and 44 (36.67%) stating that they strongly disagreed.

In circumstances when trainings are offered, it is vital to focus on the timing of these trainings, given that this dimension is crucial for determining the effectiveness of the training session in internalizing the content for application. In the study, out of the 120 respondents who filled the questionnaire indicating the timing of training offered, none indicated that these were given before disbursement of the loans, 12 (10%) stated after disbursement, 34(28.33%) stated less often and 74(61.67%) indicated occasionally.

5.2.4. Influence of awareness levels on uptake of YEDF

Given that people gain knowledge through accessing information on issues relevant to whatever field of venture, the researcher believed that various micro financial products are on offer in the market and full information about this would give advantage to the individual youth entrepreneur

an opportunity to seek for affordable loan. However, a lot of time, clients fail to obtain credible information on the most attractive packages in the market. Of the respondents who filled the questionnaire disclosing the extent to which they agreed or disagreed that levels of awareness had influence on uptake of YEDF, none neither strongly disagreed nor disagreed, 14(11.67%) indicated they were neutral, with 62(51.67%) being in strong agreement and 44 (36.67%) stating that they agreed.

Often people associate information effectiveness with the form in which such are acquired. If the information has a formal basis and linked to different credit products, it becomes much more effective. While responding to the questionnaire on the content of information obtained on YEDF, 31 (25.83%) stated getting information on new products, 43(35.83%) mentioned changes in tariffs, 46 (38.33%) indicated other products elsewhere and none received information on progress reports. These statistics give the impression that many respondents received information on relatively diverse areas and hence one would have been expected to enhance uptake of YEDF. In order to effectively get informed, means of accessing the information is considered crucial, for each way surely offers much or less learning in contrast to others.

Asked to respond by stating the means of obtaining information, none stated obtaining information from local print media, 09 (7.5%) mentioned business news letters, 32(26.67%) stated, group meetings and 79 (65.83%) indicated obtaining information from other sources. Implied is a confirmation that most entrepreneurs did not obtain credible information about the YEDF, hence were hardly able to enhance uptake of the funds.

In the study, it was assumed that the procedure of processing loans by YEDF lending intermediaries had significant influence on access to these products by youths. This was based on the assumption that frequent visits for credit facilities from the banks take time and resources that would have been invested in the business transactions for additional returns.

It is common observation that most youth entrepreneurs, having less borrowing capacity, encounter several challenges in accessing credit facilities due to complex lending conditions that are often at variance with their borrowing characteristics. From the findings, out of the 120 youth entrepreneurs who filled the questionnaire indicating the extent of agreement or disagreement that lending conditions significantly influence uptake of YEDF in Bomet County, 81 (67.50%) stated they strongly agreed, 29 (24.17%) mentioned they agreed and 10 (8.33%) indicated being neutral with none indicating any form of disagreement.

Besides, it was assumed in this study that the duration of time taken to process loans could significantly influence access to the credit services, since many clients wish to obtain credit as immediately as possible. Responding to the questionnaire disclosing the duration of time they preferred for processing of the loans, 69 (57.50%) of the youth entrepreneurs stated having preferred loan processing period of 1-2 days and 31 (25.83%) indicated 3-4 days and 20 (16.67%) mentioned other.

Improved uptake of credit from YEDF intermediary lending institutions often depends on the credit standing of the available guarantors. In this respect, banks have to evaluate the ability to repay and in this case clients are often required to obtain guarantors with superior credit rating.

In view of this, out of the 120 youth entrepreneurs who filled the questionnaire indicating their most preferred borrowing framework in Bomet County, 96 (80.00%) stated their borrowing preferences as personal arrangement and 24 (20.0%) stated group borrowing and none indicated other borrowing arrangements.

In this study, the researcher was interested in establishing the extent which youth entrepreneurs perceived the review of the lending conditions as done in their favour, or for the benefits of the lending intermediaries, as this would influence uptake of the loans. The study findings revealed that, of the 120 youth entrepreneurs in Bomet County who filled the questionnaire disclosing the

extent to which they agreed or disagreed that the review of bank lending conditions favoured their borrowing needs, none stated any form of agreement , with 56 (46.67%) in agreement and 64 (53.33%) strongly agreed.

By implication, majority of the youth entrepreneurs were unable to effectively access loans, fearing that any time the bank lending conditions were reviewed; this would only be in favour of the lending intermediaries and not the youth entrepreneurs.

5.3. Conclusion

The study was based on the investigation of the determinants of uptake of youth enterprise development fund by youth entrepreneurs in Bomet County. These entrepreneurs were registered and operated licensed small and medium business ventures in the key areas such as whole sale, retail, service and the general vendors. The study was guided by the four key variables; lending conditions, credit management skills, awareness levels of the entrepreneurs and credit processing procedures.

Lending conditions were realized to be more in favour of the lending intermediaries than the borrowing youths, as these loans attracted interests, given against a pool of valuable assets as security, offered to registered groups with some history of operations, as well as a consideration of the credit repayment history for establishment of credit worth of an entrepreneur, hence low intake of YEDF. The study concludes that, with some review of these lending conditions be done to encourage more youths to go for these funds.

Effective use of credit facilities by any business entrepreneur is influenced by the extent to which credit management skills are acquired, so much such that, other business operations will be done to register gains for purposes of servicing the loans. In the study, these credit management skills were realized as vital to uptake of YEDF. However, the levels of skills preparedness were found

to be generally low, hence the low uptake of the YEDF by the youth entrepreneurs in Bomet County.

Levels of awareness was a significant determinant on the uptake of YEDF, as without information on eligibility, variety of products, processing procedures, lending conditions, one would definitely be kept off going for loans. The study established that despite this fact being in the business domain, levels of awareness was relatively low, hence low uptake of YEDF.

Uptake of YEDF was established to be generally low as the lending procedures involved several travels, a lot of paper work for documentations, having been in steady business for over one year and being able to access the loans through group guarantors. These procedures were seen as time consuming and generally tedious before these loans could be accessed; hence just few youths were able to go for these loans.

5.4. Recommendations

Based on the findings the study, the researcher makes recommendations both for policy formulation and further studies.

5.4.1 Recommendation for policy formulation.

The study recommends important remedies that stakeholders need to put more focus on for purposes of enhancing uptake of, not only the YEDF, but also credit facilities from other commercial lending institutions. On this account, the government should formulate, review and strengthen policies regulating access of YEDF and other funds targeting the financially disadvantaged persons, so that these become favourable to the youth entrepreneurs in accessing general credit from financial institutions in order to invest such funds in their business ventures to create job opportunities for overall economic take off. Moreover, the mainstream financial institutions should also tailor their products in tandem with the financial requirements of small business entrepreneurs in order to encourage borrowing. In addition, the entire financial sector

should develop and domesticate training policies geared towards equipping the beneficiaries with credit management skills. Lastly, the youths embracing small business enterprises should also engage in aggressive training on business management skills and fiscal discipline in their quest to address issues of unemployment and poverty eradication.

5.4.2 Recommendation for further Research.

The study makes recommends for further researching the following areas:

1. To what extent does technological change influence uptake of YEDF by the youth entrepreneurs in Bomet County?
2. What is the difference in uptake of youth enterprise development fund and the women enterprise development among the women entrepreneurs in Bomet County?
3. Is there a significant difference in uptake of YEDF between small business entrepreneurs in Bomet County and other regions in Kenya?
4. What are the factors influencing popularity of accessing loaning facilities from the informal credit lending individuals in Bomet County?

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APPENDIX I: LETTER OF TRANSMITTAL

UNIVERSITY OF NAIROBI

P.O. BOX 30197

NAIROBI

Date 3/6/2015.

Dear Respondent,

SUB: DETERMINANTS OF UPTAKE OF YEDEF BY YOUTH ENTREPRENEURS.

I am a student undertaking an academic research based on the determinants of uptake of youth enterprise development fund by the youth entrepreneurs in Bomet County leading to the award of the degree of Master of Arts in project planning and management at the University of Nairobi.

I request you to kindly allow me to collect data for this study, which is purely academic and any information provided will be used for the purpose of this study only and the respondents' identity will also be handled with utmost confidentiality.

Yours Sincerely

Rosemary Koros.

L50/76658/2014

APPENDIX II: RESEARCH QUESTIONNAIRE

This questionnaire is developed to assist in obtaining data on the study focusing on determinants of uptake of youth enterprise development fund by youth entrepreneurs in Bomet County. Please put a tick (✓) reflecting your responses, well as using the space provided to give your opinion.

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

1. Indicate your age in years
 - a. 18-25
 - b. 25-30
 - c. 30-35
 - d. Above 35
2. Indicate your sex
 - a. Male
 - b. Female
3. Give your marital orientation
 - a. Single
 - b. Married
 - c. Widowed
 - d. Separated
 - e. Other
4. State your level of education
 - a. Below certificate
 - b. Certificate
 - c. Diploma
 - d. Degree
 - e. Other
5. For how long have you been in business?
 - a. Below 1 year
 - b. 1-3
 - c. 4-6
 - d. 7-9
 - e. Above 9

6. In which business area do you operate?
- a. Whole sale []
 - b. Retail []
 - c. Service []
 - d. General Vendor []
7. State the extent to which you agree or disagree that the prevailing interest rates influence uptake of YEDF.
- a. Strongly agree []
 - b. Agree []
 - c. Neutral []
 - d. Disagree []
 - e. Strongly disagree []
8. Indicate the extent to which your collaterals are suitable for uptake of YEDF
- a. Extremely suitable []
 - b. Suitable []
 - c. Neutral []
 - d. Less suitable []
 - e. Other []
9. How consistent have you been borrowing?
- a. Very consistent []
 - b. Consistent []
 - c. Neutral []
 - d. Other []
10. In your own opinion explain how lending conditions influence uptake of youth enterprise development fund by the youth entrepreneurs in Bomet County.....
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-

11. State your level of agreement or disagreement that credit management skills influence uptake of YEDF

- a. Strongly agree []
- b. Agree []
- c. Neutral []
- d. Disagree []
- e. Strongly disagree []

12. Indicate the timing of the training received

- a. Before disbursement []
- b. After disbursement []
- c. Neutral []
- d. Less often []
- e. Occasionally []

13. Explain the influence of training on credit management on uptake of YEDF by the youth entrepreneurs in Bomet County.....

.....
.....

14. State the degree of agreement or disagreement that levels of awareness influences uptake of YEDF

- a. Strongly agree []
- b. Agree []
- c. Neutral []
- d. Disagree []
- e. Strongly disagree []

15. In which areas do you often receive information on?

- a. New products []
- b. Change of tariffs []
- c. Other products []
- d. Progress reports []

16. State your common means of obtaining information

- a. Local print media []
- b. Business newsletters []
- c. Group meetings []
- d. Other []

17. In your own opinion explain how awareness levels influence uptake of YEDF by youth entrepreneurs in Bomet County.....

.....
.....

18. Explain your agreement or disagreement that lending requirements influence uptake of YEDF by youth entrepreneurs in Bomet County.

- a. Strongly agree []
- b. Agree []
- c. Neutral []
- d. Disagree []
- e. Strongly disagree []

19. Indicate your preferred duration of loan processing

- a. 1-2 days []
- b. 3-4 []
- c. 5-6 []
- d. 7-8 []
- e. Other []

20. State the commonly used lending framework

- a. Personal borrowing []
- b. Group guarantors []
- c. Employer report []
- d. Family involvement []
- e. Other []

21. Indicate the extent to which lending reviews are favourable to your lending needs.

- a. Strongly agree []
- b. Agree []
- c. Neutral []
- d. Disagree []
- e. Strongly disagree []

22. In your own opinion explain the influence of processing procedures on uptake of YEDF

by youth entrepreneurs in Bomet County.....

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