

**FACTORS INFLUENCING PERFORMANCE OF YOUTH INCOME GENERATING  
ACTIVITIES. A CASE OF YOUTH ENTERPRISE DEVELOPMENT FUND, NAKURU  
TOWN EAST, NAKURU COUNTY.**

**BY**

**ESTHER MUTHONI KARURI**

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**DECLARATION AND APPROVAL.**

**Declaration**

This research project report is my original work and has not been submitted for a degree in any other University.

Sign 

Date 17/08/2016

Esther Muthoni Karuri

L5076734/2014

**Approval**

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

Sign 

Date 17.08.2016

Dr Maina Waiganjo

Senior Lecturer, School of Business and Economics

Kabarak University

## **DEDICATION**

This work is dedicated to my mother, Jocelyn Karuri for her constant support and encouragement during the entire study period.

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## **ABBREVIATIONS AND ACRONYMS**

<b>YIGA</b>	-	Youth Income generating Activities
<b>YEDF</b>	-	Youth Enterprise Development Fund
<b>BDS</b>	-	Business Development Services
<b>EDAS</b>	-	Enterprise Development Agents
<b>EDO</b>	-	Enterprise Development Officer
<b>EDU</b>	-	Enterprise Development Unit
<b>FIs</b>	-	Financial Institutions
<b>DYO</b>	-	District Youth Officer
<b>SPSS</b>	-	Statistical Packages for Social Sciences
<b>YO</b>	-	Youth Officer

## ABSTRACT

Youth Enterprise Development Fund (YEDF) developed a three year strategic plan in 2008 in line with vision 2030 to address various needs and aspirations of the youth and to address the challenges it had faced in the past. In order to achieve its vision of creating a sustainable and growing fund, which would economically empower Kenyan Youth and their strategic partnerships, there is a need to understand the key areas under which it contributes significantly. Therefore, this study sought to explore the factors influencing the performance of youth income generating activities in Nakuru East Constituency. The research objectives were to examine the influence of training, monitoring and evaluation as well as marketing services on the performance of youth income generating activities in Nakuru East Constituency. The study adopted a descriptive research design by use of a case study. The target populations in the study comprised 84 Youth groups who have benefited from the Youth fund loans in the five administrative divisions of Nakuru East Sub County. A sample of 69 respondents was selected using Krejcie and Morgan formula. Stratified sampling method was used to obtain a representative sample from the Youth groups. The main findings were that with regards to influence of business training on YIGA business performance, the study established that a majority of the respondents ( 90%), were of the opinion that YEDF organizes trainings regularly while 11.9% were not sure with the opinion, 73.8% of the respondents were of the opinion that YEDF trains on government procurement for government contracts , while 85.7% of the respondents agreed that the training has ensured successful repayment of loans. With respect to influence of marketing services, a majority (83.3%) of the respondents were of the opinion that Marketing assists in getting customers whereas 7.1% were not sure, 9.5% disagreed to the opinion. It was also established that 57.2% of the respondents were of the opinion that it Provides product linkages to negotiate prices. Finally, in relation to influence of use M&E tools on YIGA business performance, the findings showed that 78.6% of the respondents were of the opinion that Book keeping influences to a large extent their business performances, 69% of the respondents agreed on Customer feedback whereas 11.9% were not sure. 61.9% of the respondents agreed that the Regular audits influenced performance while 28.6% disagreed to the opinion. It was also established that 69.1% of the respondents agreed that there will increased retention of old and new customers while 4.8% were not sure. The dependent variable established that 71.4% of the respondents were of the opinion that YEDF has led to increased employment opportunities while 11.9% were not sure. It was also clear that 76.2% of the respondents were of the opinion that Increase in growth of business and entrepreneurship opportunities whereas 19.0% were not sure. It was also established that 81% of the respondents were of the opinion that increased income levels while 9.5% were not sure. The study concluded therefore that, YEDF has improved the lives of the youth in significant levels and therefore empowering them. In the same scope, the improvement of the youth has not translated sustainability of the activities undertaken because of the inadequate amount of money given. The study recommends for increase in the amount of money given to the youth so that the youths can venture into diverse activities. These measures would greatly reduce possibilities of failure in their businesses due to lack of money. Performance of the youths is experienced more in groups than as individuals. It is recommended that there should be continued efforts to give loans to groups as requested by the youth and not to individuals as the government requires. The government and the youth should work together so as to find the most effective product per situation. Those who want to receive additional loans as groups after the initial amount should be allowed to do so and those who want to receive individual loans after the initial amount as individuals should also be considered.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

According to Durham (2000), the concept “youth” is a “social shifter”, it is a relational concept situated in a dynamic context, a social landscape of power, knowledge, rights, and cultural notions of agency and personhood . Youth participation in development is a key element towards realization of the millennium development goals. This includes poverty alleviation, achievement of universal primary education, promotion of gender equality and women empowerment as well as environmental sustainability (Oomo 2013).

The unemployment problem is global and presents a difficult labour market experience for the youth. Despite the strong growth in Africa over the last decade, unemployment and underemployment still prove to be an obstacle. In Kenya, the youth experience much higher unemployment rates than the rest of the Kenyan population. The lack of formal employment among the youth led to the formation of minority loan funds by the government to foster the performance of youth and women income generating activities. In Kenya, the level of unemployment is very high with the most affected being the youth who are graduating from universities and other institutions of learning who fail to secure formal employment opportunities and hence fail to gainfully contribute to economic development of the country despite their enthusiasm, energy and drive (Sagwe, Gicharu & Mahea, 2011).

The youth enterprise development fund is an organization that was established in December 2006 by the Kenyan Government to specifically address the unemployment rate among the youth. The youth are individuals whose age range from 18-35 years. As of 2013, the YEDF has financed over 157,000 youth enterprises to the amount of 5.9 billion Kenya shillings.

Among these, there are businesses that have succeeded immensely hence leading to the growth of the fund. This is mainly due to their role in providing loans for on –lending to youth enterprises, attract and facilitate investment for youth enterprises, market products and services of youth enterprises and provide business development services and employment for youth(YEDF 2016).

A report by Central Bank of Kenya 2012 established that small and medium enterprises have become an important contributor to the Kenyan economy. The entrepreneurs in this sector are considered credit unworthy by majority of the financial institutions hence measures such as establishing the youth fund knocks off some of these blocks and affords majority of the youth credit to start or improve their businesses (CBK 2012).

The lack of access to credit is almost universally indicated as a key problem for youth enterprises. This affects technology choices by limiting the number of alternatives that can be considered (Wanjohi, 2011).

Many youth enterprises may use an inappropriate technology because it is the only one that they can afford. In some cases even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavily immovable equipment that can serve as collateral for the loans. The stringent lending conditions prevent Kenyan SMEs run by the youths too from accessing credit.

According to Mburung'a (2011), the national repayment rate of Youth Enterprise Development loans is very low currently at 33.82%. This calls for training of the youths on importance of repayment of loans and management of their loans. Throughout the country there have been various efforts to empower the youth to take up credit facilities available, to start income generating activities so as to reduce unemployment. Despite this effort, there

have been various obstacles in the realization of increasing income generating activities among the youth. Since the inception of YEDF in Nakuru East over 300 youth groups have been received funds since YEDF inception out of this, 84 are currently accessing business credits from YEDF.

The government of Kenya has created government funds such as the Youth Fund, Women Fund and the latest being the 6 Billion shillings Uwezo Fund created by the Jubilee Government. All these have been created with an aim of promoting SMEs hence reduce the unemployment rate among the youth and improve the economy (Kilele, Njogu & Kihoro 2012).

YEDF has advanced loans worth 5.2 billion Kenya shillings to 144,000 youth enterprises in Kenya (YEDF Status Report, 2011). However the Fund has not made significant impact on growth of MSEs (Gudda & Ngoze, 2009).

Monica and Scott (2006) carried out a research in USA youth owned business and access to bank credit conducted a survey by use of logistic regression and found out that women owned businesses are significantly less likely to apply for bank loans compared with men owned businesses. They found out that gender was related to the application for banks loans as well as the size of the loan but on the frequency of turndown.

A number of initiatives have been set up with substantial funding from corporate business to support enterprise development in general and youth enterprises. These together with other government enterprise allowance schemes are aimed at combating high levels of youth unemployment by facilitating the transition from unemployment to Self-employment and thus contributing to the creation of an enterprise culture (Achoka, Odebero, Maiyo & Ndiku, 2011).

## **1.2 Statement of the Problem**

The main thrust of the Youth Enterprise Development Fund is to reduce unemployment among the youth who account for over 61% of the unemployed in the country, this being both at the National and the Constituency level. The funds strategic focus is on enterprise development as a key strategy that will increase economic opportunities and participation by the Kenyan youth.

Various loan characteristics greatly influence the repayment of YEDF loan. Hulme and Mosley (1996), who argue that the important factors that contribute to loan repayment performance are the design features of the loans which are the access methods, screening methods and incentive to repay. By end of 2015, the number of Youth income generating activities in Nakuru East was 75 groups, the groups which were allocated the funds only 56% were able to commence due to the failure of the other 44% to run performance. In addition to business failure, there have been significantly high default rates. The repayment rate in Nakuru East currently stands at 53% which means that 47% are loan default rates. This shows that there is a significant level of failure by businesses run by Youth groups in the country. It is probable that these projects have failed due to lack of significant business support services, lack of adequate training as well as absence of monitoring and evaluation by the youth officers. This scenario raises a concern on whether there are proper measures in place to ensure businesses prosper before the loans are disbursed. Such issues form the basis of the study and therefore this study seeks to establish to what extent these factors influence the operational performance of youth income generating activities.

### **1.3 Purpose of the Study**

The purpose of the study was to explore the factors influencing the performance of youth income generating activities in Nakuru East Constituency.

### **1.4 Objectives of the Study**

This study was guided by the following objectives:-

- a) To examine the influence of business training on the performance of youth income generating activities in Nakuru East Constituency.
- b) To establish the influence of marketing services on the performance of youth income generating activities in Nakuru East Constituency.
- c) To determine the influence of the use of Monitoring and evaluation tools on the performance of youth income generating activities in Nakuru East Constituency.

### **1.5 Research Questions**

This study was guided by the following questions:-

- a) How effective is business training on the performance of youth income generating activities in Nakuru East Constituency?
- b) What is the influence of marketing services on the performance of youth income generating activities in Nakuru East Constituency?
- c) What is the extent of the influence of use of M&E tools on the performance of youth income generating activities in Nakuru East Constituency?



## **1.6 Significance of the Study**

Given the high rate at which government initiated projects collapse in Kenya, It was justified to explore the performance of youth income generating activities. First, the findings of the study may help the government in placing better structures in place to improve the easier allocation of funds in order to sustain and increase the performance. There are also NGO's which deal with youth funding who will benefit since they will get to learn on the various factors that lead to sustaining youth's income generating activities. Third, the youth themselves will demand for inputs such as training and M&E since they know they are key factors in ensuring the performance of their business. Finally, the findings would also benefit other researchers who will undertake similar studies in the future. The findings will form a data bank on factors influencing YIGA performance as well as bridge the knowledge gap.

## **1.7 Delimitations of the Study**

The study focused on the youth in Nakuru East Constituency, Nakuru County. The Research boundaries were within Nakuru East.

## **1.8 Limitations of the Study**

Being an urban setting, the people viewed it as troublesome filling the questionnaires. In addition, they may also be suspicious in nature.

Language barrier was a limitation since some people only spoke in their mother tongue as well as needed translations in filing the questionnaire.

## **1.9 Assumptions of the Study**

The assumption during this study was that the sample taken will be representative of the whole population and that the responses provided the necessary data for a conducive and informed outcome. The other assumption was that the respondents are true, honest and transparent in their responses. It was assumed that the research instrument had a high degree of reliability and data collected give a greater degree of validity.

## **1.10 Definition of Significant Terms Used in the Study**

### **Income generating activities**

These are the initiatives that affect the economic aspect of people's lives through the use of economic tools such as credit.

According to Karuri (2016), these are the various business activities in both product and service of the Youth that result in inflow of money within a certain duration.

### **Training**

This is teaching or developing in oneself or others, any skills and knowledge that relates to specific useful competencies.

According to Karuri (2016), this is the development of Youth skills through regular teaching and equipping.

### **Monitoring and Evaluation Tools**

These are the tools used to measure and assess performance in order to more effectively manage the outcomes and outputs known as development results.

According to Karuri (2016), these are the tools used to streamline loan repayments among the Youth and include bookkeeping, regular audits among others.

## **Performance**

This is the completion of a task or action, in this study It is the process that determines on whether Youth income activities are successful or not and it has a measure of measuring the same.

### **1.11 Organization of the Study**

This chapter highlighted the background of the study and why it's important to know the basis for YIGA performance. The main reasons as to why YIGA's fail have been highlighted as lack of significant business support services, lack of adequate training as well as lack M&E by the youth officers. The purpose of the study was to explore the factors influencing the performance of YIGA in Nakuru East Constituency. The objectives of the study are the influence of training, M&E, as well as marketing services. The study will benefit many people among them scholars, the youth themselves, the government as well as NGO's. The study will be conducted within the confines of Nakuru East Sub-County. The limitations may include language barrier, suspicion from the inhalants as well as distance covered. The assumptions of the study in regards to high reliability and variability were also discussed as well as significance of terms used explained. The Study highlighted the theoretical framework as well as conceptual framework which explained the independent variables which are training, marketing channel & M&E tools which eventually lead to Business Performance which is the dependent variable. Chapter three Outlines the research methodology that was used in the study and adopted a descriptive research design, it also

highlighted the target population as well as sampling size and procedure. The study collected data through questionnaires and obtained a reliability index of 0.73 using the Cronbach's alpha coefficient. The data was analyzed using SPSS whereby data from key people was taken and common ideas identified, organized and discussed under main objective. Chapter four contains the findings of the study based on the analysis of data collected. The findings were organized as per the objectives of the study and also included interpretation of the findings related to reviewed literature. Chapter five summarizes the findings of the study, discussions, concludes and gives recommendations based on findings. It also provides suggestions on areas of further study on the youth income generating activities and summarized further the contribution of the study to the body of knowledge.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section will present a review of literature on the factors that influence performance of YIGA's and will be reviewed as per the objectives namely; the influence of training on YIGA's in Nakuru East constituency, the influence of M&E on the performance of YIGA's in Nakuru East Constituency, the analysis of marketing channel services and how they affect the performance of YIGA's. The objective of the section will be to identify knowledge gaps in literature on the factors influencing performance of YIGA's. The chapter will end with the Theoretical framework, Conceptual framework as well as a summary of the literature review and research gaps.

#### **2.2 Influence of Business Training on YIGA's Performance**

The development and growth of enterprises is important in any country as it results in social and economic growth. Enterprise Development can be defined as applying entrepreneurship for growth of enterprises. Creating a culture of developing enterprises to grow and be profitable – the strategy is to promote an enterprise development culture that promotes ideas that are turned into profitable growing businesses by development programs of mentoring coaching and incubation (Kauffman, 2005)

Youth income generating activities (YIGA's) came about due to the lack of employment opportunities availed by either the government or through the private sector. They range from farming, ICT cafés, transportation, cleaning services amongst others. The concept of Youth fund came into being in 2006 with the sole purpose of reducing unemployment among the

youth who account for over 61% of the unemployed in the country. The target of the fund is young people within the age bracket of 18 to 35 years who number 13 million. The Fund was gazetted on 8th December 2006 and then transformed into a State Corporation on 11th May 2007. Training is the art of developing or teaching oneself or others any skill or knowledge through practice and instruction over a period of time (Casell & Bird, 2013).

Seminars on the other hand are a form of instruction at an academic, commercial or professional level (Leon, 1998).

Trainings and seminars are a very effective method of imparting business skills and knowledge, they are used by the Youth enterprise development fund to help the youth in regards to how to become better entrepreneurs and grow their businesses better, and also bringing in mentors and successful business people in imparting knowledge and offering advice (YEDF Nakuru).

The country's training institutions are not only inadequate, but lack the essential facilities and technology to prepare students for the challenging labour market demands (Gok, 2006); In addition, training institutions have no linkages with the labour market. The society's negative attitudes towards the informal sector discourages some youth from venturing into it. To enhance education and training for the youth, the NYP proposes to: improve affordability and accessibility of quality education, promote non-formal education, enforce re-admission policy for girls who drop out of school due to pregnancy and create linkages between educational institutions and the private sector through research, technical education, internship opportunities and financing (Kimando, Njogu & Kihoro, 2012).

Kamau (2010), recommends that there is a need for the Youth enterprise development fund to intensify entrepreneurial training so as to ensure increased growth in businesses as well as loan uptake and subsequent repayment. Provision and improvement of existing training as well as vocational training and imparting life skills are among strategies to be used to

empower the youth. Other strategies are involving the youth in formulating and reviewing of the education and training policy as well as creating linkages between training institutions and the private sector through research internship opportunities and finance and encouraging the private sector to get involved in technical education and training (MOYA Strategic plan-2007).

The government's introduction of an entrepreneurship development fund with a view to encouraging the youth to venture into self employment, is very generous move which deserves all the support from various stakeholders. Long term measure like continuous entrepreneurship training should be put in place to improve chances of performance. The study indicated that most of those who succeed in entrepreneurship are either trained on the kind of businesses they venture into or continue business training as they progress. Therefore, for the YEDF to succeed, both short and long term measures must be embraced (Kimando et al., 2012)

The system of education and training in Kenya has been blamed for failing to impart appropriate skills for enhancing self employment. The 8-4-4 system of education was introduced in 1985, and comprises 8 years of primary education followed by 4 years each for secondary and university education. It was geared towards changing the "academic" bias of the previous system with a strong emphasis on practical and technical subjects.

However, due to high costs of education, poverty and lack of appropriate facilities, most youth are forced to drop out, and those who graduate do not possess adequate skills to facilitate employment (Gok, 2006). According to the United Nations Development Programme (UNDP) Report of 2006, four out of eight provinces recorded an increase in poverty levels

while Kenyans living in abject poverty deepened. These people are subsequently incapable of acquisition of proper dietary needs, medical care and clean habitats (Achoka et al., 2007).

The Business training conducted by YEDF is mainly business finance support as well as business plan development.

### **2.2.1 Business Finance Support**

Self employment in most cases has no formal training in business skills (Karlan & Valdivia, 2011). The Main reason as to why businesses fail especially new ones is due to lack of financial management skills. Training, consultancy and advisory services are amongst some of the business development services that are encompassed in the routine YEDF practices.

The YEDF has in place the Enterprise development unit (EDU) to ensure accountability as well as increased capacity for youths to attain financial management skills as well as technical support, in turn leading to business growth and performance. The EDU covers all the youth groups funded by the YEDF. When it comes to business training, needs have to be identified first, which is done by the Enterprise development officer (EDO) together with District youth officer (DYO). They also prepare a training curriculum as well as a schedule which clearly spells out what is to be taught and at what time and place.

The DYO in addition to identifying training needs also mobilizes the youth for training in the identified areas together with the business development service providers (YEDF 2016).

YEDF has started a pre-financing training program that's mandatory so as to enhance continuity as well as sustainability of youth enterprises. The fund has partnered with the Ministry of cooperative development to assist the youth to form SACCO's. This in turn has provided entrepreneurship opportunities to over 300,000 youth from all over Kenya. The SACCO formation is mostly important since it also helps the youth source for credit facilities (YEDF Status Report, 2011). The fund has also trained the youth on how to access public



sector procurement opportunities. In addition to this, there have been business plan competitions whereby the winners have gone ahead to start successful ventures.

### **2.2.2 Business Plan Development**

Business plan is an important aspect of a business; it is a roadmap of what the business will entail. Most of the youth groups are not equipped with this knowledge when starting their businesses and it is up to the fund to provide training on how to develop business plans in its basic form. If the youth in the research had prepared a good business plan that is assured to meet all the organizations business needs and wants in the current period and in the future of the business they want to carry out, in that many youth groups do not know how to do it the right way. This is a problem to both the youth, internal and external stakeholders of the businesses the youth want to start because the organization was not be serious about its business undertaking. The business plan contains objectives, vision, mission, marketing opportunities as well as financial statements of a business, which may be complex especially to people with no prior business training. The enterprise development officers (EDO) are equipped with such skills and do this as a part of business training (Muthee &Kwasira, 2016).

### **2.3 Influence of Marketing Services on YIGA's Performance**

Marketing services influences Youth Income Generating Activities' performance through marketing information and marketing channels.

### **2.3.1 Marketing Information**

Marketing assistance is done YEDF whereby they assist the youth to source for markets for their products in order for them to be able to repay their loans with ease. They are also advised on what markets to enter and which are suitable for the types of goods and services they offer. YEDF promotes business linkage through linking different groups providing similar products together; this will prove very effective especially when sourcing for market. Technological transfer is done so as to enhance newer and effective modes of business operations by the youth; this is especially done through training. (YEDF, 2016).

Youth groups and employees should be trained on the relevant skills of micro-credit so that the youth are empowered economically and the employees can perform their duties effectively (Luvavo, 2013).

YEDF offers market information to the youths whereby they are able to know the details of the market once they start their business through the help of the Youth as well as EDU officers. Timely marketing information provides basis for decisions such as pricing, packaging, distribution, product development as well as promotion.

### **2.3.2 Marketing Channels**

Marketing channels are a set of practices or activities necessary to transfer products and services to the end user or consumer, also known as a distribution channel. Marketing channel services links producers to the buyers as well as offers credit to the buyers. These are some of the services that are key in the YEDF and are offered by the Youth officers. The DYOs also link groups offering same goods/services in order for them to have a stronger say in negotiating market prices hence fast repayment of loans. The YEDF has organized marketing of products and services produced by the youth, albeit at a very small scale, but

general findings indicate that marketing improves SMEs sales by an average percentage range of 6% – 10% (Sakwa, 2012).

#### **2.4 Influence of use of Monitoring & Evaluation tools on YIGA's Performance**

Monitoring and evaluation (M&E) has become an increasingly important tool within the global efforts in achieving environmental, economic and social sustainability. At national and international scales, the sustainability criteria and indicators for M&E are very crucial in defining, monitoring and reporting on ecological, economic and social trends, tracking progress towards goals and influencing policy and practices (Behn, 2003).

M&E) is a process that helps improve performance and achieve results. Its goal is to improve current and future management of outputs, outcomes and impact. When planning for M&E, it is vital to consider whether appropriate funds and staff time can be allocated to it, since M&E is an on-going process and requires a significant commitment. Another key consideration is stakeholder participation in design and execution of M&E. While external professionals may bring needed expertise, involving community partners is an excellent strategy for demonstrating accountability (Waithera & Wanyoike 2012), on the influence of project monitoring and evaluation on performance of youth funded agribusiness projects found out that; Monitoring and evaluation activities, can enhance the chances of successful youth funded projects; enabling the youths to enjoy economic transformation. World Bank explains the benefits of M&E as whereby; it ensures most effective use of resources, evaluates the extent to which projects are having a desired income and determines the extent to which a program is on track (Garcia & Kusek, 2007). Adequate resources in terms of additional personnel and funds should be provided in order to enable smooth monitoring of all funded youth groups (Luvavo, 2013).

According to Rogito (2012), lack of training in M&E is likely to lead to project failure, baseline surveys which are largely not done may lead to challenges on how to track project progress, lack on involvement of experts and poorly designed M&E plans with lack of specification of data to be collected for M&E, lack of schedule for M&E activities and Individuals in charge of M&E is likely to lead to a poorly implemented M&E slowed implementation of the project and low goal achievement.

An effective M&E implementation requires that there is only adequate staff employed in the M&E unit, but also that the staff within this unit have the necessary M&E technical know-how and experience. YEDF has in place certain tools that help in M&E such as baseline surveys, M&E trainings as well as M&E designs and strategies. These are carried out by the District and divisional youth officers in collaboration with the enterprise development unit officers. In this case we delve on the M&E designs and strategies employed by the DYOs and how they influence project performance. The purpose of a baseline survey is to provide an information base against which to monitor and assess an activity's progress and effectiveness during implementation and after the activity is completed. It uses surveys, interviews or focus groups. In the case of YEDF, the officers use M&E tools among various groups so as to monitor the progress in terms of inputs, outputs as well as the processes involved in the business program. M&E trainings are done by the officers, who teach the groups on how to use and apply M&E designs and strategies. Plans such as the logical framework are used in order to help them track their progress at the same time working towards their set goals and objectives. The M&E tools employed include Bookkeeping, customer feedback, regular audits and Cash flow & income statements.

### **2.4.1 Bookkeeping**

This is record keeping in regards to the financial affairs of a business. This is a tool that is mostly used by the youth groups since it doesn't require too much expertise to execute. This includes recording the purchases, sales, receipts among others. They are recorded using ledgers, petty cashbooks, daybooks and journals. The youth groups use this on a day to day basis as advised by the youth officers who monitor the records from time to time.

Bookkeeping indicates whether it's possible for there to be business continuity as well as regular repayments of the loans. In entrepreneurship training, 40% of the Youth concerns are usually in regards bookkeeping and basic bookkeeping knowledge (Irungu & Kamau, 2015).

### **2.4.2 Customer feedback**

Customer feedback is an important monitoring tool since it clearly shows business viability through the eyes of the consumer. Some of the groups use this method to know the progress of their business, especially those involved in the service industry e.g. garbage collection.

This is done through distribution of leaflets to their customers and also includes a recommendations section so as to know what areas to improve on. The monitoring is done slowly by implementing customer suggestions in regards to their wants and needs and evaluation when the service is given to the end user/s. This in turn ensures loyalty from the customers since they know their evolving needs are catered for.

The Youth enterprise fund helps the youth to identify customer needs, In a study done in Kiharu 60% were of the opinion that they did assist in identifying customer needs (Kamau, 2010).

### **2.4.3 Regular Audits**

This is done systematically and independently either by independent auditors chosen by the groups or by the YEDF officers. The groups' books of accounts are audited so as to ascertain the truthfulness and viability of the financial and non financial statements and bookkeeping done by the groups. This is good especially in a large group setting whereby there might be suspicion amongst the members, such initiatives are essential to maintain trust among the groups. This is a very effective tool of monitoring and evaluation since it observes the records from the beginning to the current status, and gives a sense of assurance to the members, (YEDF, 2010).

### **2.4.4 Cashflow and Income Statements**

Cash flow statements show the input and output of money within a particular period. It analyses the operating, investing and financial activities of a particular business. The groups use this as a monitoring tool since it is able to distinguish the money used for operating the business, how much was invested as well as the financial undertakings done by the group. The end figure is analyzed and able to show whether there are any discrepancies in the book of accounts or not, and indicates the changes in the income and balance sheets and how they affect cash and its equivalent.

## **2.5 Theoretical Framework**

In an attempt to explain the factors influencing YIGA's performance, the study will be conceptualized using two theories, The Evaluation theory, Theory of Change and the Joint liability theory.

### 2.5.1 Evaluation theory

The evaluation theory consists of the social and Program theory. Social theories are frameworks of empirical evidence used to study and interpret social phenomena. They relate to historical debates over the most valid and reliable methodologies such as positivism and antipositivism. The social theory is the main player in the evaluation practice. Such a theory and prior research are crucial for informing on the primary needs assessment and program design. A review of existing literature is instrumental, as it provides knowledge on the effective strategies to use in dealing with the problems present. They can also give lessons on what is ineffective hence saving program designs and other resources (Donaldson & Lipsey, 2003).

Lipsey (1990) argued that program theory on the other hand contributes to evaluation practice through the identification of key program elements as well as providing information on how these elements relate to each other. Data collection plans are then involved in the framework to ensure information to measure the extent and nature of each aspects and their occurrence. Once the data on the elements is collected, it is analyzed within the framework.

Program theory is a plausible and sensible model on how a program is supposed to work Bickman (1987). It explains why a program is expected to work. Lipsey (1993) stated that it is a proposition with regard to the transformation on input into output and how to transform a bad situation into a better one through inputs. It is also illustrated as the process through which program components are presumed to affect outcomes.

Rossi (2004) argued that a program theory consist of an organizational plan on how to deploy resources and organize the activities of the program activities to ensure that the intended service system is developed and maintained. The theory further deals with the service utilizations plan which analyses how the intended target population receives the

intended amount of intervention. This is through the interaction of the service delivery systems. Finally, program theory looks at how the intended intervention for the specified target population represents the desired social benefits. Rogers as cited by Uitto (2000) illustrates the advantages of using a theory based framework in monitoring and evaluation. It includes the ability to attribute project outcomes of specific projects or activities as well as identification of anticipated and undesired program consequences. Theory based evaluations as such enables the evaluator to understand why and how the program is working (Weiss, 2004).

### **2.5.2 Theory of Change**

It adequately describes the actions, the desired change, and the underlying assumptions or strategy is essential for monitoring and evaluating programmes and projects. This will help program staff and evaluators understand what the project is trying to achieve, how, and why. This information will enable staff and evaluators to monitor and measure the desired results and compare them against the original theory of change. Using theories of change during the monitoring stage of project implementation provides feedback on whether a project, programme or strategy is on track to accomplish the desired change and if the environment is evolving as expected in the programme or project design. The power of using theories of change in evaluation enables evaluators to ask hard questions about why certain changes are expected, the assumptions of how the change process will unfold, and which outcomes are being selected to focus on and why each theory should be critically reviewed for its relevance, efficacy and effectiveness as part of the evaluation and covered in the evaluation's findings, conclusions and lessons learned. Such analysis will help contribute to an understanding of approaches that work in addressing the underlying factors contributing to violence or working against peace. Through an investigation of the precision of its



underlying theory, a programme or project can identify whether a false or incomplete theory may be a key clarifying factor for a project or policy's failure and the reason for it being incomplete or false. In contrast, good theories, demonstrate how theories of change can be an essential part of contributing to our understanding of successful interventions seeking to address issues of peace and conflict.

### **2.5.3 Joint Liability Theory**

The theory states that one of the least understood elements of group dynamics has been the actual Functioning of peer pressure and group solidarity in the face of repayment problems. Under contract or joint liability theory, members of a peer lending group must have some way to ensure that the other members of the group repay their portions of the loan so that all have future access to loans. Each group devises implicit and explicit rules and norms that can diminish the risk of default, provided that repaying the loan is a utility maximizing outcome for group members (Brehanu & Fufa, 2008).

Poor individuals lack credit because lenders have no way of screening clients, monitoring the use of funds as well as enforcing repayment. Many development organizations such as the YEDF have used group lending to deliver credit to the disadvantaged people in the society, who would not conventionally qualify. Group lending aims at passing off the monitoring, screening and enforcement of loans to group members (Banerjee, Besley & Guinnane, 1994). The fixed cost associated with loans is significantly reduced by the group dynamics. Joint liability theory explains that it is assumed that the borrowers have the full information on their own credit worthiness as well as those around them in order to get a contract, but the lender is not aware. The only way he will acquire this information is through the joint liability component Maurya, (2010). In order to give a contract, the lender will prefer to give the contract to a group of borrowers who would be knowledgeable to each other hence

discourage the wrong kind of borrowers. This also reduces the chances of default since each person is accountable to the other and punitive measures are put in place internally to discourage default (Maurya 2011).

Accordingly La Ferrara,( 2003) studied kin groups based in Ghana whereby he found out that retributive action is carried out on both the loan defaulters and their family members. This in turn leads to fear of defaulting by the members hence lower levels of non repayment. This theory is very practical in the modern credit facilities especially the small banks as well as government funds such as YEDF. Though YEDF does offer individual loans, group loans are preferred and are encouraged through a lesser fee of administration which is 5% as compared to the former at 8%. The loan packages are also at a wider range as compared to individual loans. YEDF in its own way has led to an immense growth in the economy through such efforts, since people from different walks of life are able to access the loans at an affordable rate with zero interest rate.

## **2.6 Conceptual Framework**

The Conceptual framework illustrates the relationship between the independent and dependent variables of the study as shown in figure 1. As projected by the conceptual framework used to relate the variables, factors influencing performance are the independent variables while Business performance is the dependent variable. The independent variable will be conceptualized as comprising Business development services such as; training, advisory services, information, technological development & transfer, strategic business services, business linkage promotion and marketing assistance. Other than BDS it has other factors such as M&E and Group dynamics as those that lead to business performance and eventual growth.

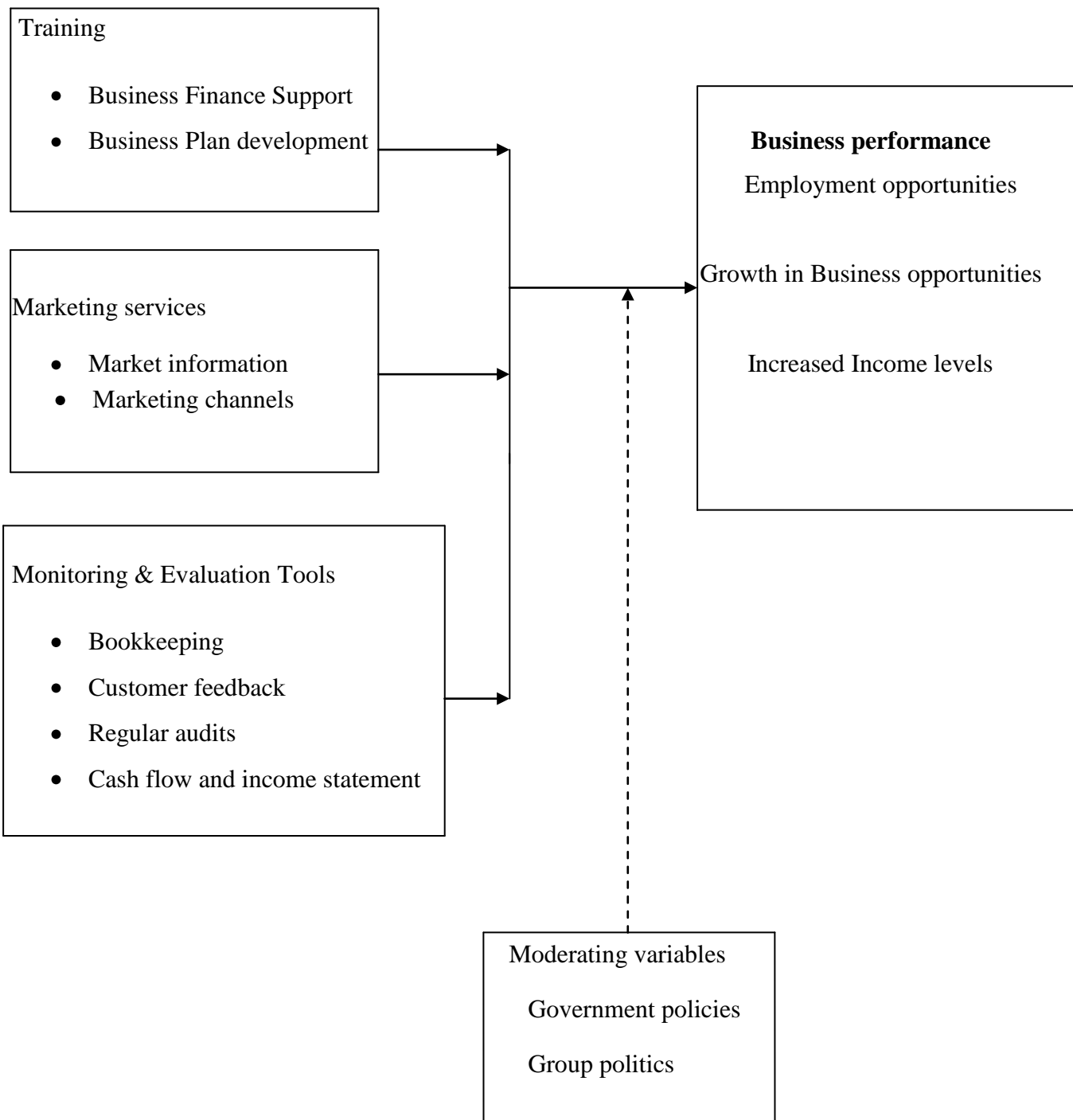
Business development services were seen as essential in ensuring the right skills are passed over to the groups. The absence of training and follow up in most cases lead to non repayment of loans, group conflicts as well as business failure. Advisory services are given through the DYOW as well as credit facilities such as banks, so as to ensure prudent financial management. All these are key in ensuring business performance and the YEDF has such measures in place for their members.

M&E tools are seen as beneficial towards increasing business growth and eventual performance. They include bookkeeping, regular audits, customer feedback as well as cash flow & income statements. Lack of training in M&E is likely to lead to project failure, hence an important aspect of any project. The benefits of M&E range from Increased repayment due to progress tracking, timely remission of funds, SMART objectives which can be understood by everyone, there's room for correcting errors done in running the business, effective use of resources and increased cohesiveness.

Marketing services are important in looking for product market. This includes market information which is provided by the youth fund office as well as market channels which are used to get the end product or service to the consumer. The absence of such services would be a disadvantage to the startups which have no previous business links. The intervening variables include government policies and group politics. These intervening variables lead to business performance. Business performance is the independent variable and is evidenced by employment opportunities, growth of the enterprises, increased Income and GDP, as well as poverty reduction.

**Independent variable**

**Dependent variable**



**Figure1: Conceptual framework on factors influencing performance of Youth income generating activities.**

## **2.7 Summary of Literature Review and Research Gaps**

The proceeding sections of this chapter reviewed literature on influence of business training on YIGA's business performance, Influence of Influence of Marketing channel services on YIGA performance, and the influence of use of M&E tools on YIGA performance. For these reviews, it is established that various policies are in place to take care of the youth interests and are reflected in the Millennium development goals, Vision 2030 as well as the Kenyan Constitution. The current study looks at the factors influencing Youth income generating activities' performance and evaluate the YEDF and its relationship between structures in place and business performance.

Review of literature review showed that there has been increased unemployment in the formal sector hence the need for credit to facilitate the youth to start their businesses. The lack of M&E structures as well as business development services have led to failure rather than successful businesses since the youth are not equipped with the necessary skills to run a business. Group dynamics are seen as favorable in terms of attaining credit since it has lesser restrictions.

Literature also explained the effectiveness of business development services such as advisory services and how good financial management skills lead to a better managed business. The reverse affects the business since it would have no prudent practices and low financial management skills. The study therefore examined the determinants that influence performance of Youth income generating activities.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the research methodology that was used. It gives details about the research design, target population of the study, sampling procedures, and data collection techniques, methods of data collection validity and ethical presentations that was put in place during the study period.

#### **3.2 Research design**

The study employed or adopted descriptive research design. Saunders et al (2003) defines as one which looks at intense accuracy at the phenomena of the moment and describes precisely what the researcher sees. Descriptive research design is preferred where subjects respond to a series of statements or questions in a questionnaire or an interview. Donald and Pamela (2011) assert that research design constitutes a blue print for collection, measurement and analysis of data and that descriptive study is concerned with finding out who, what, where, when and how much. It describes a phenomena associated with the subject population. The design is appropriate for the study since it enables adequate coverage of large amount of data from population. It is also time saving and a cheaper method. The design is also preferred because it elicits standardized responses whereby standardized questions are asked (Lavine & Gelles, 1999).

### 3.3 Target Population

Target population refers to the population which the researcher used to generalize the results of the study. The target population for this study was the youth group leaders who benefit from YEDF within the five administrative divisions of Menengai, flamingo, Kivumbini, Biashara and Nakuru East wards in Nakuru town East Constituency, Nakuru County. The Youth enterprise development offices in Nakuru East documents that there are 84 youth groups and each group contains 10 people hence 840 youths benefiting from YEDF currently in Nakuru town East Sub County who have access to the credit facilities hence a target population of 84 youth group leaders as shown in table 3.1.

**Table 3.1: Distribution of YIGA Groups per Administrative division**

<b>Administrative Divisions</b>	<b>Target youth</b>	<b>Target Population</b>
1. Menengai	140	14
2. Flamingo	90	9
3. Kivumbini	160	16
4. Biashara	260	26
5. Nakuru East	190	19
<b>Total</b>	<b>840</b>	<b>84</b>

**Source:** YEDF Nakuru East Sub County

### 3.4 Sampling size and Sampling Procedure

This section describes how the sample size and the procedure were used in picking the sampled subjects for the study.

#### 3.4.1 Sample size

A sample size is a representative from a given population. The figure of respondents was arrived at by using the formula provided by Krejcie & Morgan (1970) as cited by (Kathuri and Pals, 1993) a population of 84 youth groups gave a sample size of 69 youth groups at a confidence level of 95% and a margin error of 5%. It is based on the formular;

$$S = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P(1-P)}$$

Where

S= Sample size

$X^2$  = The table value of chi square for one degree of freedom at the desired confidence level (0.05) equal to  $1.96^2 = 3.841$

N= Population

P= Proportion of population assumed to be 0.50 since this would provide the maximum sample size.

$$S = \frac{3.841 \times 84 \times 0.5(1-0.5)}{0.05 \times 0.05 \times 83 + 3.841 \times 0.5(1-0.5)} = 69.074$$

Therefore the sample size of the study comprised 69 youth group leaders in the five Divisions.



### 3.4.2 Sampling Procedure

Sampling is the process of selecting units (e.g., people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen. Since the population drawn wasn't homogeneous, stratified sampling was used to obtain a representative sample of the target population and ensure equality in information gathered. Proportional allocation of the sample size on the population of each youth YEDF beneficiary division was done and the youths picked through simple random sampling.

**Table 3.2 Distribution of the Sample size per Administrative Division**

Administrative division	Number of Youth leaders	Sample size
1.Menengai	14	12
2.Flamingo	9	7
3.Kivumbini	16	13
4.Biashara	26	21
5.Nakuru East	19	16
<b>Total</b>	<b>84</b>	<b>69</b>

### **3.5 Methods of Data Collection**

The study used questionnaires to collect data from the sampled respondents. Questionnaires contained closed ended questions which were constructed In line with the research objectives. The questionnaire method ensure that the data collected is accurate and without bias.

### **3.6 Data Collection Procedures**

Permission to conduct the research was obtained from the University of Nairobi. A pilot visit was made to the YEDF offices so as to get a core data on the organization as well as data used in the sampling. The actual fieldwork entailed collecting primary data from the YEDF youth group leaders who were randomly sampled. The research assistance was given incase questionnaires proved a challenge to fill whether due to language barrier or suspicion. This was followed by interviews to the YEDF offices to gain a deep insight of the issues under study.

### **3.7 Reliability of the Instrument**

The research combined both qualitative and quantitative techniques so as to ensure validity and reliability of the design, during data collection and analysis processes. ( Bryman & Cramer, 2001:76) explain that “when a concept has been operationally defined, in that a measure of it has been proposed, the ensuring measurement device should be both valid and reliable”. Reliability in statistics and psychometrics is the overall consistency of a measure. A measure is said to have a high reliability if it produces similar results under consistent conditions. The instrument was tested in a pretest study comprising a sample of 20 youth groups from Nakuru West Sub County with similar characteristics was used for the study. The results of the pre test study were using Cronbach’s alpha coefficient and a

reliability coefficient of 0.73 was obtained. The results of the pilot study were used to improve the reliability of the instrument. Similarly, a peer, experts as well as the supervisor at the University of Nairobi helped in the appraisal of the instrument that it will accurately measure what it is intended to.

### **3.8 Validity of the Instrument**

According to Kothari, ( 2009) validity is the most critical criteria that indicate the degree to which an instrument measures what it is supposed to measure. **Validity** is the extent to which a concept, conclusion or measurement is well-founded and corresponds accurately to the real world. (Mugenda & Mugenda, 1999) refer to validity as the extent to which the instrument measure what it is supposed to measure or designed to measure. Interview schedules and questionnaires were pretested to check on the content, language, construct as well as face validity. The validity was also achieved through the professional judgment of the research supervisor. The validity of an instrument can be hard to measure though it can be inferred.

### 3.9 Operational Definition of Variables

**Table 3.3: Operation Definitions of Variables and Measuring Indicators**

<b>Specific Objective</b>	<b>Variable Indicators</b>	<b>Means of Measuring</b>	<b>Measurement Scale</b>	<b>Tools Analysis</b>
To examine the influence of Business training on YIGA performance in Nakuru East Sub county.	Increased YEDF loan uptake	% of youths participating in YEDF projects.  % of youths partaking in training programs	Ratio scale	Frequency percentages  PPMC
To determine the influence of Marketing services on YIGA performance in Nakuru East Sub county.	Increase of Demand for particular goods and services	% of Youths taking up particular businesses	Ratio scale	Frequency percentages  PPMC
To establish the influence of use of M&E tools on YIGA performance in Nakuru East Sub county.	Expansion in business operations.  Increase in loan uptake  Increase in loan repayment	% of Youths repaying loans  % of Youths taking up loans	Ratio scale	Frequency percentages  PPMC

### **3.10 Methods of Data Analysis**

The collected data was coded after validation. Data analysis was done using SPSS where questionnaires and descriptive data were applied appropriately. Descriptive statistics helped in explaining the findings by use of mode, frequency tables, means, and percentages used to analyze the three objectives. PPMC was used to analyze the independent and dependent variables to determine the relationship between factors influencing YIGA's and its performance. Qualitative data from key people was taken and common ideas identified, organized and discussed under the main objective.

### **3.11 Ethical Considerations**

Ethics or moral philosophy is the branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong conduct. These are the principals in which the researcher adheres to while conducting his/her research. Initial approval was secured from the University of Nairobi. A research permit was then sought from National Council for science and Technology. An introductory visit was made to the YEDF offices and Pilot youth group from Nakuru West. The respondents were assured of confidentiality of information provided.

### **3.12 Summary**

This Chapter describes the survey research that was used in the study. The target population of the study is the youth who participate in YEDF loan projects in Nakuru East Sub County. This study used both purposive and stratified sampling. Questionnaires and interviews were the preferred methods of data collection for subjective and objective data. Validity and

reliability was ensured as well as an operational definition of variables explained. The methods of data analysis used as well as ethical considerations were considered during the study.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter aimed to analyze the factors influencing performance of Youth income generating activities. The information collected was presented in tabular a format.

Discussions of the findings were also given and the information analyzed was interpreted in relation to the research objectives to ensure that it is provides answers to the research questions.

#### **4.2 Response Rate**

This section presents a summary of the number of youth leader respondents who participated in the study in relation to the designed sample size of 69 that was described in chapter three.

The questionnaires were administered and the return rate was 61% response rate, since 42 of them were filled and duly returned.

#### **4.3 General Information**

The research found it necessary to analyze the general characteristics of the respondents as the characteristics of the respondents could have had an influence on the responses elicited from the respondents. The demographic information was conceptualized by the gender, age, education level, working experience, and marital status.

### 4.3.1 Gender of the Respondents

The respondents who were both male and female from the four administrative divisions were asked to state their respective ages from the age categories that were given as choices.

**Table 4.1 Gender of the Respondents**

The table explains the results collected on the gender of the respondents.

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	23	54.8
Female	19	45.2
<b>Total</b>	<b>42</b>	<b>100</b>

From the findings, it was clear that majority (54.8%) of the respondents were male while the remaining 45.2% were female hence showing gender inequality in the organization.

Therefore the organization needs to increase the number of female leaders to enhance gender equality. The gap between the male and female was not too large to warrant biasness.



### 4.3.2 Age of the Respondents

The researcher sought to establish the age distribution of respondents. This is a demographic feature that affects behaviors or perception of respondents. It was important to assess the age of respondents as this would affect the way each would behave in the organization. People at different ages think differently and thus their perception differs. Data on age distribution is represented on table 4.2.

**Table 4.2 Age of the Respondents**

The table displays the age of the respondents as filled in the questionnaires

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18-24 years	4	9.5
25-29 years	9	21.4
30 to 34 years	16	38.1
35 and years	13	31.0
<b>Total</b>	<b>42</b>	<b>100.0</b>

Results in Table 4.2 shows that 9.5% of the respondents were in the age bracket of 18-24 years while 21.4% were between 25-29 years. The majority 38.1% of the respondents were between 30-34 years of age and the remaining 31% were 35 years and this indicated that majority of the respondents were 30 years. The findings showed that the study was able to collect data from the different age groups considering that those who were young and old participated in the study.

### 4.3.3 Occupation of the Respondents

The respondents were asked to state their occupation, since it affects how they run their businesses. Their responses were shown in table 4.3.

**Table 4.3 Occupation of the Respondents**

The table displays the occupation of the respondents as filled in the questionnaires.

<b>Occupation</b>	<b>Frequency</b>	<b>Percent</b>
Farmer	7	16.7
Business	16	38.1
Casual laborer	5	11.9
Employed	14	33.3
<b>Total</b>	<b>42</b>	<b>100.0</b>

From the table, a majority of (38.1%) are in business, while 33.3% are employed. 16.7% of the respondents are farmers and the remaining paltry (5%) are casual laborers. The findings indicated that the occupation of the respondents varied however, the researcher was able to collect information considering that those who were both in formal and informal sector participated in the study.

#### 4.3.4 Marital Status of the Respondents

The respondents were asked to state their marital status and their responses were shown in table 4.4.

**Table 4.4 shows the marital status of the respondents.**

The table displays the marital status of the respondents as filled in the questionnaires.

<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Married	19	45.2
Single	11	26.2
Divorced	7	16.7
Widowed	5	11.9
<b>Total</b>	<b>42</b>	<b>100.0</b>

From the findings, 45.2% of the respondents said they were married while 26.2% were single.

It was also established that 26.2% were single. It was also established that the respondents

who were divorced accounted for 16.7% and the remaining 11.9% were widowed. The

findings indicated that considering to the fact that some of the respondents were married or

single all participated in the study.

### 4.3.5 Education Level of the Respondents

The respondents were asked to state their education level and their responses were shown in table 4.5.

**Table 4.5 Education Level of the Respondents**

The table displays the education level of the respondents as filled in the questionnaires

<b>Education Level</b>	<b>Frequency</b>	<b>Percent</b>
Non formal	3	7.1
Primary	8	19.1
Secondary	19	45.2
Graduate	12	28.6
<b>Total</b>	<b>42</b>	<b>100.0</b>

According to the findings, 7.1% of the respondents had non formal level of education while majority (45.2%) were secondary school educated. The respondents who had degree level of education accounted for 28.6% and the remaining 19.1% had primary grade level of education.

#### 4.4.0 Findings relating to Specific Objectives

The findings from the questionnaires on specific objectives including training, marketing and M&E tools were assessed.

#### 4.4.1 Influence of Business training on stated domains

The study sought to assess the influence of Business training on stated domains. The findings are as shown.

**Table 4.6 Influence of Business training on Stated domains**

	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>
1.YEDF organizes trainings regularly	17(40.5%)	17(40.5%)	5(11.8%)	2(4.8%)	1(2.4%)
2.I have participated in the business training	15(35.7%)	12(28.6%)	8(19%)	4(9.5%)	3(7.1%)
3.YEDF trains on government procurement for government contracts	19(45.2%)	12(28.6%)	4(9.5%)	4(9.5%)	3(7.1%)
4.The training has ensured performance repayment of loan	14(33.3%)	22(52.4%)	5(11.9%)	1(2.4%)	0(0%)
	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>

**Key:**

SA- Strongly agree, A-Agree, N- Neutral, SA- Strongly agree, SD- Strongly disagree

From the findings, it was established that 90% (40.5% strongly agreed and 40.5% agreed) of the respondents were of the opinion that YEDF organizes trainings regularly while 11.9% were not sure with the opinion. It was also clear that the remaining 7.2% disagreed to the opinion.

From the findings, 73.8% of the respondents were of the opinion that it YEDF trains on government procurement for government contracts while 9.5% were not sure. The remaining 16.6% disagreed to the opinion. From the findings 85.7% of the respondents agreed that the training has ensured successful repayment of loan while 11.9% of the respondents were not sure and the remaining 2.4% of the respondents disagreed.

#### 4.4.2 Influence of marketing services to business performance

The study sought to find out the influence of marketing services to business performance.

The findings are as shown on table 4.7.

**Table 4.7 Influence of marketing services to business performance**

	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
	<b>Freq %</b>	<b>Freq %</b>	<b>Freq %</b>	<b>Freq %</b>	<b>Freq %</b>
Marketing assists in getting customers.	16(38.1%)	19(45.2%)	3(7.1%)	3(7.1%)	1(2.4%)
Arranges meetings with corporate customers	12(28.6%)	19(45.2%)	7(16.7%)	2(4.8%)	2(4.8%)
Provide product linkages to negotiate product prices	12(28.6%)	12(28.6%)	10(23.8%)	4(9.5%)	4(9.5%)
Set up website to market the products	17(40.5%)	16(38.1%)	7(16.7%)	1(2.4%)	1(2.4%)
<b>Total</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>

**Key:** SA- Strongly agree, A-Agree, N- Neutral, SA- Strongly agree, SD- Strongly disagree

From the table , (83.3%) of the respondents were of the opinion that inventory systems Marketing assists in getting customers whereas 7.1% were not sure. It was also clear that the remaining 9.5% disagreed to the opinion. According to the findings, 73.8% of the

respondents agreed that Arranges meetings with corporate customers while 16.7% were not sure. The remaining 9.6% disagreed to the opinion. It was also established that 57.2% of the respondents were of the opinion that it Provide product linkages to negotiate product prices while 23.8% were not certain. It was also clear that the remaining 19% of the respondents disagreed to the opinion. It was clear that 78.6% of the respondents agreed that Set up website to market the products and 16.7% were not sure with the opinion. The remaining 4.8% disagreed to the opinion.



#### 4.4.3 Influence of Use of M&E tools on stated domains.

The study sought to find the influence of M&E tools to business performance the findings are as shown on table 4.8.

**Table 4.8 shows the use of M&E tools on stated**

	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>
Book keeping	15(35.7%)	18(42.9%)	4(9.5%)	3(7.1%)	2(4.8%)
Customer feedback	15(35.7%)	14(33.3%)	5(11.9%)	4(9.5%)	4(9.5%)
Regular audits	14(33.3%)	12(28.6%)	4(9.5%)	7(16.7%)	5(11.9%)
Cash flow and income statements	12(28.6%)	17(40.5%)	2(4.8%)	7(16.7%)	4(9.5%)
	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>

**Key:** SA- Strongly agree, A-Agree, N- Neutral, SA- Strongly agree, SD- Strongly disagree

The findings showed that 78.6% of the respondents were of the opinion that it Book keeping while 9.5% were not sure. The remaining 11.9% disagreed to the opinion. The findings also

showed that 69% of the respondents agreed that Customer feedback whereas 11.9% were not sure.

The remaining 19% disagreed to the opinion. It was also clear that 61.9% of the respondents agreed that the Regular audits and 9.5% were not sure and the remaining 28.6% disagreed to the opinion.

It was also established that 69.1% of the respondents agreed that there will increased

retention of old and new customers while 4.8% were not sure. The remaining 26.2% disagreed to the opinion.

#### 4.4.4 Youth income generating activities (YIGA) Business performance

It was paramount for the study to find out the Youth income generating activities (YIGA) Business performance. The findings are as shown on table 4.9.

**Table 4.9 Youth income generating activities (YIGA) Business performance**

	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>	<b>Freq%</b>
YEDF has led to increased employment opportunities	15(35.7%)	15(35.7%)	5(11.9%)	4(9.5%)	3(7.1%)
Increase in growth of business entrepreneurship opportunities	12(28.6%)	12(28.6%)	10(23.8%)	5(11.9%)	3(7.1%)
Increased income levels	17(40.5%)	15(35.7%)	8(19%)	2(4.8%)	0(0%)
<b>Total</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>	<b>42(100%)</b>

Key: SA- Strongly agree, A- Agree, N- Neutral, D- Disagree, SD- Strongly disagree.

It was established that 71.4% of the respondents were of the opinion that YEDF has led to increased employment opportunities while 11.9% were not sure. It was also clear that the remaining 16.6% disagreed to the opinion. From the findings, 57.2% of the respondents were of the opinion that Increase in growth of business and entrepreneurship opportunities while 23.8% were not sure. The remaining 19% disagreed to the opinion.

It was also clear that 76.2% of the respondents were of the opinion that Increase in growth of income levels whereas 19.0% were not sure. The remaining 4.8% disagreed to the opinion. It was also established that 81% of the respondents were of the opinion that increased income levels while 9.5% were not sure. The remaining 9.5% disagreed to the opinion.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The research was carried out to find out the factors influencing the performance of youth income generating activities in Nakuru East Constituency. To facilitate the study; a questionnaire was formulated to gather information needed. It is in this chapter that the researcher outlines the summary of findings, discussions, conclusions and recommendations. Suggestions for further studies will also be viewed in this chapter.

#### **5.2 Summary of Findings**

The Study utilized 69 respondents which represented a response rate of 61%. Majority of the respondents were aged between 30-34 years at 38.1%, 25-29 years were 21.4%, 35 and at 31% while 18-24 years was 9.5%. Majority of the respondents (54.8%) were male while the remaining (45.2%) were women. As for the occupation of the respondents, a majority of 38.1% were involved in business, 33.3% were employed while farmers and casual laborers had 28.5% cumulatively. Majority of the respondents were married (45.2%) while 26.2% were single and 16.7% were divorced with 11.9% widowed. The education levels were represented with a majority (45.2%) having attained secondary education, 28.6% were graduates while primary and non formal were 25.2% cumulatively.

With regards to influence of business training on YIGA business performance, the study established that 90% (40.5% strongly agreed and 40.5% agreed) of the respondents were of the opinion that YEDF organizes trainings regularly while 11.9% were not sure with the opinion. It was also clear that the remaining 7.2% disagreed to the opinion. From the findings, 73.8% of the respondents were of the opinion that it YEDF trains on government procurement for government contracts while 9.5% were not sure. The remaining 16.6% disagreed to the opinion. From the findings 85.7% of the respondents agreed that the training has ensured successful repayment of loan while 11.9% of the respondents were not sure and the remaining 2.4% of the respondents disagreed.

With respect to influence of marketing services on YIGA business performance ,(83.3%) of the respondents were of the opinion that Marketing assists in getting customers whereas 7.1% were not sure. It was also clear that the remaining 9.5% disagreed to the opinion. According to the findings, 73.8% of the respondents agreed that Arranges meetings with corporate customers while 16.7% were not sure. The remaining 9.6% disagreed to the opinion. It was also established that 57.2% of the respondents were of the opinion that it Provide product linkages to negotiate product prices while 23.8% were not certain. It was also clear that the remaining 19% of the respondents disagreed to the opinion. It was clear that 78.6% of the respondents agreed that Set up website to market the products and 16.7% were not sure with the opinion. The remaining 4.8% disagreed to the opinion.

Finally, in relation to influence of use M&E tools on YIGA business performance, The findings showed that 78.6% of the respondents were of the opinion that Book keeping influences to a large extent their business performances, while 9.5% were not sure. The remaining 11.9% disagreed to the opinion. The findings also showed that 69% of the respondents agreed that Customer feedback whereas 11.9% were not sure. The remaining 19% disagreed to the opinion. It was also clear that 61.9% of the respondents agreed that the Regular audits and 9.5% were not sure and the remaining 28.6% disagreed to the opinion. It was also established that 69.1% of the respondents agreed that there will increased retention of old and new customers while 4.8% were not sure. The remaining 26.2% disagreed to the opinion.

The dependent variable established that 71.4% of the respondents were of the opinion that YEDF has led to increased employment opportunities while 11.9% were not sure. It was also clear that the remaining 16.6% disagreed to the opinion. From the findings, 57.2% of the respondents were of the opinion that Increase in growth of business and entrepreneurship opportunities while 23.8% were not sure. The remaining 19% disagreed to the opinion. It was also clear that 76.2% of the respondents were of the opinion that Increase in growth of business and entrepreneurship opportunities whereas 19.0% were not sure. The remaining 4.8% disagreed to the opinion. It was also established that 81% of the respondents were of the opinion that increased income levels while 9.5% were not sure. The remaining 9.5% disagreed to the opinion.

### **5.3 Discussion of Findings**

Youth enterprise development fund should be an organization which helps substitute the formal employment options and offer an entrepreneurship vehicle. The findings of the study indicate that business training has a great influence on the performance of Youth income generating activities. This is due to the fact that majority of the respondents agreed that they have encountered or participated in trainings conducted by YEDF. The Youth fund needs to improve on trainings on procurement since there is a big provision for the Youth in National tendering opportunities.

The study also found that YEDF provided marketing support to an extent but still there is great room for improvement, this is because a significant percentage were neutral meaning this service is still unsatisfactory. In the Study on the role of YEDF on growth of micro and small enterprises in Kenya, the study established that 19 youth enterprises, constituting 40 % had been trained how to market their products and services. The majority, 60 % had not been trained by YEDF. The Fund needs to intensify training the youth how to market their products and services as only a small number had been trained. The findings agree with that of Sagwe et al. (2011), who in their study assessed market status, market prospects and customer orientation among the youth who had accessed YEDF. The majority (98 %) scored 0 – 25 % on market and technology, an indication that they were not well prepared in marketing their products and services. The findings are consistent with that of Githinji, (2012) who established that YEDF is doing poorly in creating market linkages for youth produced goods and services. He recommended that YEDF should create policy framework that recognizes the importance of marketing of goods and services produced by the youth.

In regards to this study, the marketing services have an influence on YIGA business performance but more training and marketing support by the Youth fund is needed to enhance business performance.

The study also established that the use M&E tools greatly led to Youth income generating activities' performance and performance. Majority of the groups utilized bookkeeping as their day to day accounting tool. Regular audits are also done so as to ensure the financial books of accounts are in order and generating profits for business continuity. In regards to customer feedback, there needs to be more training from YEDF on realizing customer needs so that they can in turn attain objective customer feedback. In the Study on the role of YEDF on growth of micro and small enterprises in Kenya, the study established that 2 % of the respondents strongly disagreed, 19 % disagreed while the majority, 60 % were neutral. 19 % of the respondents agreed that YEDF had helped them identify customer needs. None of the respondents strongly agreed.

The Youth in regards to the Dependent variables felt that the YEDF has led to increased employment opportunities with a very large percentage. They also felt that it led to increased income levels. There needs to be increased efforts in growth and business entrepreneurship opportunities offered by the fund, there needs to be more follow up once funds are released to the groups since some of them have no business experience hence they die out easily. This can be realized through regular trainings and businesses follow up.



## 5.4 Conclusions

In theory, it is argued that youth funds foster and promote entrepreneurship especially in micro, small and medium enterprises which translate to creation of jobs and skill development leading to empowerment among the youth. This is highlighted by the number of jobs YEDF has facilitated since its inception and more importantly the training it has undertaken in various parts of the country. However, there has been reservation whether youths can be empowered through youth development funds. This thought is premised on the fact that, the money offered by YEDF is ideally just seed money to start up businesses and therefore employment created through the funds isn't sustainable unless the businesses pick up and the youths get additional funding. However, the long period of accessing and conditions attached to subsequent loans that are individual, paint a bleak future in youth fund therefore, compromising continuous and sustainable empowerment of the youth. At the onset of awarding YEDF loans to the youth, the government was mandated to train the youths in order to impart valuable skills in preparation for the loans they had received in a bid to make the loans more effective to the youth. Training consequently further improves the levels of skills that the youth possess which can further make empowerment more sustainable. Training of the youths by the government and other development partners formed the intervening variable of the study. This study found that YEDF has introduced maximum advantages in an attempt to make the lives of youths better in line with empowerment. Another finding was that YEDF has reduced the number of the unemployed youths in Nakuru East Constituency. Youth had taken up a number of activities with the money given, creating jobs and therefore empowering themselves. These findings confirmed the study's hypothesis that provision of YEDF loans leads to empowerment of the youth.

The continued empowerment of the youth is further validated the increase of the youth trained. Upon the inception of YEDF in Nakuru East Constituency, the study found the government to have conducted numerous training exercises in an attempt to instill required skills for sustainable individual development among the youth. In the same breadth, development partners also conducted training to instill more skills to the youths. The levels of improvement experienced in Nakuru East are therefore due to provision of the factors required for performance. Training offered has exposed the youths to options that can be undertaken in order to be self reliant and improve their lives. This has greatly contributed to efforts of the increase of income generating activities conducted by the groups. Continuous training which the youth need for to further improvement in their livelihood, confirmed the literature review: a study conducted in Nigeria revealed that empowerment of youth through vocational training contributed to positive change in their socio-economic status (Ohize & Adamu, 2009).

Findings from this study revealed that provision of funds to the youth in an attempt to empower them is worthwhile. The study concluded therefore that, YEDF has improved the lives of the youth in significant levels and Subsequent performance of its Income activities.

#### **5.4 Recommendations**

Provision of YEDF loans in Kenya is still an ongoing process which has had varied impact on many youths. The envisaged effectiveness and improvement among the youth is far from being achieved. A number of gains and challenges have been identified. To strengthen the process and further continuously empower the youths, the following recommendations were made in view of the study findings.

1. The study recommends for increase in the amount of money given to the youth so that the youths can venture into diverse activities that require more money and sustain their activities.

These measures would greatly reduce possibilities of failure in their businesses due to lack of money.

2. Performance of the youths is experienced more in groups than as individuals. It is recommended that there should be continued efforts to give loans to groups as requested by the youth and not to individuals as witnessed. The government and the youth should work together so as to find the most effective product per situation. Those who want to receive additional loans as groups after the initial amount should be allowed to do so and those who want to receive individual loans after the initial amount as individuals should also be considered.

3. Further training for the youths be conducted for sustainability of their businesses and continuous improvement in their lives to further empower them.

4. YEDF should put in place measures to ensure timely repayment of loans so that other future groups can benefit from the same services.

### **5.5 Suggestions for further areas of research**

The study recommended the following topics for further research.

1. To examine the viability of YEDF as a tool for tackling youth unemployment in Kenya.
2. A comparative study between group funding and individual funding method of financing youth businesses by YEDF.
3. Factors influencing uptake of Youth Enterprise Development Fund loans.

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## APPENDICES

### Appendix I: Letter of Transmittal

Department of Extra Mural Studies

University of Nairobi

P.O Box 1120-20100

Nakuru

Youth Enterprise Development Fund

Nakuru County

Nakuru

Dear Sir/Madam,

Re: Research Study

I am a student at University of Nairobi pursuing a Masters degree in project planning and management. I am carrying out a research on the factors influencing the Performance of Youth Income Generating Activities (YIGA) a case of Youth Enterprise development fund in Nakuru East of Nakuru County, Kenya. The Study will entail collecting data from 69 sampled respondents in the five administrative divisions of Nakuru East Sub County.

The purpose of the letter is to seek your consent to undertake the proposed study.

Yours faithfully

**Esther Muthoni Karuri**

**L50/76734/2014**

## Appendix 1I: Questionnaire for Youth Respondents

### Socio – Demographic Characteristics

1. What is your Gender?

Male \_\_\_\_\_

Female \_\_\_\_\_

2. How old are you?

a) 18 to 29 years

b) 25 to 29 years

c) 30 to 34 years

d) 35 and

3. What is your Marital Status?

a) Married

b) Single

c) Divorced

d) Widowed

4. What is your Education Level?

a) Non formal education

b) Primary

c) Secondary

d) College

e) Graduate

5. What is your Occupation?

- a) Farmer
- b) Business
- c) Casual Laborer
- d) Employed
- e) House wife

**SECTION II: BUSINESS TRAINING**

6. Please rate the influence of Business training on stated domains. Please choose your preferred response by ticking only one box per question. (Key 1= strongly disagree, 2= disagree, 3= Neutral, 4= somewhat agree, 5= Strongly agree).

	Strongly agree(1)	disagree(2)	Neutral(3)	Somewhat disagree(4)	Strongly disagree(5)
YEDF organizes trainings regularly					
I have participated in the business training					
YEDF trains on government procurement for government contracts					
The training has ensured successful repayment of loan					

**SECTION III: MARKETING SERVICES**

7. On a scale of 1-5(Key: 1= Strongly disagree, 2= Agree, 3= Neutral, 4= somewhat agree, 5= Strongly agree), please rate the overall influence of marketing services to business performance.

YEDF provide marketing support for our business ventures.

a) Yes

b) No

The following marketing services are regularly provided by YEDF

	Strongly agree(1)	Agree(2)	Neutral(3)	Somewhat disagree(4)	Strongly disagree(5)
Marketing assists in getting customers					
Arranges meetings with corporate customers					
Provide product linkages to negotiate product prices					
Set up website to market the products					

**SECTION IV: MONITORING AND EVALUATION TOOLS**

8. Please rate the influence of the use of M&E tools on stated domains. Please choose your preferred response by ticking only one box per question. (Key 1= strongly disagree, 2= Agree, 3= Neutral, 4= somewhat agree, 5= strongly agree).

I regularly use the following tools to monitor in progress and growth of my business

	Strongly agree(1)	Agree(2)	Neutral(3)	Somewhat disagree(4)	Strongly disagree(5)
Book keeping					
Customer feedback					
Regular audits					
Cash flow and income statements					

**SECTION V: DEPENDENT VARIABLE**

9. Please rate the indicators of Youth income generating activities (YIGA) Business performance. Please choose your preferred response by ticking only one box per question.

(Key 1= Strongly disagree, 2= Agree, 3= Neutral, 4= Somewhat agree, 5= Strongly agree).

	Strongly agree(1)	Agree(2)	Neutral(3)	Somewhat disagree(4)	Strongly disagree(5)
YEDF has led to increased employment opportunities.					
Increase in growth of business and entrepreneurship opportunities					
Increased income levels					

## Appendix III: Letter of Authorization for the University of Nairobi



**UNIVERSITY OF NAIROBI**  
**COLLEGE OF EDUCATION AND EXTERNAL STUDIES**  
SCHOOL OF CONTINUING AND DISTANCE EDUCATION  
**DEPARTMENT OF EXTRA - MURAL STUDIES**

Tel 051 - 2210863

P. O Box 1120, Nakuru  
23<sup>rd</sup> June 2016

*Our Ref: UoN/CEES/NKUEMC/1/12*

### **To whom it may concern:**

**RE: ESTHER MUTHONI KARURI L50/76734/2014**


The above named is a student of the University of Nairobi at Nakuru Extra-Mural Centre Pursuing a Masters degree in Project Planning and Management.

Part of the course requirement is that students must undertake a research project during their course of study. She has now been released to undertake the same and has identified your institution for the purpose of data collection on "Factors Influencing Success of Youth Income Generating Activities. A Case of Youth Enterprise Development Fund" Nakuru Town East, Nakuru County.

The information obtained will strictly be used for the purpose of the study.

I am for that reason writing to request that you please assist her.

Yours Faithfully,

  
RESIDENT LECTURER  
**Mumo Mueke**  
Ag. Resident Lecturer  
Nakuru Extra-Mural Centre  
UNIVERSITY OF NAIROBI

**Appendix IV: Letter of Authorization for the National Commission for Science, Technology and Innovation**



**NATIONAL COMMISSION FOR SCIENCE,  
TECHNOLOGY AND INNOVATION**

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

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

Ref. No.

Date:

**NACOSTI/P/16/86271/12434**

**13<sup>th</sup> July, 2016**

Esther Muthoni Karuri  
University of Nairobi  
P.O. Box 30197-00100  
NAIROBI.

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Factors influencing success of youth income generating activities. A case of Youth Enterprise Development Fund" Nakuru Town East, Nakuru County,*" I am pleased to inform you that you have been authorized to undertake research in **Nakuru County** for the period ending **12<sup>th</sup> July, 2017**.

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

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

**DR. STEPHEN K. KIBIRU, PhD.  
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Nakuru County.

The County Director of Education  
Nakuru County.



## Appendix V: Research Permit

**THIS IS TO CERTIFY THAT:**

**MISS. ESTHER MUTHONI KARURI**  
**of UNIVERSITY OF NAIROBI,**  
**15484-20100 Nakuru, has been**  
**permitted to conduct research in**  
**Nakuru County**

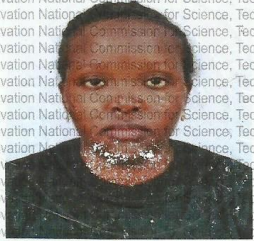
**on the topic: "FACTORS INFLUENCING**  
**SUCCESS OF YOUTH INCOME GENERATING**  
**ACTIVITIES: A CASE OF YOUTH**  
**ENTERPRISE DEVELOPMENT FUND"**  
**NAKURU TOWN EAST, NAKURU COUNTY.**

**for the period ending:**  
**12th July, 2017**

**Permit No : NACOSTI/P/16/86271/12434**  
**Date Of Issue : 13th July, 2016**  
**Fee Recieved :Ksh' 1000**

**Applicant's Signature**

**Director General**  
**National Commission for Science,**  
**Technology & Innovation**



CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.**

**REPUBLIC OF KENYA**  
**NACOSTI**  
**National Commission for Science, Technology and Innovation**  
**RESEARCH CLEARANCE PERMIT**  
**Serial No. A/01/03**  
**CONDITIONS: see back page**