YOUTH ENTERPRISE DEVELOPMENT FUND LOANS AND GROWTH OF YOUTH OWNED ENTERPRISES IN MUMIAS WEST SUB COUNTY, KAKAMEGA COUNTY, KENYA

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YOUTH ENTERPRISE DEVELOPMENT FUND LOANS AND GROWTH OF YOUTH OWNED ENTERPRISES IN MUMIAS WEST SUB COUNTY, KAKAMEGA COUNTY, KENYA

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ABSTRACT

Mumias West Sub County has been recording the lowest revenue growth among youth enterprises in the sub counties of Kakamega County since 2017. The Youth Enterprise Development Fund (YEDF) was initiated with a view of enabling growth of enterprises owned by youth. This study, sought to determine the extent to which YEDF loans have affected youth enterprises in Mumias West Sub county. The general objective of this study was to establish the effect of the YEDF loans and growth of youth owned enterprises in Mumias West sub county, Kenya. Specifically, the study focused on the effect of provision of bid bond financing, Local Service Order/Local Purchase Order (LSO/LPO) financing, Business expansion loans and agribusiness loans provided by the YEDF; and the growth of youth owned enterprises in Mumias West Sub County. The target population were the 612 youth enterprises in Mumias West Sub County. The sample size were 242 youth enterprises obtained using simple random sampling through the Yamane formula. The study relied on the imperfect information theory and the pecking order theory. Primary data was collected using questionnaires. Secondary data was obtained by analysing government records, public records and business journals. Qualitative and quantitative data analysis was accomplished by inferential and descriptive statistics. SPSS was used to analyze the data. The researcher conducted an Analysis of Variance (ANOVA). Data analyzed was presented using tables and figures. From the analysis of findings, the coefficient of determination as measured by the adjusted R-square showed that the predictor variables explain sixty-nine point six percent of the total variation in the growth of youth owned enterprises in Mumias West Sub County. The study concluded that bid bond financing, LPO/LSO financing, business expansion loans and agribusiness loans have a significant effect on the growth of youth owned enterprises in Mumias West Sub County. Access to credit is a major obstacle to young entrepreneurs who lack collateral. YEDF lending has an influence on the performance of Youth-run Businesses. The study recommended that the Youth Enterprise Fund management should come up with structures to ensure training that incorporates technical, as well as entrepreneurial skills.

***Key Words**: Youth Funding, Bid Bond Financing, Local Service Order, Business Loans, Agribusiness Loans*

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INTRODUCTION

In order for the Kenyan economy to grow according to the Vision 2030, the youth must be incorporated into the development agenda, not just passively but in an active capacity (Sambo, 2016). The youth constitutes 29 percent of the population of Kenya (KNBS, 2020). For a long time, Kenyan youth have played peripheral part in the economy resulting in them feeling left out. This has led to increase in unemployment, drug abuse and crime (Rori, Bunei, & Mwenzwa, 2011).

Self-employment and entrepreneurship can bring about new employment opportunities, increase standards of living and provide financial independence for many youths in Kenya (Sambo, 2016). Youth enterprises should be provided with financing so that they can improve their working capital, refurbish their businesses, purchase inventory, pay off other debts among other business needs so as to smoothly run and grow their enterprises (KNBS, 2016). In recent years, entrepreneurship promotion in the country has been primarily aimed at youth in technical training institutions and universities. The youth are introduced to SME startup programs so that they can consider self-employment after they leave school. They also get a chance to examine the current employment problem in Kenya so that they also consider self-employment among their career choices (Kaburi, Mobegi, Kombo, Omari, & Sewe, 2012).

The Prince's Trust Enterprise Programme in the United Kingdom is for people between the ages of 18 and 30, who are not employed and would like to pursue a promising concept. The programme gives youth employment advice, entrepreneurship training, funding and mentorship of start-ups (Fleisig, Safavian, & Pena, 2006). In Africa youth empowerment has been promoted through International Youth Foundation (IYFNET) alongside other local organization. The program ran between 2007 and 2010 in Nigeria, Kenya, Senegal and Tanzania. The services and skills offered by the program included entrepreneurship skills, life skills training, employability, and provision of hands-on experiences through internship (Ober, 2012).

In Kenya, the Ministry of Public Service, Youth, and Gender manages the YEDF, which is a state-owned organization. Its mandate includes enabling youth to access credit, connecting youth owned enterprises with well-established companies, training youth on business skills, providing linking youth businesses to markets, and facilitating youth access to employment opportunities abroad.; and developing business structures for youth enterprises (YEDF, 2012). Several researchers have studied the YEDF and different indicators have been used. Irungu & Kamau (2015) carried out research to find out the effects of YEDF on growth of new enterprises in Mathioya District, Kenya. To indicate YEDF, the study used financial support, training in entrepreneurship and networking.

(Ndigah, Thlaine, & Lyria, 2015) focused on the loans from the YEDF to measure how YEDF affects the growth of youth enterprises in Maara Sub-County. The same measure was used by (Opiyo, Kivuva, & Onyancha, 2015). (Musera, 2015) conducted a similar study in Langata Sub County and used financing, entrepreneurship training, and government policy as indicators of measuring effect of YEDF. (Maritim, 2019) used indicators such as: influence of management of loans, training on venture management and offering services to the members as measures for the YEDF. (Kimando, Njogu, & Kihoro, 2012) used entrepreneurship training as indicator of YEDF. Sub indicators were fund management skills, training intervals and training effectiveness. (Kilele, Nduruhu, & Kimani, 2015) used access to information, repayment period and loan amount, policies and procedures for lending, and financial literacy and training as indicators to represent the YEDF.

Growth can be explained as an increase in several factors: financial growth, workforce growth and technology adoption. To measure growth in workforce, skills development, organizational structure, teamwork, and number of employees are used as indicators. To measure financial growth, sales, profits and positive cash flows are used (Kimathi, 2017). Profitability, revenue, growth rate and liquidity can be used to measure financial performance incomes (Mumin, 2018). Growth in fixed assets is indicated by Return on Assets (ROA) (Kimathi, 2017). The most common parameters used to measure growth are growth of sales and relative growth in employment during a particular time period (Akwalu, 2014; Abor & Quartey, 2010).

To measure technology adoption, parameters used include: availability of machinery, computerized processes and customer relations management systems (Kimathi, 2017). Enterprises can grow technologically by automating processes so as to ensure higher quantity and quality of production with lower costs of production. Computerized processes eliminate errors and ensure consistently high-quality levels. A continuous innovation process is required because consumer needs and market trends are changing continuously, and competition is increasing in the market (Mirmahdi & Wan, 2012). Parameters such as market share, assets, output and profits are also generally used. Market share and output vary from industry to industry, which makes it difficult to make comparisons. Total value of assets depends on the intensity of capital in the industry. Profits may only be relevant when measuring the size of enterprises over a long period of time (Mumin, 2018).

Mumias West Sub county is located in Kakamega County. Twenty-six percent of the enterprises in Mumias West sub county are youth owned (KNBS (b), 2019). Majority of the households practice farming, and most businesses in Mumias West sub county are agricultural based (KNBS (a), 2019). Mumias West Sub County has been of particular concern because it has had the lowest collection in revenue for Kakamega County since 2017. During the financial year ended June 2018, Mumias West accounted for 0.7% of Kakamega County revenue collections, getting Ksh 3,083,382 out of total Ksh 441 million. Out of the Ksh 781.3 million collected by the county in the financial year ended 30th June 2019, Mumias West sub county had Ksh 2,925,336, which represented 0.37%. During 2019-2020 financial year, Mumias West sub county revenue was Ksh 2,774,882 out of the total collected Ksh 1.18Billion. This represented 0.23% of total revenue collection in the whole County (Kakamega County, 2020). Youth enterprises can spur development in an area (Sambo, 2016). This study seeks to find out the effect of the YEDF loans on growth of youth owned enterprises in Mumias West sub county, Kenya.

Statement of the Problem

Growth in youth enterprises is a serious concern for the entire globe. In the United Kingdom, the Prince's Trust Enterprise Programme was established to give youth employment advice, entrepreneurship training, funding and mentorship of start-ups to people between the ages of 18 and 30, who are not employed and would like to pursue a promising concept. (Fleisig, Safavian, & Pena, 2006). High youth unemployment in Africa spurred the International Youth Foundation (IYFNET) alongside other local African organizations to promote growth in youth enterprises.

In Kenya, slow growth of youth enterprises drove the government to set up the Youth Enterprise Development Fund, which is working to enable youth access to credit, connecting youth owned enterprises with well-established companies, training youth on business skills, providing linking youth businesses to markets, and facilitating youth access to employment opportunities abroad.; and developing business structures for youth enterprises (YEDF, 2012).

Mumias West Sub County has been of particular concern because it has had the lowest collection in revenue for Kakamega County since 2017. During the financial year July 2017 to June 2018, Mumias West accounted for 0.7% of Kakamega County revenue collections, getting Ksh 3,083,382 out of total Ksh 441 million. Out of the Ksh 781.3 million collected by the county in the financial year ended 30th June 2019, Mumias West sub county had Ksh 2,925,336, which represented 0.37%. During 2019-2020 financial year, Mumias West sub county revenue was

Ksh 2,774,882 out of the total collected Ksh 1.18Billion. This represented 0.23% of total revenue collection (Kakamega County, 2020).

Apart from having the lowest collections in the county, it is evident that the revenue collections have been decreasing from Ksh 3,083,382 in FY 2017/2018 to Ksh 2,925,336 in FY 2018/2019 to Ksh 2,774,882 in FY 2019/2020. This is an indication of lack of growth in enterprises. Twenty-six percent of the enterprises in Mumias West sub county are owned by youth, which is a significant proportion. Youth enterprises can spur development in the area. To run and grow their businesses, youth need access to financing. Financing is important for working capital, refurbishing of business, purchase of inventory, paying off other debts among other business needs so as to smoothly run and grow their enterprises (KNBS, 2016). There is need to investigate how youth enterprises in Mumias West Sub County are being helped to grow through interventions like the YEDF studies have not been done in this particular sub county to determine the level to which YEDF has affected youth enterprises in Mumias West Sub county. Therefore, this study sought to establish the effect of the YEDF loans on growth of youth owned enterprises in Mumias West Sub County, Kenya.

Objectives of the study

The General objectives was to find out the effect of YEDF loans on growth of youth owned enterprises in Mumias West Sub County, Kenya. The specific objectives were;

- To evaluate the effect of bid bond financing on growth of youth owned enterprises in Mumias West Sub County, Kenya.
- To examine the effect of LPO/LSO financing on growth of youth owned enterprises in Mumias West Sub County, Kenya.
- To evaluate the effect of business expansion loans on growth of youth owned enterprises in Mumias West Sub County, Kenya.
- To establish the effect of agribusiness on growth of youth owned enterprises in Mumias West Sub County, Kenya.

The following were null hypotheses for the study:

- H_{01}: Bid bond financing does not have a significant effect on growth of youth owned enterprises in Mumias West Sub County, Kenya.
- H_{02}: LPO/LSO financing does not have a significant effect on growth of youth owned enterprises in Mumias West Sub County, Kenya.
- H_{03}: Business expansion loans do not have a significant effect on growth of youth owned enterprises in Mumias West Sub County, Kenya.
- H_{04}: Agribusiness loans do not have a significant effect on growth of youth owned enterprises in Mumias West Sub County, Kenya.

LITERATURE REVIEW

Theoretical review

Modigliani and Miller Capital structure irrelevance theory

The Modigliani – Miller irrelevance proposition was developed by Modigliani & Miller (1958). The Modigliani & Miller (1958) analysis is based on the assumption that a probability distribution of the firm's cash flows does not depend on the capital structure decision it makes and that all investors share the same expectations regarding the cash flows. This theory assumes that the growth in enterprises is not affected by capital structure.

Imperfect Information theory

This theory was advanced by Arkelof in 1970. Imperfect information happens when two parties to a transaction do not have the same amount of information concerning the transaction. When a buyer has imperfect information, sellers of low-quality products may crowd out genuine sellers (Arkelof, 1970). Similarly, when a lender has imperfect information, borrowers with weak credit rating may crowd out authentic borrowers. This lack of balance in information can cause the party with less information to be tricked into making costly decisions. Information asymmetry happens frequently in market exchanges because the seller is more knowledgeable than the purchaser about the condition of the product while a borrower is more knowledgeable his credit-worthiness than the potential lender (Hussein, 2017).

This theory assumes that lenders cannot completely make a distinction between low risk and high-risk applicants for loans. Conventional financial institutions find it difficult to successfully compete with informal lenders because informal lenders usually have a relationship with the borrower and therefore have better information about loan applicants. Following this theory, commercial banks would find it difficult to penetrate micro credit markets and provide loans to small enterprises (Hussein, 2017). Borrowers could trick the lenders that they intend to use the funds for an investment project yet they plan to use the money for consumption. Therefore, loans accessed by youth may not lead to growth of the youth enterprises because the youth borrowers would divert the funds to non-profit pursuits and end up defaulting on the loans granted.

Pecking order theory

This theory was explained by Myers and Majluf in 1984. The theory proposition is that most firms prefer internal financing as opposed to external financing. The most preferred source of finance is internally sourced. The second preferred source of finance is debt followed by internal equity then equity from external parties (Myers & Majluf, 1984). In the Pecking Order Theory, emphasis is laid on use of internally generated funds which are readily applicable to SMEs as opposed to external funds. The Pecking Order Theory provides that profitability of small and medium enterprises is closely related to the amount of external funds utilized, i.e. those that utilize more external funds experience less profits. Growing businesses tend to have very profitable opportunities for reinvesting its own retained earnings and would therefore choose to reinvest most or all of its profits back into its expanding enterprise instead of paying dividends to shareholders (Pandula, 2011). Based on this theory access to youth enterprise fund loans would have a negative relationship with growth of youth enterprises.

Empirical review

Kimathi (2017) conducted a study on how asset-based financing solutions affect growth of manufacturing Nairobi County SMEs. The variables studied were existing asset-based finance solutions, such as purchase order financing, cheque discounting, and leasing financing. The researcher used a causal research design for a target demographic of 2,000 manufacturing SMEs located in Nairobi and its surrounding areas, including Thika, Athi River, and Limuru. From the three strata of agro-based, chemical and mining, and engineering and construction firms, a systematic random sampling for a sample size of 100 was obtained correspondingly. Questionnaires of a semi-structured nature were used in acquiring primary data. Secondary data was gathered from relevant print and online public materials. The data was examined using the SPSS. The analysis includes creating and presenting descriptive statistics in tables and graphs. The study discovered that LPO funding has a substantial impact on SME growth by assisting them in improving their technology, meeting short-term responsibilities, obtaining labour, and ensuring better product and service delivery. Similarly, check discounting has a number of advantages for SMEs, including ensuring that they have enough liquidity to negotiate for cheaper pricing and discounts during purchase of supplies. The study was focused on Nairobi.

Oke, Adeyemo, & Toriola (2016) studied the effect of risks related to guarantees and bonds on construction based projects in Nigeria. The research sort to determine project risks and project problems inherent in unbonded and bonded projects so as to establish how they affects the overall success of construction projects. The study collected primary data by administering questionnaires to construction bond stakeholders who had been identified, such as public project clients, architectural and quantity surveying firms; insurance firms and banks that guarantee construction bonds to contracting companies. To rank the identified factors, mean item score was used. Mann-Whitney and Kruskal-Wallis tests were used to investigate the differences and relationship in averages of samples of various target groups. The study found that the credit risk of the entity issuing the bond mainly affects bonded projects. Liquidity risk was found to have a major effect on projects without bond. However, no significance effect of bond risks on project with and without bond. The study concluded that because the risks identified mainly apply to bonded projects, it is important to use bonds for all forms of public and private projects to minimize risks. The study examined the importance of bid bonds on projects performance, but did not check the impact of bid bond financing on the growth of youth owned enterprises in Mumias West Sub County.

Vo, Tran, & Trinh (2011) studied Access to Finance by Vietnamese SMEs. The purpose of this research was to look into Vietnamese SMEs' access to finance, as well as the financial gaps and causes preventing them from accessing financing, in the Textiles and Garment, Automotive Components Manufacturing, and Electrical and Electronics Industries. Questionnaire surveys were administered among SMEs in different cities and provinces in Vietnam, and among financial institutions. Simple sample method was used to select a list of 200 enterprises, representing three main Vietnam geographical areas (the north, the centre and the south) where there are large enterprises operating in garments and textiles, automotive and motorbike parts, and electronics and electrical. The study found that loans from financial institutions and Government support programs have positively benefited SMEs in their business activities. The study concluded that commercial loans were beneficial to SMEs in Vietnam. The study did not cover Mumias West Sub County in Kenya.

Okoth, et al., (2013) studied how the YEDF affects Youth Enterprises located in Kenya. The researcher wanted to determine the effect of the YEDF on youth enterprises in Siaya County, Kenya. The 28 YEDF financiers and the 202,897 youths in the County were chosen using stratified random sampling. There were 128 responders in all, with first layer having 28 and the second layer having 100. Data gathering was done through survey questionnaires and evaluated using multiple linear regression to determine that the YEDF had no meaningful impact on youth enterprises. Inadequate repayment provisions on agriculture loans, as well as a lack of repayment options, were serious roadblocks. As a result, only 40,063 young people out of a total population of 202,897 have received support from the fund in the last five years. It is therefore imperative to evaluate how agribusiness loans affect the growth of youth enterprises in Mumias West Sub County

Conceptual Framework

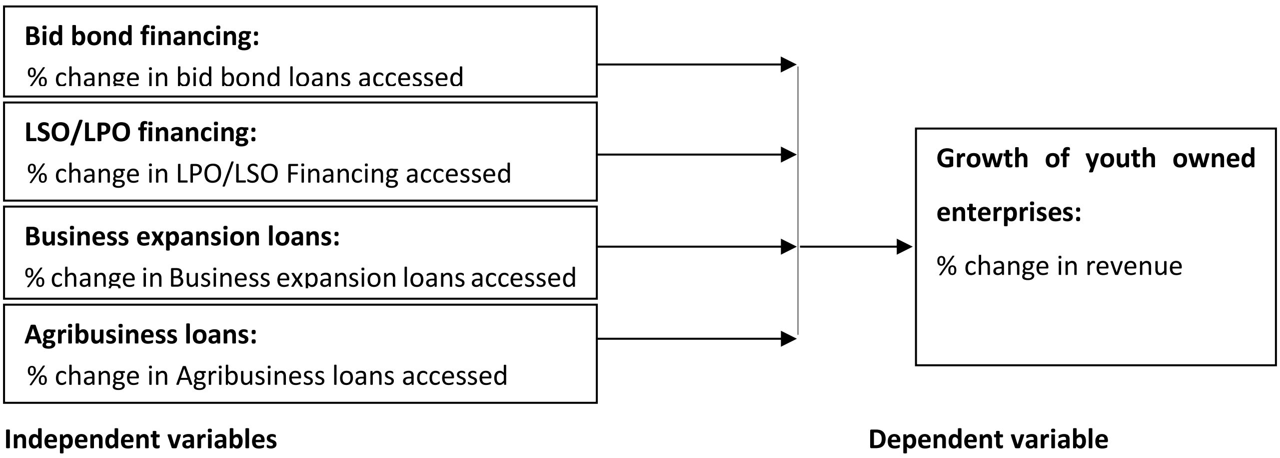

Figure 1: Conceptual Framework

METHODOLOGY

This study used a causal research design. The causal-survey design facilitates data collection from the sample population and allows for a better knowledge of the population from the sample population (Saunders, Lewis, & Thornhill, 2012). The target population was the 612 youth businesses in Mumias West Sub County. The study adopted simple random sampling to sample the respondents in line with the study objectives and according to Yamane formulae (Yamane, 1967; Adam, 2020). Applying Yamane Formula to get the sample size for this study, $n = N/ (1+N(e)^2)$ where n = sample size, N= population size and e = margin error or desired level of precision at 95% confidence level. Since it is difficult to determine variability proportions, the study assumed maximum variability and adopted an allowable margin error of 0.05 at 95% confidence level. With N=612 and with e = 0.05, $n = 612/ (1+612(0.05)^2)$ = **242.** From the above calculated sample size, and the unit of observations were the 242 owners of the sampled youth enterprises who were administered with the questionnaires and the unit of analysis were the 242 sampled enterprises. A pilot study was done with 24 different youth enterprises not in the main study. This research utilized primary and secondary data. Primary data was obtained from responses filled on the questionnaires. Secondary data was collected from relevant published materials both in print and online by these enterprises.

FINDINGS AND DISCUSSIONS

Barriers to Accessing Financing

The questionnaire had a section for the respondent to indicate the barriers to accessing financing. Table 1. below shows the result from the analysis of findings.

Table 1: Barriers to Accessing Finance

	Mean	Standard Deviation
High cost of financing due to high interest rates	2.578	0.423
Requirements for collateral before financing	2.512	0.561
Poor record-keeping	2.138	0.663
Low awareness on the available financing options for youth enterprises	2.133	0.389
Inadequate financing solutions designed for youth enterprises	2.147	0.412
Lack of a good business plan and business projections	2.799	0.665
Belief that they would be denied by lenders	2.862	0.511
Dislike for debt	2.212	0.112
Lack of trademarks, patents and copyright	2.667	0.668

As the responses indicated, it was clear that the identified factors held quite a hindrance to accessing finance. Most respondents noted (M=2.578, S. D= 0.423) that high cost of financing due to high interest rates had significantly affected loan access. It was also established that most respondents noted (M=2.512, S. D= 0.561). Requirements for collateral before financing was an extreme barrier in accessing loans. that Poor record-keeping was found by most respondents (M=2.138, S. D= 0.663) as a moderate barrier in accessing loans. Also noted was that most respondents noted (M=2.512, S. D= 0.561) that low awareness on the available financing options for youth enterprises was a moderate barrier in accessing loans. Inadequate financing solutions designed for youth enterprises was also seen to be a moderate barrier (M=2.147, S. D= 0.412) in accessing finance.

The analysis of findings also showed that most respondents noted (M=2.799, S. D= 0.665) that lack of a good business plan and business projections was an extreme barrier in accessing loans. Respondents also indicated that belief that the youth would be denied by lenders was a moderate barrier in accessing loans (M=2.862, S. D= 0.511). Also noted was that most respondents noted (M=2.212, S. D= 0.112) that dislike for debt was a moderate barrier in accessing loans. Lack of trademarks, patents and copyright was also seen to be an extreme barrier (M=2.667, S. D= 0.668) in accessing finance.

Need for Bid Bond Financing

Respondents also indicated the reason for needing bid bond financing. The results were analyzed on a five-point likert scale as shown.

Table 2: Need for Bid Bond Financing

Financing Needs	Mean	Standard deviation
Inadequate working capital	4.498	0.762
Need to purchase fixed assets	4.335	0.672
Need to increase inventory	4.289	0.962
Finances for ensure timely delivery of products/services to clients	4.279	0.801
Finances for marketing activities	4.264	0.567
Non- Business Purpose	4.199	0.497
To start another business	4.156	0.454

Majority of the respondents conceded that they needed bid bond financing as they had inadequate working capital as a high priority (M=4.498, SD=0.792). In addition, the need to purchase fixed asset was indicating as a priority reason for bid bond financing by respondents (M=4.335, SD=0.672). Another important priority of bid bond financing was the need to increase inventory (M=4.289, SD=0.962). The findings also showed that majority of the respondents indicated finances to ensure timely delivery of products/services to clients was a high priority for bid bond financing (M=4.279, SD=0.801) of bid bond financing. Financing for marketing activities was also seen to have a significant impact on the need for bid bond financing (M=4.264, SD=0.567). Respondents who indicated non-business purpose as a high priority of bid bond financing (M=4.199, SD=0.497). The findings also showed that several the respondents indicated that starting another business was a high priority for bid bond financing (M=4.156, SD=0.454) of bid bond financing.

LPO/LSO Financing

The questionnaire gave respondents the opportunity to indicate whether LPO/LSO financing was easily accessible. The figure below shows the outcome of the analysis.

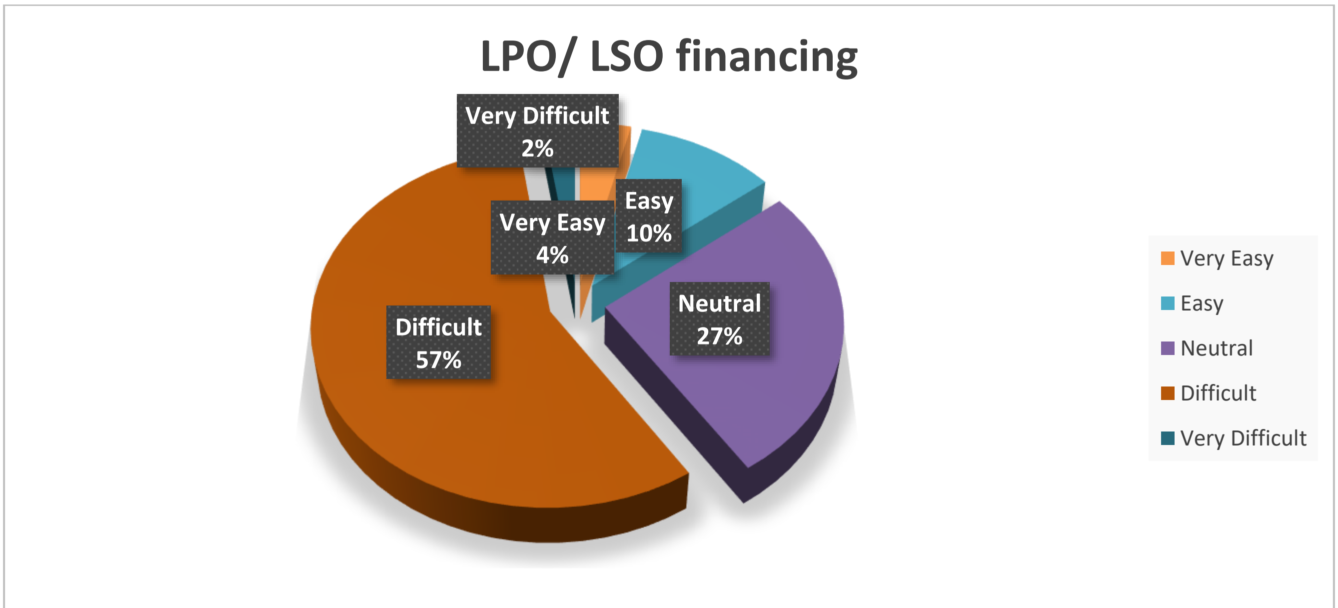

Figure 2: LPO/LSO Financing

57% of the respondents indicated that access to LPO/LSO financing was quite difficult. 27% of the respondents were neutral on the accessibility of LPO/LSO financing while 10% of the total respondents indicated that access to LPO/LSO financing was easy. 4% of the respondents indicated access to LPO/LSO financing was very easy while 2% of the total respondents indicated LPO/LSO financing to be very difficult. It was thus clear from the findings that majority saw access to LPO/LSO financing to be difficult.

Barriers to Accessing LPO/LSO financing by Youth Enterprises

The questionnaire had a section for respondents to indicate the barriers to accessing LPO/LSO financing by youth enterprises. The table below indicates the outcome of the analysis.

Table 3: Accessing LPO/LSO financing by Youth Enterprises

	Mean	**Standard Deviation**
High cost of financing due to high interest rates	2.126	0.412
Requirements for collateral before financing	2.451	0.512
Poor record-keeping	1.938	0.754
Low awareness on the available financing options for youth enterprises	2.438	0.221
Inadequate financing solutions designed for youth enterprises	2.556	0.994
Lack of a good business plan and business projections	2.799	0.663
Belief that they would be denied by lenders	2.862	0.911
Dislike for debt	2.212	0.112
Lack of trademarks, patents and copyright	2.881	0.968

It was seen that the identified factors held quite a hindrance to accessing LPO/LSO financing by youth enterprises. Most respondents noted that high cost of financing due to high interest rates had a significant effect in accessing LPO/LSO financing (M=2.126, S. D= 0.412). It was also established that most respondents noted (M=2.451, S. D= 0.512) that Requirements for collateral before financing was a moderate barrier in accessing LPO/LSO financing by youth enterprises. Also noted from the descriptive statistics was that most respondents noted (M=1.938, S. D= 0.754) that poor record-keeping was a moderate barrier in accessing LPO/LSO financing by youth enterprises. Also noted was that most respondents noted (M=2.438, S. D= 0.221) that low awareness on the available financing options for youth enterprises was a moderate barrier in accessing LPO/LSO financing for youth enterprises. Inadequate financing solutions designed for youth enterprises was also seen to be an extreme barrier (M=2.556, S. D= 0.994) in accessing LPO/LSO financing by youth enterprises.

Need for LPO/LSO Financing by Youth Enterprises

The study also established from the respondents their need for LPO/LSO financing by youth enterprises. The results were analyzed on a five point likert scale as shown.

Table 4: Need for LPO/LSO Financing by Youth Enterprises

	Mean	Standard deviation
Inadequate working capital	4.321	0.266
Need to purchase fixed assets	4.159	0.185
Need to increase inventory	3.944	0.885
Finances for ensure timely delivery of products/services to clients	4.349	0.822
Finances for marketing activities	4.537	0.361
Non- Business Purpose	4.282	0.432
To start another business	4.221	0.588

Most respondents conceded that they needed LPO/LSO financing due to inadequate working capital as a high priority (M=4.321, SD=0.266). Other respondents indicated the need to purchase fixed asset as a high priority reason for LSO/LPO financing (M=4.159, SD=0.185). Also noted from the findings was that majority of the respondents indicated need to increase inventory was a high priority (M=3.944, SD=0.885) of LPO/LSO financing. The findings also showed that majority of the respondents indicated finances to ensure timely delivery of products/services to clients was a high priority for LPO/LSO financing (M=4.349, SD=0.822). Financing for marketing activities was also seen to have a significant impact on the need for LPO/LSO financing (M=4.537, SD=0.361). Some respondents prioritized non business purposes (M=4.282, SD=0.432), and starting another business (M=4.221, SD=0.588) for LPO/LSO financing of youth owned enterprises.

Business Expansion Loans

Respondents were asked whether they thought the business expansion loans were easily accessible. The figure below is a pictorial representation of the responses.

Figure 3: Business Expansion Financing

47% of the respondents indicated that access to business expansion loans was quite difficult. 37% of the respondents were neutral on the accessibility of business expansion loans while 9% indicated that access to business expansion loans. 5% of the respondents found easy access to business expansion loans while 2% of the total respondents had difficult access to business expansion loans. It was thus clear from the findings that majority saw access to business expansion loans to be difficult.

Barriers to Accessing Business Expansion Loans by Youth Enterprises

Respondents indicated the barriers to accessing business expansion loans by youth enterprises. The table below summarizes the outcome of the analysis.

Table 5: Accessing Business Expansion Loans by Youth Enterprises

	Mean	Standard Deviation
High cost of financing due to high interest rates	2.555	0.967
Requirements for collateral before financing	2.138	0.848
Poor record-keeping	2.673	0.585
Low awareness on the available financing options for youth enterprises	2.733	0.772
Inadequate financing solutions designed for youth enterprises	2.439	0.223
Lack of a good business plan and business projections	2.833	0.832
Belief that they would be denied by lenders	2.183	0.722
Dislike for debt	2.384	0.452
Lack of trademarks, patents and copyright	2.457	0.452

It was revealed that the business expansion financing especially to the youth enterprises faced a number of challenges. Most respondents noted that high cost of financing due to high interest rates had a significant effect in accessing business expansion loans (M=2.555, S. D= 0.967). It was also established that most respondents noted (M=2.138, S. D= 0.848) that requirements for collateral before financing was a moderate barrier in accessing business expansion loans by youth enterprises. Also noted from the descriptive statistics was that most respondents noted (M=1.938, S. D= 0.754) that poor record-keeping was an extreme barrier in accessing business expansion financing by youth enterprises. Also noted was that most respondents noted (M=2.733, S. D= 0.773) that low awareness on the available financing options for youth enterprises was a moderate barrier in accessing business expansion for youth enterprises. Inadequate financing solutions designed for youth enterprises was also seen to be a moderate barrier (M=2.439, S. D= 0.223) in accessing business expansion loans by youth enterprises.

The analysis of findings also showed that most respondents noted (M=2.833, S. D= 0.832) that lack of a good business plan and business projections was an extreme barrier in accessing business expansion Loans. Also noted from the findings was that most respondents noted (M=2.183, S. D= 0.722) that belief that the youth would be denied by lenders was a moderate barrier in the access of business expansion loans by youth enterprises. Also noted was that most respondents noted (M=2.384, S. D= 0.452) that dislike for debt was a moderate barrier in accessing business expansion loans. Lack of trademarks, patents and copyright was also seen to be an extreme barrier (M=2.457, S. D= 0.452) in accessing business expansion loans by youth enterprises.

Need for Business Expansion Loans by Youth Enterprises

The respondents provided reasons why they needed business expansion loans. The results were analyzed on a five point likert scale as shown.

Table 6: Need for Business Expansion Loans by Youth Enterprises

	Mean	Standard deviation
Inadequate working capital	4.772	0.224
Need to purchase fixed assets	4.821	0.581
Need to increase inventory	3.933	0.993
Finances for ensure timely delivery of products/services to clients	4.482	0.094
Finances for marketing activities	4.134	0.773
Non- Business Purpose	4.533	0.859
To start another business	4.437	0.993

Most respondents conceded that they needed business expansion loans as they had inadequate working capital as a high priority (M=4.772, SD=0.224). Other respondents agreed as a high priority the need to purchase fixed asset as a reason for business expansion financing (M=4.821, SD=0.581). Findings also indicate that majority of the respondents indicated need to increase inventory was a high priority of business expansion financing (M=3.933, SD=0.993). The findings also showed that majority of the respondents indicated finances to ensure timely delivery of products/services to clients was a high priority for business expansion financing (M=4.482, SD=0.094) financing for marketing activities was also seen to have a significant impact on the need for business expansion loans (M=4.134, SD=0.773). In addition, non- business purpose was a high priority of other respondents for business expansion loans (M=4.533, SD=0.859). The findings also showed that a number of the respondents indicated that starting another business was a high priority for the business expansion loans (M=4.437, SD=0.993) of the youth owned enterprises. In line with the findings, Kinyua (2014) showed that SMEs' access to funding can improve their performance. Management skills had a significant positive impact on SMEs' performance; macro environmental factors had a major impact on performance; and infrastructure had no significant impact on SMEs' performance. The researcher also revealed that performance increased with the years of experience.

Agri-Business Loans

Respondents provided responses on whether they thought the agribusiness loans were easily accessible. The results from the analysis of findings are illustrated in figure 3 as shown below

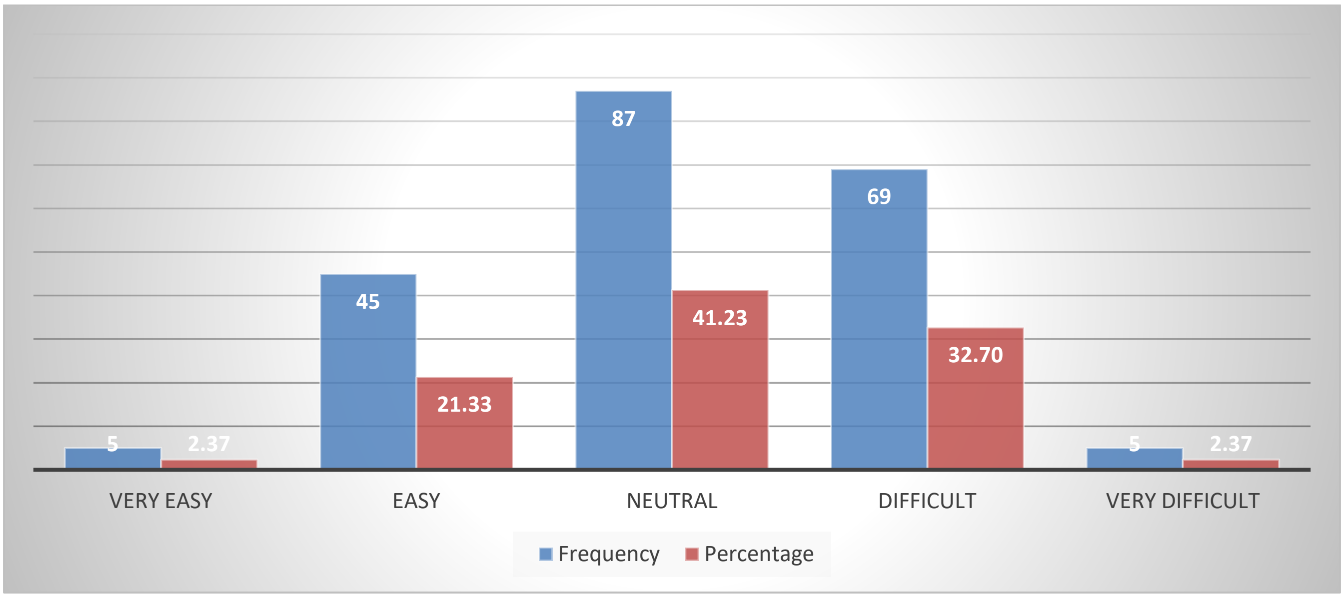

Figure 4: Agribusiness Loans

87 respondents (41.23%) indicated that they were uncertain on the accessibility of agribusiness loans. 32.7% of the respondents indicated that accessibility of agribusiness loans was quite difficult while 21.33% of the total respondents indicated that accessibility of agribusiness loans was easy. 2.37% of the respondents indicated access to business expansion loans was very easy while another 2.37% of found that access to the agribusiness loans was very difficult. It was thus clear from the findings that majority were uncertain on the accessibility of the agribusiness loans.

Barriers to Accessing Agribusiness Loans by Youth Enterprises

Respondents provided their experience on the barriers to accessing agribusiness loans by youth enterprises. The table below shows the result of the analysis.

Table 7: Accessing Agribusiness Loans by Youth Enterprises

	Mean	Standard Deviation
High cost of financing due to high interest rates	2.746	0.849
Requirements for collateral before financing	2.528	0.839
Poor record-keeping	2.547	0.447
Low awareness on the available financing options for youth enterprises	2.882	0.423
Inadequate financing solutions designed for youth enterprises	2.661	0.672
Lack of a good business plan and business projections	2.472	0.432
Belief that they would be denied by lenders	2.021	0.993
Dislike for debt	2.684	0.433
Lack of trademarks, patents and copyright	2.001	0.922

It was established from the analysis that most respondents noted (M=2.746, S. D= 0.849) that high cost of financing due to high interest rates had a significant effect in accessing agribusiness loans. Generally, respondents noted that requirements for collateral before financing was a moderate barrier in accessing agribusiness loans by youth enterprises (M=2.528, S. D= 0.839). Respondents noted that poor record-keeping was an extreme barrier in accessing agribusiness loans by youth enterprises (M=2.547, S. D= 0.447). Also noted was that most respondents noted (M=2.882, S. D= 0.423) that low awareness on the available financing options for youth enterprises was an extreme barrier in accessing agribusiness loans especially for youth enterprises. Inadequate financing solutions designed for youth enterprises was also seen to be a moderate barrier (M=2.661, S. D= 0.672) in accessing agribusiness loans by youth enterprises.

The analysis of findings also showed that most respondents noted (M=2.472, S. D= 0.432) that lack of a good business plan and business projections was a moderate barrier in accessing agribusiness loans. Also noted was the belief that the youth would be denied by lenders was a moderate barrier in the access of business expansion loans by youth enterprises. (M=2.021, S. D= 0.993). Also noted was that most respondents noted (M=2.684, S. D= 0.433) that dislike for debt was a moderate barrier in accessing business expansion loans. Lack of trademarks, patents and copyright was also seen to be a moderate barrier (M=2.457, S. D= 0.452) in accessing agribusiness loans by youth enterprises.

Need for Agribusiness Loans by Youth Enterprises

The respondents were also required to indicate against a list of reasons respondents for need of agribusiness loans. The results were analyzed on a five point likert scale as shown.

Table 8: Need for Agribusiness Loans

	Mean	Standard deviation
Inadequate working capital	4.223	0.876
Need to purchase fixed assets	4.528	0.721
Need to increase inventory	4.739	0.889
Finances for ensure timely delivery of products/services to clients	4.562	0.694
Finances for marketing activities	4.738	0.483
Non- Business Purpose	4.773	0.332
To start another business	4.472	0.783

Majority of the respondents conceded (M=4.224, SD=0.876) that they needed agribusiness loans as they had inadequate working capital as a high priority. The need to purchase fixed asset as a high priority reason for agribusiness loans for some respondents (M=4.528, SD=0.721). Also noted from the findings was that majority of the respondents indicated need to increase inventory was a high priority (M=3.933, SD=0.993) for the agribusiness financing. Other respondents indicated they needed agribusiness loans to ensure timely delivery of products/services to clients (M=4.562, SD=0.694). Financing for marketing activities was also seen to have a significant impact on the need for agribusiness financing (M=4.134, SD=0.773). Non-business purpose was a very high priority of agribusiness loans for some respondents (M=4.773, SD=0.332). The findings also showed that a number of the respondents indicated that starting another business was a high priority for agribusiness loans (M=4.472, SD=0.783) of the youth owned enterprises.

Pearson’s Correlation Analysis

The study tabulated the effect of bid bond financing, LSO/LPO financing, business expansion loans, agribusiness loans and the growth of youth owned enterprises in Mumias West Sub County. Linear correlation analysis was used to illustrate the association between the variables was as shown using. The results are presented in Table 9.

Table 9: Bivariate Linear Correlation Analysis

		Bid Bond Financing	LSO/LPO Financing	Business Expansion Loans	Agribusiness Loans	Growth of Youth Enterprises
Bid Bond Financing	Pearson Correlation	1	.712**	.616**	.747**	.714**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	211	211	211	211	211
LSO/LPO Financing	Pearson Correlation	.712**	1	.650**	.662**	.762**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	211	211	211	211	211
Business Expansion Financing	Pearson Correlation	.616**	.650**	1	.638**	.686**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	211	211	211	211	211
Agribusiness Financing	Pearson Correlation	.747**	.662**	.638**	1	.748**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	211	211	211	211	211
Growth of Youth Enterprises	Pearson Correlation	.714**	.762**	.686**	.748**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	211	211	211	211	211

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

The bivariate correlation analysis Table 9. reveals a positive association between the predictor variables at 0.01 significant level. Therefore, they have been included in the analysis. The bi-variate linear correlation analysis values are as follows:

Bid Bond Financing X1 = 0.714**

LSO/LPO Financing X2 = 0.762**

Business Expansion Loans X3 = 0.686**

Agribusiness Loans X4 =0.748**

There is a strong positive and significant relationship between LSO/LPO financing and the growth of youth enterprises (correlation coefficient 0.762**); the findings also reveal a strong positive relationship between bid bond financing and the growth of youth enterprises (correlation coefficient 0.714**). The study also established a strong positive relationship between business expansion loans and the growth of youth enterprises (correlation coefficient 0.686**). Also established from the respondents a strong positive relationship between business expansion loans and the growth of youth enterprises (correlation coefficient 0.748**). This implies that LPO/LSO Financing has the highest effect on the growth of youth enterprises while business expansion has the least strong effect on the growth of youth enterprises.

Regression Analysis

The study sought to determine the relationship between youth enterprise development fund and the growth of youth owned enterprises in Mumias Sub County, Kenya. The determinants under investigation were: bid bond financing, LSO/LPO financing, business expansion loans and agri business loans. The regression model was:

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where;

α = Constant

Y = Growth of youth owned enterprises

X_1 = bid bond financing

X_2 = LSO/LPO financing
X_3 = Business Expansion Loans
X_4 = Agribusiness Loans
ε = Stochastic disturbance error term

ANOVA

The study sought to determine the ANOVA used to present regression model significance. The findings are presented in Table 10.

Table 10: Model Validity

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.234	4	2.308	73.052	.000[b]
	Residual	6.592	206	.032		
	Total	15.826	210			

a. Dependent Variable: Growth of youth owned enterprises
b. Predictors: (Constant), bid bond financing, LSO/LPO financing, business expansion loans, agribusiness loans

The study sought to investigate whether the multiple regression model was valid or not. The F statistics was used to determine the model validity. The study found out that the model was valid $F_{(4, 126)} = 73.052$, P=0.000. Therefore, the implication is that all the predictor variables are good in explaining variation in trade facilitation at the Jomo Kenyatta International Airport.

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that bid bond financing, LPO/LSO financing, business expansion loans and agribusiness loans have a significant effect on the growth of youth owned enterprises in Mumias West Sub County. Young entrepreneurs without collateral find it difficult to access credit. YEDF lending has an influence on the performance of Youth-run Businesses. YEDF has streamlined loan application process and reduced loan disbursement time frame. From the findings, it was concluded that the need for financial resources to be matched to cater for the increasing demand for loans among the young people.

The study further asserted that cost of bond had a significant relationship with the final cost and initial cost of the projects. It was concluded that there should be proper and careful utilization of bid bonds in the construction industry. The study concluded that loans from financial institutions and Government support programs have positively benefited youth owned enterprises in their business activities. The study concluded that commercial loans were beneficial to youth owned enterprises in Mumias West Sub County. The study also concluded that profitability and productivity of youth owned enterprises can be increased by proper accounting. Proper accounting increases the chances of getting business expansion loans. The study concluded that micro financials' savings accounts help entrepreneurs build a culture of saving. In addition, training accessibility is favourably associated to the growth of youth owned enterprises.

The study further concludes that YEDF Entrepreneurship, Training, Mentorship and Coaching has a significant effect on the growth of small and medium enterprises in Nairobi County. Financing needs to be accompanied by Entrepreneurship, Training, Mentorship and Coaching. In addition, Entrepreneurship, Training, Mentorship and Coaching by YEDF enables entrepreneurs to get tools and knowledge required to compete. The study concludes that Quality Entrepreneurship, Training, Mentorship and Coaching are costly and out of reach for many small businesses.

The researcher faced several challenges. The study was done under constraints of time and finance. The researcher borrowed finances where there was shortfall. Some respondents were biased as they gave information. Other respondents found the researcher as suspicious and were anxious of cooperating in a study whose purpose they were not aware. To mitigate this challenge, the researcher made sure to explain the purpose and nature of the study. Respondents were informed that the research was for academic purposes and confidentiality would be upheld by the researcher.

In some instances, YEDF management denied and limited access to information that it considered sensitive. The researcher had obtained a letter of introduction from the university, which was handy when seeking information from management.

The study recommended that the government should come up with policies and structures that encourage ensure the availability of more funds to the youth as well as reducing the bureaucracy experienced when applying for the loans. The Youth Enterprise Development Fund management should develop structures to ensure training that incorporates technical, as well as entrepreneurial skills. They should also strive to create awareness on the availability of these funds to the youths through continuous awareness drives.

The Youth Enterprise Development Fund management should prepare mentorship programs through the various social media platforms by linking the successful youth entrepreneurs with the newbies. This may mitigate the youths' challenges in the business operations. The study established that there are other factors within YEDF products that affect the growth of youth owned enterprises in Mumias West Sub County. To augment this study, it is recommended that other studies be conducted to establish more factors that affect the growth of small and medium enterprises in Mumias West Sub County.

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