MODERATING EFFECT OF COLLATERAL ON THE RELATIONSHIP BETWEEN YOUTH EMPOWERMENT STRATEGY AND ECONOMIC DEVELOPMENT OF YOUTH IN KESSES CONSTITUENCY,

UASIN GISHU COUNTY

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DECLARATION

Declaration by the Candidate

This thesis is my original work and has never been presented to any other examination body. This thesis should not be reproduced without my consent or that of The University of Eldoret.

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Declaration by Supervisors

The thesis has been submitted for examination with our approval as University supervisors.

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DEDICATION

To my mother Rose Wakapisi for her effort and care without which I would not have made it this far. To my late father David Wakapisi who always encouraged me to read more books. His legacy lives forever. May his soul rest in eternal peace.

ABSTRACT

The issue of youth economic development is of concern both to the developed and developing countries. 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 economic development hence reduce the unemployment rate among the youth and improve the economy. Despite this effort by the government the uptake of these government funds by the youths still remains low. If the issue of low uptake will not be addressed, it will lead to lower capital base which will limit growth of youth enterprises due to lack of collateral. The purpose of this study is to underscore the moderating effect of collateral on the relationship between youth empowerment strategy and economic development of youth in Kesses Constituency. The objectives of this study include the effect of loan lending, market support, market linkages, training on economic development of youth. Also determine the moderating effect of collateral on the relationship between youth empowerment strategy and economic development of youth in Kesses Constituency A lender-based theory of collateral, the theory of youth empowerment, and the theory of asset-building community was adopted by the study. The study adopted the explanatory research design. Target population was 200 youth with a sample size of 133 determined by Slovin formula. Reliability was tested by Cronbach's alpha coefficient whereas the validity was measured through the content validity. Questionnaires was used as data collection instruments and data collected was analyzed using descriptive and inferential statistics. The collateral had a significant positive effect on the economic development. The coefficient of determination (R squared of 0.95) indicated that 90.5% economic development was explained by youth empowerment strategy. There was a positive significant effect of market support (β_2=0.324, $p<0.05$), market linkages (β_3=0.622, $p<0.05$) and training (β_4=0.105, $p <0.05$) on economic development. There was negative significant effect of loan lending (β_1= -0.089, $p<0.05$) and collateral (β_5= -0.078, $p<0.05$) on economic development. Collateral and youth empowerment model results showed R^2= 0.911 and significant ($p<0.000$ explained only 91.1 % of the variance on economic development. The interaction between youth empowerment strategy and collateral accounted for significant proportion of 81.2 % of the variance in economic development but negative insignificant effect of (β_6 = -0.081, $p >0.05$). Based on the findings loan lending, market support, market linkages training and collateral programmes should be rolled out among the youth. These programmes should be tailored in a manner that can equip the youth with skills to run their own enterprises. This research will benefit the government of Kenya in planning for more resource allocation to the youth, the donors in identifying the gaps in youth empowerment strategy and take corrective measures.

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LIST OF ABBREVIATIONS

AGPO: Access to Government Procurement Opportunities

CRB: Credit Reference Bureau.

C-YES: Constituency Youth Enterprise Scheme

DSDO: District Social Development Officer

E-YES: Easy Youth Enterprise Scheme

GDP: Gross domestic product

GOK: Government of Kenya

LPO: Local Purchase Order

MSE: Medium and Small Enterprise

NPL: Non-Performing Loans

SPSS: Statistical Packages for Social Sciences

OPERATIONAL DEFINITION OF TERMS

Collateral: Collateral are assets that are pledged by a borrower to a lender as security for the payment of a debt (Kihimbo *et al*., 2012).

Economic development of youth: Refers to the alignment of youth and natural resources of a community to match both global and regional markets, and they can strive to create new jobs that fit both the young people and the society (Ferraro, 2009). In addition, this is involvement of young people in community service and / or community activities which yield some income (Wallerstein, 2012).

Loan lending: Loan lending is a procedure that involves written or oral agreement for a temporary transfer of a property, usually in cash form, from its owner called the lender to a borrower who promises to return it according to agreed terms which involve interest, time of repayment and the pattern of the repayment (Dhikhary, (2006).

Market linkages: This refers to formal or informal relationship that takes place between organizations and its local partners (Siwadi, 2010).

Market support: This the process of helping the youth to access the market for their products through advertising and marketing of their goods.

Training: A continuous process leading to the development of knowledge required for starting and managing a firm (Wilson *et al*. 2007)

Youth empowerment strategy: Is a mechanism available to the youth within financial intuitions, public sector, private sector, and non-governmental organizations that enable them get monetary resources to implement their business start-ups (Rajendar, 2012).

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CHAPTER ONE

INTRODUCTION

1.0 Introduction to the study

This chapter covers the background information of the study, the statement of the problem, main and specific objectives, hypothesis, significance and scope of the study.

1.1 Background of the study

Economic development of youth refers to the alignment of human and natural resources of a community to match both global and regional markets, and they can strive to create new jobs that fit both the young people and the society (Ferraro, 2009).It also refers to the actions taken to improve the economic situation of youthful residents in terms of income, assets and local businesses to enhance their quality of life as a whole (Temali, 2012). As far as economic development is concerned, the issue of employment of youth was of particular interest as this group tends to be in the weakest position in the labour market (Koehler, 2013).

Youth are the foundation of a society (Goldin, 2014). Given the right combination of motivation, ideas and opportunities, youth are more than able to establish productive and creative businesses (Chingunta, 2015). Bell and Blanchflower (2011) however argued that young workers were consistently more likely to be strategically less economically empowered than the older generation. Therefore, this led to the need for youth empowerment around the globe that had attracted increasing interest from policy makers, governments, and even scholars as a way of dealing with youth economic development (Philip, 2010). The government of Kenya acknowledged the need for youth empowerment strategy and came up with a project known as ´*Kazi Kwa Vijana* ´(KKV).

According to Honorati (2015), Kenya Youth Empowerment (KYEP) was a project owned and implemented by the Kenyan government to address youth issues, such as the post-election violence experienced in 2008, and the youth unemployment (GoK, 2006). Rajendar (2012) described youth empowerment strategy as the mechanism available to the youth within financial intuitions, public sector, private sector, and non-governmental organizations that enable them get monetary resources to implement their business start-ups.

The empowerment strategy of young people led to the development of the national economy as it increased its aggregate demand as well as the formation of capital (Msigwal & Kipesha, 2013). It is an attitudinal, structural, and cultural process whereby young people gain the ability, authority, and agency to make decisions and implement change in their own lives and the lives of other people, including youth and adults (Hughes.C & Stenhjem 2010) The empowerment strategy of young people leads to the development of the national economy as it increases its aggregate demand as well as the formation of capital (Msigwal & Kipesha, 2013).

Youth empowerment is a process where young people are encouraged to take charge of their lives through access to resources and transform their consciousness through their beliefs, values, and attitudes. Youth empowerment aims to improve quality of life and is achieved through participation in youth empowerment programs. The objective of the funds, as one of the flagship projects of vision 2030, is to increase the economic opportunities for the Kenyan youth through lending, market support, market linkages and training (Diugwu IA, 2011). However, the world has currently experienced a youth bulge which is a situation that occurs when a country experiences a population in which young people occupy more than 20 percent of the world's population (Assad & Kraft, 2013).

According to Yunus (2008), many governments had been assisting their youth policies and programmes and there seemed to be greater recognition that young people are the future of their countries. However, Osmani (2002) pointed out that despite numerous interventions aimed at economic development of youth, many developing economies are not able to absorb new entrants into the labour market, especially the young.

To address economic development of youth, the focus was on the availability of jobs over a long-term. This study assumed that young people had little probability of finding decent jobs in the labour market over long periods (ILO, 2012). In fact, most of the youth have remained unemployed and have joined the ranking of the urban poor (Backes & Werner, (2009). According to Chigunta (2012), majority of young people start their business enterprises with lower levels of initial capital thus exposing themselves to risks of failing. However, the amount of loan disbursed under the Funds has a positive influence on the youth business enterprises in Kenya (UNDP, 2010).

One billion more young people will enter the job market over the next decade. This is according to the key demographic projections for the years between 2015 and 2050 for sub-Saharan Africa (Cleland & Machiyama, 2016). The African Youth charter (2011) defines a youth as an individual aged between the age of 18 years and 35 years. However, the world is currently experiencing a youth bulge which is a situation that occurs when a country experiences a population in which young people occupy more than 20 percent of the world's population (Assad & Kraft, 2013).

The Kenyan population is 75% youthful with persons aged between 1 to 30 years who account for 32% of the country's population. Youth form approximately 60% of the labour force in the country, 65% is however unemployed. Among the 750,000 graduates from various institutions of higher learning in the country, only 25% access employment while the rest face the challenge of unemployment (ILO, 2008). In addition, most of those absorbed in the labour market have jobs that do not go hand in hand with their qualifications and personal development goals (GOK, 2006).

Youth Enterprise development fund being a global initiative that has been undertaken in many parts of the world constitutes a large segment of the society as the future of any economy and key drivers of employment growth and economic activities through ownership of SMEs (UNDP 2009). Youth labour market dynamics as Kletzer *et al*., (2003) pointed out that unemployment during youth and early adulthood resulted in lower earnings, higher probability of unemployment, and lower health and job satisfaction.

Borrowers could either repay their loan or choose to default. Borrower defaults could be voluntary or involuntary (Brehanu & Fufa, 2008). Involuntary defaults could be caused by unexpected circumstances occurring in the borrower’s business that affect their ability to repay the loan.However, lack of access to credit had generally been seen as one of the main reasons why many youths in developing economies remain poor (GoK, 2010).

Usually the youth had no access to loans since they could not put up acceptable collateral because the costs of screening and monitoring their activities and enforcing their contracts were too high to make lending to this group profitable (Hermes & Lensink, 2014). In Kenya for the youth to access the youth enterprise fund loans, they needed to secure the loans with some collateral. According to Amendariz (2007), most clients found it difficult to repay their loans.

Collateral refers to the extent to which assets are committed by borrowers to a lender as security for debt payment (Gitman, 2003). The security assets were be used to recover the principal in case of default. SMEs in particular provided security in form of properties (houses, the businesses, the car, and anything that could actually bring back the principal) in case of default on loans (Garrett, 2009). Security for loans would actually be capable of being sold under the normal conditions of the market, at a fair market value and also with reasonable promptness. However, in most banks, in order to finance SMEs and to accept loan proposals, the collateral must be 100 % or more, equal to the amount of credit extension or finance product (Mullei and Bokea, 2000).

The youth faced a complex situation of unemployment globally, despite most of them having high level of basic education (ILO, 2008). Many governments were supporting youth ministries, youth policies and youth programs, and there seemed to be greater appreciation that young people were the future of their countries development (Yunus, 2008). Despite the commendable efforts of various governments in attempting to unlock the full potential of youth enterprises by helping them economically, youths had continued facing challenges related to accessing credit from both banks and even government funds (Odera *et al*, 2013).

Banks and other financial institutions have had difficulties in advancing loans to youth operated youth enterprises. The main reason for this is includes; lack of collaterals required by the financial institutions; inadequately compiled financial records and lack of technical and management skills of the youths (Wanjohi, 2008). Lenders would be willing to provide more credit if borrowers provided collaterals, a guarantor or if they borrowed credit to carry out a business-related activity (Pham & Lensink 2007).

The major factors that could influence demand for formal credit include; high interest rates, bureaucratic loan process, high transaction cost, collateral risk and asymmetric information (Adebajo 2010). Potential borrowers could be rationed out of the loan market due to a number of market imperfections. These imperfections include; monopoly power in credit market, interest rate ceiling, large transactional costs incurred by borrowers in applying for loans and moral hazard problems (Rahji *et al*, 2010).

According to (Sacerdoti, 2008), in sub-Sahara African, the reason why borrowers lacked access to credit from banks were inability to provide accurate information on their financial status, lack of collaterals, cumbersome lending procedures, high cost of credit and long physical distance to the nearest financial services.Infact (Fatoki & Asah, 2011) assert that business location was another important factor considered by lenders. Physical closeness between lenders and borrowers produced an impressed environment scrutiny that aid SME's to access credit from lenders in South Africa.

A report by (Central Bank of Kenya, 2012) established that Small and medium enterprises had become an important contributor to the Kenyan economy. The sector contributed to the National objective of creating employment opportunities. Entrepreneurs in this sector were considered credit unworthy by most financial institution. Improving the availability of credit facilities to this sector was one of the incentives that had been proposed for stimulating growth. Bank customers in Kenya often cite the cost of credit as a stumbling block in getting access to formal credit and often look for cheaper sources of credit such as investment groups, shylocks among other which often land cost of credit to potential customers.

The Youth Enterprise Development Fund was established in year 2006 with the sole purpose of reducing unemployment among the youth who account for over 61% of the unemployed in the country. It is the Fund's intention to evolve and be able to meet the dynamic needs of the youth, who are its reason (Government of Kenya 2014, YEDF status report). It was on this background that this study was built so as to establish the determinants of loan uptake at Youth Enterprise Fund.

1.2 Statement of the problem

The issue of economic development of youth has been of concern in the Kenyan context. The Kenyan government has tried to empower young people through loans and grants of (GOK, 2010) which seemed not to have worked. Moreover, the youth may not have benefitted from youth empowerment strategy. The presence of the youth bulge without a commendable growth in job creation has posed a threat to social stability due to increased unemployment (Kenya National Human Development Report, 2009). African countries have to recognize that finding proper jobs for most new job seekers, especially in cities, was a challenge, and that it is likely that the informal sector will continue to play a key role as a means of job opportunities for a long time to come (Fox & Gaal, 2008).

According to the World Bank (2009), the youth had created an "army" of idle people who would be easily swayed to swing into directed actions and cause some instability in the country. According to Manove, *et al.*, (2011), lenders that are protected by collateral screen too little. They further examined the effect of collateral on the lender's monitoring incentives and agreed that it is indeed valuable in their model because it allows the lender to claim additional more of it if the firm is in distress.

Whereas there was an assumption that youth empowerment strategy can be achieved by enhancing access to financial resources through lending, market support, market linkages and training, the focus on growth of youth economic development was still the major challenge in Kenya (Gok, 2010), especially in Kesses constituency since there was no operational and legal framework in place to facilitate a smooth loan recovery exercise. This affected the operation strategy of the fund especially in dealing with defaulters with no collateral.

Wanjohi, (2011) points out that that lack of access to credit is almost universally indicated as a key problem for youth enterprises. Many youth enterprises may use inappropriate collateral because it was the only one that they could afford. In some cases, even where credit was available, the entrepreneur may have lacked freedom of choice because the lending conditions could force the purchase of heavily immovable equipment that could serve as collateral for the loans. The stringent lending conditions prevent Kenyan enterprises run by the youths too from accessing credit. Therefore, to address this gap, there was need to determine the moderating effect of the collateral on the relationship between youth empowerment strategy and economic development of youth.

1.3 Main Objective

The main objective of this study was to find out the moderating effect of collateral on relationship between youth empowerment strategy economic development of youth in Kesses constituency.

1.3.1 Specific Objectives

i. To determine the effect of loan lending on the economic development of youth in Kesses Constituency.
ii. To establish the effect of market support on economic development of youth in Kesses Constituency.
iii. To assess the effect of market linkages on economic development of youth in Kesses Constituency.
iv. To determine the effect of training on economic development of youth in Kesses Constituency.
v. To find out the effect of the collateral on the economic development of youth in Kesses Constituency.
vi. To determine the moderating effect of collateral on the relationship between youth empowerment strategy and economic development of youth in Kesses constituency.

1.4 Research Hypothesis

$H0_1$: There is no significant effect of loan lending on the economic development of youth in Kesses Constituency.

$H0_2$: There is no significant effect of market support on the economic development of youth in Kesses Constituency.

$H0_3$: There is no significant effect of market linkages on the economic development of youth in Kesses Constituency.

$H0_4$: There is no significant effect of training on the economic development of youth in Kesses Constituency.

$H0_5$: There is no significant effect of collateral on the economic development of youth in Kesses Constituency.

$H0_6$: There is no moderating effect of collateral on the relationship between youth empowerment strategy and economic development of youth in Kesses constituency.

1.5 Significance of the Study

This study may be significant to the Government of Kenya since the findings could help the government in its next round of planning and resource allocation to ensure that more funds are availed to the youth. It could also help the government put feedback mechanisms in place so as to get information on youth economic development. In addition, donors and other stakeholders could also benefit as the stakeholders could be able to understand the influence of collaterals on youth economic development. They could therefore know which areas need more monetary support, more market support and market linkages and training. It is expected that the youth could gain knowledge on economic development that could encourage them to borrow loans. Finally, the research findings would enable other researchers in the same field to address the gaps that could otherwise not have been addressed by this research.

1.6 Scope of the Study

The research was undertaken in Kesses Constituency. The purpose of this research study was to find out the moderating effect of collateral on the relationship between youth empowerment strategy and economic development of youth. The sample size was 133 youth from a target population of 200 youth who benefited in a period of two years. The data was collected in a period of two months between February and March 2019.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter addresses and reviews literature on youth empowerment strategy and economic development of youth. In addition, literature on lending, market support, market linkages, training and the moderating factor of the collateral is also reviewed. It also highlights the theoretical framework as well as the conceptual framework of the thesis.

2.1 The Concept of Economic Development of Youth

Economic development of youth refers to the alignment of youth and natural resources of a community to match both global and regional markets, and they can strive to create new jobs that fit both the young people and the society (Ferraro, 2009). In addition, this is involvement of young people in community service and / or community activities which yield some income (Wallerstein, 2012). Moreover, economic development of Youth refers to the involvement of young people in community service and / or community activities which yield some income (Wallerstein 2012).

According to Mokwena (2010), the concept emerged as a central idea in the youth development discourse. It was afresh way of engaging young people as central actors in the development equation architects of their own personal development and in that of their communities and society in general. Economic development of youth include improvements in material welfare especially for young persons with the lowest incomes, the eradication of mass poverty with its correlates of illiteracy, disease and early death, changes in the composition of inputs and output that generally include shifts in the underlying structure of production away from agricultural towards industrial activities, the organization of the economy in such a way that productive employment is general among youthful working age population (ILO, 2012b). Knowles and Behrman (2013) aims to explore the economic case for investments in youth in developing countries by synthesizing the current knowledge of the economic costs and benefits of youth investments, analyzing key gaps in the evidence, and identifying priority research needs.

According to Kuratko and Hodgetts (2014), the United States has achieved its highest economic performance during the last ten years by fostering and promoting youth activities. The essence of having successful business start-ups among the youth was to ensure that youth are not only employed, but have sufficient income to sustain their livelihoods, and also contribute to economic development of their nation (Simpson & Christensen, 2009). According to Bruns (2007), loan amount given in developed countries really mattered since they determined the nature and size of business one could initiate.

The Sub-Saharan Africa (SSA) has a rapidly growing population of youth with an average age of 18 years, but it is as low as 15 years in some countries like Niger and Chad. In 2013, youths in the Sub-Saharan Africa were twice likely to be economically developed compared to other age cohort (World Bank, 2013). Many governments have been trying to support youth ministries, youth policies and youth programs. In fact, there seems to be greater appreciation that young people are the future of their country's development (Yunus, 2008).

To start with, Zimbabwe has a Youth Development Fund, which is structured along the private-public partnership model. The Government of Swaziland has also developed the

National Youth Policy and established an enterprise fund for the youth in 2009 to address low youth economic development (Brixiova *et al.*, 2014). Many times, young people lacked the support services that were needed to transform their start-up businesses into successful small and medium-sized enterprises (World Bank, 2013).

This was due to the existence of many regulatory bodies that interfered with effective delivery of youth financial services by many microfinance institutions in Kenya. Interventions by policy makers and regulators such as Ministry of Finance and financial services supervisory authorities have not yet enabled many young people to easily access micro finance services (Nassr & Wehinger, 2016). Provision of loans by the funds therefore provided start-up capital for young individuals (aged 18 – 35), companies and associations that helped facilitate training of young entrepreneurs and linked them with large corporations for more efficiency, as youth welfare is a shared responsibility (Mubaiwa, 2013).

However, despite all efforts of various governments in attempting to unlock the full potential of youth enterprises by empowering them economically, youth had continued to face challenges related to accessing credit from both banks and even government funds rendering them unemployed (Odera *et al*., 2013). The youth had continued to face a complex situation of unemployment in spite of having a high level of basic education (ILO 2008).

This was a negative impact on the youth as Arulampalam (2001) states that joblessness left permanent scars on people and reduced the probability of employment and future earnings and increases the risk of future unemployment. True to say, as suggested by the social capital theory and Celik’s (2008) findings, unemployment breeds unemployment.

According to Chingunta (2011) the main challenges faced by the Kenyan youth were lack of necessary education, relevant training and the knowledge and skills required to enhance their absorption into the labor market. To add on that, Kenya's employment challenge is a more pronounced issue among those younger than 25 years of age (UNDP, 2013).

2.2 Youth Empowerment strategy

Youth Empowerment strategy is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their live (Prem 2012). Youth empowerment strategy refers to the factors which enhance the development of citizenship and productiveness among young people as they move into adulthood. According to the United Nations Human Settlements Program (UNCHS, 2005), youth empowerment strategy is concerned with the adaptation of government structures and institutions to protect and deliver youths and human rights, including the right to participation. The United Nations Human Settlements Program (UNCHS, 2005).

Youth empowerment was based on the belief that young people are the best resource for promoting development and were the agents of change in meeting their own challenges and solving their own problems (MSYA, 2007). It had been viewed by Gutierrez as a process of increasing interpersonal or political power so that individuals can act to improve their life situation (2014.) The key job of youth was to acquire Empowerment initiatives such as Youth Empowerment Programmes (YEP), Youth Empowerment Schemes (YES) which were aimed at providing an enabling platform for youth to acquire skills, access credit facilities or create opportunities for job placement, employment, and counseling and enhance community development capabilities that was to benefit them and others in the future (Davis 2013).

The Commonwealth Plan of Action on Youth Empowerment (PAYE) was to identify a peaceful environment of equality, democracy and peace as an enabling condition of youth empowerment. But this did not mean that one had to passively wait for stability before 18 beginning to listen to, and invest in, young people. On the contrary, stability was built by practicing youth empowerment as a matter of urgency. Marian Kpakpah, (2010). Olize *et al.* (2009) investigated the role of youth empowerment scheme in poverty alleviation and youth empowerment in terms of skills acquisition for self-empowerment in Niger State, Nigeria. The study revealed that that the scheme had succeeded in empowering its beneficiaries by means of vocational skill acquisition hence contributing to change in their socio-economic status.

In both developing and advanced countries, economic crises resulted in higher unemployment rates for youth, and studies have shown that the effects are continuing well after economic growth has been recovered (Verick, 2009 & Bell & Blanchflower, 2009). According to Schreyer (2009) the small business sector is a major source of job creation. SMEs contribute to the provision of youth economic development opportunities, income generation and poverty reduction. O’Higgins (2011) also accounted that these rates were generally observed to be higher than those of adults.

2.2.1 Loan Lending

Small and Medium Enterprises (SMEs) often relied on personal savings or even borrowing from relatives to meet their financial needs, nevertheless when a SME could not access finances they normally turned to commercial banks as their primary source of finance (International Finance Corporation 2010). Many SMEs were not successful in accessing funding from financial institutions; this was because they failed to meet lending requirements, which include collateral security, information asymmetry (Gangata and Matavire, 2013) and therefore leading to a delay of financing. Organizations with adequate access to funds were capable of exploiting investment and growth opportunities. Aggregated economic performance could be enhanced by increasing the access of adequate capital. Financing constraint affected small firms more than it did to large firms (Dalberg report, 2011).

According to Dhikhary (2006), loan lending is a procedure that involves a written or oral agreement for a temporary transfer of a property, usually in cash form, from its owner called the lender to a borrower who promises to return it according to agreed terms. The terms involve interest, time of repayment and the pattern of the repayment In Sub-Saharan Africa, access to funds by the youth is not a guarantee. Most youth-based small businesses failed in their first year due to lack of finance to sustain their growth (Kashuliza, 1993). That is why the government of Kenya conceived the idea of starting an institution that could empower the youth through lending. Fajnzylber *et al*., (2009) content that facilitating access to credit and business development services by the government, were likely to increase enterprise growth.

In addition, there was a partnership with 33 financial intermediaries who lend a total of 5.2 billion Kenya shillings to the Kenyan youth by 2012(GoK, 2012). Because the lack of adequate start-up, finance was one of the most prominent impediments to young people seeking to create their own business, there was constant reviewing of operational mechanisms from time to time in order to make it responsive to needs and expectations of the target clients (GoK, 2010). Moreover, Masa (2009) highlights that the Ministry of Youth Affairs and Sports (MOYAS) to promoted the development of lending to youth to make them self-reliant, productive and fully integrated into the society.

According to Green *et al*., (2012), finance was viewed as the “glue” that held together all the different aspects involved in starting and developing a small business. The Fund advanced loans directly to youth who may have been in groups or individuals who applied through the lending funds. The youth groups commited themselves, by getting appropriate training and writing a valid business plan as well assigning the fund’s application form to access the loan (Karlan & Morduch, 2009).

Kunateh (2009) concluded that most businesses in the private sector, including the youth groups were unable to realize their full potential due to the high cost of finance and lack of collateral demanded by financial institutions. According to Tata and Prasad, (2008), group lending enhanced access to new ideas, information and resources for business performance through social interactions and linkages both within and outside the group. Through this mechanism, the Funds provides the Constituency Youth Enterprise Scheme (C-YES) which finances projects of registered youth groups as well as the Easy Youth Enterprise Scheme (E-YES) which finances projects of individuals who belong to groups that have completed repayment of the C-YES loan.

CYES loans include `Rausha´, `Inua´ and Special. E-YES loans include smart and swift.

The aspect of group lending was introduced in the 1980s by the Grameen Bank in Bangladesh (World Bank, 2009). The security required for the loan is the group itself.

This is because joint liability has been argued to be better because members of a close-knit community may have more information about one another (Hermes *et al,* 2015).

'Rausha´

Rausha is a Kiswahili word which means to wake up. In this study, `Rausha´ is a loan for the youth groups that wish to set up new enterprises. According to Forsyth (2010), groups were often more effective than individuals in accomplishing tasks, devising solutions to problems and achieving innovative goals because a group possesses more talent, skills and ideas and that there is strength in unity. As borrowers were organized into groups, peer pressure among them reduced the risk of default (Khan & Rahaman, 2007).

The requirements for this loan call for the youth to fill in an application form that is available at any Youth office. The group should was also provide a valid registration certificate and a certified membership list by the District Social Development Officer (DSDO).Copies of identity cards for all the group members and group minutes authorizing the loan application were also be provided. The loan amount was recommended based on the business proposal as seen in the application form, and appraisal of group's ability to manage the funds This loan is payable within 4 months (quarterly). Appraisal of this loan targets start up group business only. The loan details are provided in table 2.1.

Table 2.1:` *Rausha* ´ Loan

Loan Details	
Loan amount: Maximum	Kshs. 100,000
Management Fee	5% of the total loan amount
Repayment period:	12 months

Grace period:	3 months

Source: May Status report (2014)

'Inua´

Inua´ is a Swahili word which means to boost. In this context, it means a type of loan that is meant to boost youth enterprises that were previously started by the `Rausha’ loan. This loan is for Business expansion purposes only. This loan is important since Inaccessibility of finances by youth is perceived as one of the challenges for younger people to start their own business (Greene, 2005). One of the prominent characteristics of the Grameen Bank was the use of group lending, which has been celebrated as a major innovation (Sengupta & Aubuchon 2008). To access this loan, the group must have borrowed and repaid 'Rausha' loan. If not, then the group must have an existing and well running business enterprise(s) run by the group.

Additionally, it should have had a good credit history with other lending institutions. It should then fill in an application form which is available at any Youth office. A valid registration certificate and membership list plus copies of identity cards of group members as well as group minutes authorizing the loan application must be provided by the group. A copy of a current business license or proof of existence as may be agreed, a copy of a three months' bank statement and the most recent business records. Chattels are pledged as securities. The Chattels (pledge of personal and business assets) include: Stocks, charge over or simple deposit of ownership documents of assets directly financed by such as logbooks. However, this will depend on a type of business activity that the group engages in.

Table 2.2` Inua´ Loan

Loan Details	
First loan: Maximum Kshs. 100,000	Payable in 12 months
Second Loan: Maximum Kshs. 200,000	Payable in 18 months
Third Loan: Maximum Kshs. 500, 000	Payable in 24 months
Management fee:	5% of the total loan amount

Source: May Status report (2014)

Special loan

This loan targets special business projects across various economic sectors. These include: agricultural production-horticulture, livestock trading or fattening and other seasonal/periodical businesses where the clients cannot be able to repay their loans on a monthly basis. Startup loan was Kshs. 100,000 maximum. Loan Requirements include filling in an application form which is available at any Youth Enterprise Fund offices, valid Registration certificate, copies of identity cards of group members, group minutes authorizing the loan application, copies of supply contracts (where applicable).

According to Labie and Armendariz (2011), group lending mechanism employed various parameters such as use of informal groups lending approach, joint liability, character based credit appraisal, group monitoring, progressive lending and structured repayments. Special feature of these loan are longer grace periods and periodical (quarterly, half year or bullet) and repayment applied depending on project maturation. Horticulture project loans will are on the nature of the business and the business needs of the borrowers.

Table 2.3: Special Loan

Loan Details	Repayment
First loan: Maximum Kshs. 100,000	Payable in 12 months
Second Loan: Maximum Kshs. 200,000	Payable in 18 months
Third Loan: Maximum Kshs. 500, 000	Payable in 24 months
Management fee:	5% of the total loan amount

Source: May Status report (2014)

Smart

Smart means intelligence. Smart provides loans to individuals who are members of groups which have repaid their group loans. According to Lapenu and Zeller (2001), group lending programs provides a loan to an individual borrower, who is a member of a borrowing group. Smart empowers `smart´ individuals within groups to start or expand their personal businesses. Hermes *et al.*, (2015) argue that as groups mature, members typically diverge in their demand for credit and may thus be disillusioned by the group lending structure which then observes a graduated growth.

The loan requirements include filling in of an application form which is available at any Youth Office, group registration certificate, group minutes authorizing and nominating the individual to apply for the loan, copies of identity cards of applicant and guarantors (group members), group must have repaid 'Rausha' or 'Inua' loans. The applicant must be running or planning to start an individual enterprise. The group must also have demonstrated discipline and organization. In addition, 80% of the membership was allowed the first round of financing. In case the repayment of the first loan is good, the remaining 20% was financed. A group will nominate beneficiaries at every level and record in group minutes. Finally, the group will sign an undertaking to guarantee loans advanced to its members.

Table 2.4: Smart Loan

Loan Details	Amount
First Loan	25,000/=
Second Loan	50,000/=
Third Loan	100,000/=
Fourth Loan	200,000/=
Management fee	8% of the amount applied for

May Status report (2016)

Swift

Swift means to act fast. Swift will allow for `swift´ individual members of new youth groups which may not have received `Rausha, ` Inua´ or `special’, to apply for individual loans with the group as their guarantor. Each group states 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).

While the loan requirements include filling in of an application form which is available at any Youth offices, group registration certificate, group minutes authorizing and nominating the individual to apply for the loan and copies of identity cards of applicant and guarantors (Group members),. If social gatherings are not very strong, group lending may encourage default by members who would have repaid under individual lending (Toseland & Rivas, 2005). Therefore,70% of the members must have individual businesses while the remaining 30% must have plans to start. In addition, the individual applicant must provide a certified copy of a three months bank statement and copies of current business records.

Table 2.5: Swift loan

Loan Details	Amount
First Loan	25,000/=
Second Loan	50,000/=
Third Loan	100,000/=
Fourth Loan	200,000/=
Management fee	8% of the amount applied for.

Source: May Status report (2016)

'Vuka'

'Vuka' is a Kiswahili word which means to cross over. This enables youth to cross over from group to individual loans. Signhild Brosvik (2010) found out that access to capital was one of the major obstacles to entrepreneurial growth among the youth. This loan is therefore advanced to youth who have existing businesses and are able to provide conventional collaterals such as car logbooks or land title deeds. According to Chigunta (2012), a majority of young people start their business enterprises with lower levels of initial capital and therefore expose themselves to risks of failing. The objective of the loan is to provide friendly large-scale financing for business expansion. Applicants may be individuals, partnerships or limited companies.

Local Purchase Order Financing: This loan is for those youth dealing with supplies of goods and services to government institutions. The size and maturity of loan, interest rate charged by the lender and timing of loan disbursement have an impact on the repayment rates (Oke *et al.*, 2007). The maximum amount that a youth can get on this loan is ksh.5 million. The youth are financed up to a maximum of 70% of the LPO amount and only LPOs/LSOs from government Ministries and agencies will are financed at an interest rate of 6.5%

Table 2.6: Disbursement summary made in Kesses Constituency as at May 2014

No. Of GROUPS	DISBURSEMENT SUMMARY AS PER LOAN PRODUCT			
	C-YES	E-YES	Vuka	Agri-Vijana/Green House
52	2,600,000.00	335,000.00	100,000.00	716,688.00

Source: June Status report (2014)

Many SMEs are not successful in accessing funding from financial institutions; this is because they fail to meet lending requirements, which include collateral security, information asymmetry (Gangata and Matavire, 2013) and therefore leading to a delay of financing. Organizations with adequate access to funds are capable to exploit investment and growth opportunities. Aggregated economic performance can be enhanced by increasing the access of adequate capital. Financing constraint affect small firms' more than it does to large firms (Dalberg report, 2011).

Unsuitable finance sources may bring about an unbalanced loan capital and risk capital mix leading to a threat of the business solvency. Over-dependence on credit finance can test the cash flow position of the company, resulting to unnecessary responsibilities for the company to pay back capital as well as interest that is associated with it. If an organization begins to experience financial difficulties, inadequate risk capital would just situation worse, since the present loan capital might prevent raising debt finance further and therefore affecting the financial performance of SMEs (Ryan, 2014).

A number of studies on determinants of loan uptake have been conducted in different countries and by different researchers. They include the following; Xiong and Xiong (2010) carried out a study that investigated the impact of social capital on financial obstacles faced by entrepreneurs using a pooled date of 270 small companies in China and their findings were that membership in business associations and access to information increased the probability of having loans by 14.8%.

A study done by Okoho & Orebiyi (2011) investigated the determinants of loan acquisition using simple descriptive statistics and ordinary least square regression whose aim was to analyze the determinants of loan acquisition from financial institutions. The study revealed that the amount of loan secured in Chafia Local government areas is influenced by important social economic characteristics. It affirms that age, level of education, farming experience and firm size of the respondents are statistically significant as they affect the amount of loan acquired in the study area.

Mwangi & Shem (2012) indicate that in Nakuru County, different channels have been used to disburse soft loans to the youths. These include disbursement through financial institutions and through government agencies. It has been evident that lending requirements by bank and other financial institutions are harsh and lock out the poor from accessing credit. The bureaucracies of lending create barriers for the youths thereby stopping them from accessing loans as they cannot meet them.

John Gakuu Karanja (2014) in his study on the Analysis of Factors Influencing Access to Credit Services by Women Entrepreneurs in Kenya established that Lending procedures were found to be rigid and does not accommodate the needs of women entrepreneurs. Collateral requirements that the FIs have adopted do not attract women entrepreneur borrowers to seek credit service, the effect of inflexibility in the lending amount by the FIs affects the demand for credit services by women borrowers, and it was also found that various aspects of the purpose of the loan were agreed among many respondents (above 50%) to be not favorable and does not attract women entrepreneurs.

2.2.2 Market Support

Market support is believed to be that critical success factor to the growth and ultimate survival of a firm and is therefore viewed as one of the most important aspects of a business (Mokhtar & Wan-Ismail, 2012). Market support is the critical for the growth and general success of youth owned enterprises in Kenya. Tripathi & Siddiqui (2012) contends that business growth and performance has been associated with marketing orientation both for small and large organizations. Many businesses with immense potential have failed due to inability to access the right markets for their products and services (Entwistle, 2008).

Market support for the youth entrepreneurs can be achieved through organizing and/or participating in organized marketing events such as trade fairs, exhibitions, conferences and road shows. According to Joseph *et.al*, (2010), most small businesses lacked a market for their goods and services making them undersell their wares. These resulted in poor capital formation which resulted in unending poverty.

Where the funds came in to address that issue through marketing events which may be within or outside Kenya. They offer the youth entrepreneurs with an opportunity to network showcase and market their products through National and International Youth Trade Fairs in partnership with various county governments and government institutions to support youth enterprises. Watson (2007) argued that small entrepreneurs may have been limited in the amount of resources and they may therefore devote to networking.

2.2.3 Market Linkages

According to Siwadi (2010), market linkages refers to any upstream or downstream relationship that is either formal or informal that takes place between organizations and its local partners. He further noted that market linkage is important because it links people with funds to use with those that have the products and those that have excess of one product and may need another product that may be in the possession of others who may need to produce a product through barter.

According to Pandya (2012), marketing is an essential element for the survival of an enterprise. Siwadi (2010) highlights that market linkages provide tremendous opportunities for small businesses to improve their products. In this regard, MSEs owned by the youth can also be included. He further emphasized that linkages can bring with it marketing assistance in the form of new markets and marketing capabilities for MSEs.

Monica & Jonathan 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.

According to the (GoK, 2011), emphasis is that the youth empowerment programs and the youth development programs should be linked to market. The funds facilitated market linkages between small youth owned enterprises with large established private enterprises or government institutions for business and mentorship. Moreover, Faida (2000), pointed out that market linkage approach is a tool for bringing together the supply side and the demand side under the objective of developing a specific enterprise The youth empowerment programs and the youth development programs should be linked to market opportunities because in an increasingly global economy many products are outside the producing countries (GoK, 2012).

Under these partnerships, the youth entrepreneurs were facilitated to learn from as well as trade with the established enterprise or institution. The linkages take such forms as subcontracting, outsourcing, and franchising. Barrett (2008) acknowledges that there is need for interventions that can create market linkages, particularly for smallholder businessmen. To emphasize on the same, Gereffi *et al.*, (2005) notes that International production might be organized through markets or within transnational firms. Jenkins *et. al.*, (2008) further established that market linkages bring about increased wealth creation by local firms.

2.2.4 Training

Training refers to programmes that promote entrepreneurship awareness for career purposes and provide learning and skills for business creation and development (Bruton *et al.*, 2009). Karlan (2009) further emphasized that training provides the skills and training needed for business creation and development. In addition, it plays a major role in changing the attitudes of young people and provides them with skills that would enable them to start and manage small enterprises.

It provided pre and post-disbursement training and appropriate business development services to youth engaging in business with the purpose of ensuring that they have adequate skills to enable them identify and tap into business opportunities, while embracing modern business management techniques. The capacity to scan the business environment could be enhanced through proper training. However, in as much as most youth who venture into business were usually motivated to take part in enterprise development, they made financial mistakes that could easily be avoided by financial training (Klinger & Schundeln, 2011).

Infact, Maurya (2012) emphasizes that enterprising youth could be trained just like any other profession and that financial training was very important to the success of a business. Some of the entrepreneurship training necessary and critical to youth enterprise includes how to conduct enterprise financial and managerial accounting, how to access entrepreneurship funds, and how to save from profits (Karlan, & Valdivia, 2011).

Young people must work towards improving their small enterprises through their managerial skills gained from training (Dudwick *et. al.*, 2013) According to Matlay

(2008), graduates required form of training and education did not match actual outcomes in training skills, knowledge and attitudes. This mismatch influenced a business man's overview of actual and future educational needs the fund therefore provides a mandatory pre-financing training programme to enhance sustainability of youth enterprises.

To date, over one million youth across the country have been sensitized on business skills development but potential youth entrepreneurs and the existing run youth enterprises need more than just access to credit. Youth need to know how to develop their business plans, manage their business finances, manage their time properly, reducing costs, and marketing their products. Training is one of the very important requirements for the success of a financial institution (Assefa & 2008). If the lender provides various training, the clients will able to understand the rule and regulation easily However lack of collateral is the main obstacle to accessing finance. As Kunateh (2009) points out, most businesses especially the private sector have not realized their full potential due to lack of collateral demanded by financial institutions.

Irwin and Scott (2010) did a research using a telephone survey of 400 SME in the UK and found that graduates had no difficulties in raising finance from banks. The researcher interpreted that more educated entrepreneurs have the ability to present positive financial information and strong business plans and they have the ability to maintain a relationship with financial institution compared to less educated entrepreneurs.

Huka Sharu (2013) did a study on Factors Influencing Growth of Youth Owned Small and Medium Enterprises in Nairobi County, Kenya. The study established that entrepreneurial skills influence the growth of youth owned SMEs most followed by market access, government policy and credit access. The study established that some of the youth who had started SMEs had no training in business

Muriungi (2012) did a study to find out the effectiveness of Women Enterprises Fund in enabling women setup enterprises in Matuga constituency. Frequencies and percentages were used to analyze the data. The variable studies include development of women enterprise, adequacy of loans and capacity buildings. Her findings were that women need to be given enough amounts of loans to enable fund their businesses, well besides being trained on entrepreneurship.

2.3 Collateral as a Moderator

Collateral refers to the assets committed by borrowers to a lender as security for debt payment (Gitman, 2003). According to Kihimbo *et al.*, (2012), collateral are the assets that are pledged by the borrower to a lender as a security for the payment of a debt. In order to access loans, the youth must provide some collateral to secure the loan. Moreover, collateral in lending is what Frenzyied (2013) refers to as the five "C's" in the evaluation of a borrower's ability to repay a loan. The other four "C's" include character, capacity, capital and conditions under which a borrower is able to repay the loan. These collaterals include bank guarantees, land title deeds, c ar logbooks letters of undertaking and household chattels. According to Huseyin, (2011) safer borrowers within an observationally identical risk pool pledge more collateral.

Huge loans from are always secured to reduce the likelihood of default by the youth. Flesing (2009) argues that collateral matters because first borrowers face requirements for collateral in the formal financial sector of most countries, regardless of the size of the economy. He postulates that loans secured by collateral have more favorable terms than unsecured loans do, for any given borrower or size of the loan. If a borrower is able to offer collateral, he can obtain a larger loan relative to the borrower's income, with a larger payment period and a lower interest rate. He concluded that secured loans are the most common loans in the formal financial sector (Boyd & Champ 2009).

In low- and middle-income countries, between 70% and 80% of firms applying for a loan are required to pledge some form of collateral. Collateral can also help to lower the likelihood of non-performing loans (NPL) which according to Klein (2013) is a loan on which interest payments and/or principal repayment is not being made for a period of over 90 days. To add on that, Akinlo and Emmanuel (2014) defined NPLs as loans which for a very long duration of time (over 90 days) stop generating interest income to the financial institutions. In other words, they are the total loans that are long overdue with over 90 days, that is, loans left unpaid for over 90 day (Minton *et al*., 2009). On the other hand, Beck *et al.,* (2015) viewed NPL as a loan that is past-due for more than 90 days. CRBs are information brokers who provide creditors with reliable, relevant and comprehensive data on the repayment habits and current debt of their credit applicants' agreements. Credit bureaus obtain data from creditors and other sources, consolidate and package information into individual reports, and distribute it to creditors at a fee (Sanchez, 2009).

Most existing models of collateral assume agency problems on the part of the borrower. However, exceptions are Rajan and Winton (2015) and Manove *et.al*, (2001). Rajan and Winton, (2015) examine the effect of collateral on the lender's ex post monitoring incentives. Monitoring is valuable in their model because it allows the lender to claim additional collateral if the firm is in distress. According to Pagano *et al*., (2001), lenders that are protected by collateral screen too little. All these loans are usually accompanied with a pre-disbursement training. For group loans, the group members usually guarantee the loan by signing a membership list. The aspect of group lending was introduced in the 1980s by the Grameen Bank in Bangladesh (World Bank, 2009).

Joint lending, also known as group liability refers to the terms of the actual credit contract, whereby individuals are both borrowers and simultaneously guarantors of other clients' loans in the same credit group (Armendariz &Morduch, 2005). Group lending improves on repayment rates by providing incentives for peers to screen, monitor and enforce each other's loans (Hermes, *et. al*., 2015). However, most MSE owned by youth are not able to provide the collateral which is the main requirement to access loans (Ackah & Vulvor, 2011).

Market activities should be undertaken in friendly manner in order to provide a proper regulatory framework to reduce financial constraints by SMEs. Some studies (Bigsten, 2003; Yitayal, 2004), with the main focus on the developing countries, observed that the lack of collateral requirements, high risks, information asymmetries, small credit transactions particularly of rural households, and the distance between lender-borrowers as the main causes for credit variation among the different and existent sources of credit. In addition, the same researchers state that the policy and the type of financial institution in one or in other way determine access to finance.

It has been remarked that interest rates charged by banks in Sub-Saharan Africa create disincentives for most borrowers to acquire funds to invest in their businesses on one hand. On the other hand, the interest rates charged by banks discourage most small businesses from applying for bank financing (Diagne and Zeller, 2002; Foltz, 2004). Fatoki and Smit (2011) in South Africa grouped the major factors that influence the low access to finance by SMEs in two ways; internal and external. The internal factors include the business information, collateral, networking, and managerial competences. External factors constitute the legal environment, crime and corruption, ethical perceptions, and macro-economy.

Moral hazard issues can be reduced by collateral requirements by increasing and adding a potential cost to borrowers when those are not making their best effort. Sometimes the borrowers extract the funds provided by the lenders for their own personal and private use. Therefore, the collateral requirements when in place can reduce negative consequences that can rise due to an improper utilization of the funds by SMEs. It is evident that most SMEs are denied and discriminated by the lenders in providing financing. This is because of high risk and for not having adequate resources to provide as collateral (Kihimbo et al. 2012).

According to Kamau (2009) collateral security is again highlighted as a major constraint to credit access. In his survey, Kamau (2009) found out that 92% of the enterprises studied had applied for loans, and were rejected while others had decided not to apply since they "knew" they would not be granted for lack of collateral security. Therefore, while most of the entrepreneurs, in this study recognized the importance of loans in improving their businesses, they cited collateral security as a major impediment to loan access and therefore hindering business growth. Almost all respondents started their Businesses from their own savings or loans from relatives since they did not demand security.

Furthermore, most lending institutions are more inclined to lending to the large-scale businesses which have higher success rate, and repayment rate. The small-scale businesses are relegated to the micro finance institutions (MFI’s) and “shylocks‟ whose lending requirements may further discourage them. Moreover, several MFIs and Youth Service Organizations (YSOs) have noted that because many youths work informally, it is difficult for them to provide acceptable confirmation of their earnings. Therefore, some Collateral security or Collateral security substitutes are required to make loans accessible to youth. The type of Collateral security required, however, can be a potential barrier for youth in accessing micro finance (Sauve, 2003).

Owning title deeds as Collateral security to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names (GoK 2009). Despite the existence of many MFI's and other financial institutions which have been lending their services for the last two or so decades, accessibility by most of the majority of the women was limited. Therefore, although there had been a considerable progress in the lending to the SME's, banks still remain cautious because many those businesses had neither, collateral security nor asset registers.

Most banking institutions demand collateral security as one of the requirements for the access to credit facilities. This becomes a constraint to SME’s most of who may not have deeds to capital assets to present as security against the loans. This factor reduces access to these loans. Daniel Nderi Waari (2015) study on Factors Influencing Access to Finance by Micro, Small and Medium Enterprises in Meru County, Kenya revealed that information asymmetry, business risks and transactional costs influence access to finance.

2. 4 Theoretical Framework

A theoretical framework is a collection of interrelated concepts that guide a researcher in determining the key variables he intends to measure, under what circumstances he will measure, and highlights how those key variables might differ under what circumstances (Imenda, 2014). Simon and Goes (2011) as well as Maxwell (2004) contend that theoretical frameworks deepen the essence of the study because they enable the researcher to consider alternative theories which are suitable for the research.

2.4.1 The theory of asset-building community

The theory of asset-building community is an evolving concept that describes the nature and dynamics of places and settings that provide a constant and equitable flow of asset-building energy to all adolescents and youth (Leffert *et al.*, 2001). This vision of developmentally attentive communities describes multiple arenas of asset-building capacity, including individual-level actions by community residents in informal relationships with children and adolescents, socializing system actions (families, neighborhoods, schools, congregations, youth organizations), and community-building actions that can be triggered directly or indirectly by the economic and governmental infrastructures of a community.

Asset-building society represents an emerging line of conceptualization and inquiry regarding the roles of social norms, public policy, rituals, and media in advancing the asset-building capacity of individuals, systems, and communities (Benson *et al.*, 2013). One initial foray into this work is a poll of a nationally representative sample of adult to identify the social norms that advance or hinder adult engagement in the lives of children and adolescents (Scales, 2011). This theory assumes that there are three constructs (assets, community, and society) are interrelated dynamically and originally.

The third is asset-building society, a construct that informs our work in local, state, and national policy arenas. The work is essentially focused on generating both knowledge and applied strategies for strengthening the developmental infrastructure within communities. In essence, the access to core developmental experiences support engagement, empowerment, belonging, affirmation, boundary setting, structure, and connectedness, all of which are grounded less in program and policy and more in how citizens and socializing systems identify and use their inherent, relational capacities (Benson and Saito, 2001).

The theory and research undergirding asset-building community are designed, in part, to reframe the targets and pathways of human development around images of strength and potential. The author posits that this shift is crucial for mobilizing both personal and collective efficacy on behalf of child and young people development. By so doing, it ultimately seeks to balance paradigms so that communities pursue deficit reduction and asset building with equal vigor. As argued in a series of publications, the United States is a nation dominated by Deficit and risk thinking, by pathology and its symptoms (Benson, 1997, 2003a; Benson *et al.*, 1998). In one particularly important analysis, Larson (2006) suggests that developmental psychology has spawned a much stronger tradition for understanding and treating psychopathology than for understanding and promoting pathways to developmental success.

2.4.2 A lender-based theory of collaterals

This theory was developed by Inderst and Mueller (2007). According to this theory, an imperfectly competitive loan market is considered, in which a local relationship lender has an information advantage in relation to distant transaction lenders. Competitive pressure from the transaction lenders prevents the local lender from extracting the full surplus from projects. As a result, the local lender inefficiently rejects marginally profitable projects. Collateral mitigates the inefficiency by increasing the local lender's payoff from precisely those marginally profitable projects that she inefficiently rejects.

Under the financial accelerator view of monetary policy transmission, a tightening of monetary policy and the associated increase in interest rates impairs collateral values, making it more difficult for borrowers to obtain funds, which reduces investment and economic growth (Bernanke *et al*., 1999). The model further predicts that, controlling for observable borrower risk, collateralized loans are more likely to default based on actual results, which is consistent with the empirical evidence. Also, borrowers for whom local lenders have a relatively smaller information advantage face higher collateral requirements, and those technological innovations that narrow the information advantage of local lenders, such as small business credit scoring, lead to a greater use of collateral in lending relationships.

Petersen and Rajan (1994) find that small business borrowers who are located farther away from their local lender are more likely to pledge collateral. According to Dang (2011), posting collateral improves borrowers' incentives to work hard thus reduce their likelihood of default. Although a majority of small business loans in the United States are collateralized, small business loans made by transaction lenders on the basis of credit scoring tend to be unsecured according to Woosley, *et. al.* (2004).

2.4.2 Youth Empowerment Theory

This theory, as stipulated by (Zimmerman, *et. al* 1995) provides a unique conceptual framework for developing programs to enhance positive youth development by incorporating the notion that health promotion requires not only that youth develop specific skills and positive assets, but also become motivated to actively apply these skills and knowledge to become agents of positive change for themselves and in their communities. The theory of youth empowerment can be broken down into three components: individual empowerment, organizational empowerment, and community empowerment. A safe and supportive environment plays a key role in successful youth empowerment programs (Cargo *et al.*, 2003).

2. 5 Conceptual Framework

A conceptual framework refers to a qualitative process product of theories that articulate concepts which together provide an extensive understanding of a phenomenon or phenomena (Jabareen, 2008). It is a form of ideas which the researcher is usually confident that can best explain the natural success of the case to be studied (Camp, 2001). From the conceptual framework, the presence of collateral can affect youth economic development.

Availability of a collateral can increase the economic development of youth since more will access funds, be trained, connected to bigger market and access market support. The number of empowered youth and youth enterprises formed can be positively or negatively affected depending on the moderating effect of the collateral. Youth who are able to access land title deeds, car logbooks, bank guarantees, letters of undertaking and household chattels will tend to form more youth enterprises which will in turn increase economic development. In addition, they will borrow more funds to set up new business enterprises.

Marketing is recognized as one of the essential elements to the survival and growth of enterprises. Hence market support lead to increased sales and profitability of youth enterprises through enabling the youth to access both domestic and international markets. Similarly, linking of the small enterprises owned by the youth to large enterprises enhances target markets by increasing the firm efficiency. It also enables youth to link with large enterprises and break into national and global markets. Through training, provides non-financial services such as pre-disbursement and post-disbursement training, financial management and book keeping which enable the youth beneficiaries to grow and sustain their enterprises.

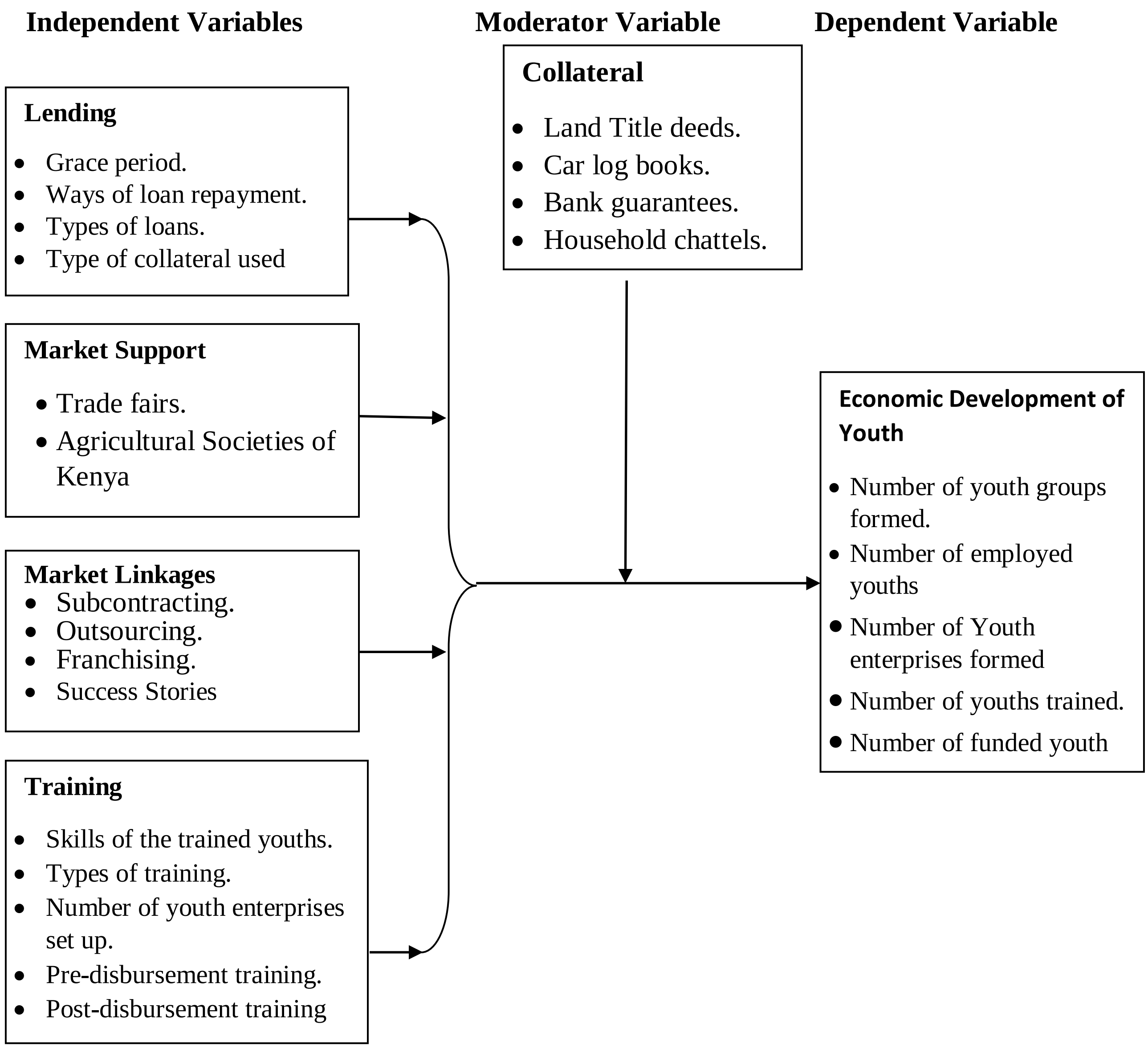

Figure 2.1: Conceptual Framework

Source: (Author, 2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter highlights the methodology of the study procedures which was used in the research design. It highlights the study area, measures of variables, the target population, sample size and sampling procedure as well as data collection and analysis methods.

3.1 Research Design

The research design that was adopted in this study was explanatory research design which is basically concerned with assessing the relationship between variables. Burns and Grove (2003) define a research design as a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. Explanatory research is based on the premise that if a statistically significant relationship exists between two variables, then it is possible to predict one variable using the information available on another variable (Bless & Higson-Smith, 2005).

The explanatory research design is quantitative in nature and hypothesis is tested by measuring the relationships between variables and data is analyzed using statistical techniques. It included other types of quantitative research such as multiple regressions which attempt to identify causal relationships through the analysis of correlations between variables (Maxwell & Mittapalli, 2008). The explanatory research design was suitable because the study is mainly concerned with quantifying a relationship or comparing groups purposely to identify a cause-effect relationship. The design adopted as it supports the use of quantitative data and promotes comparison and statistical analysis.

3.2 The Study Area

The research was undertaken in Kesses Constituency which is number 146 as per the constituency ranking in Kenya. It is a sub-county in Uasin-Gishu and covers approximately 299 square kilometers with a population of 135,979 people.

3.3 Target Population

Whereas a population refers to all the items in the field of inquiry (Kumar, 2008), a target population is a subset of the population at large and is also known as the study or accessible population (Pyrczak, 2010). The study targets respondents who are the individuals and youth groups that benefited from the loans. The target population of this study was 200 youth in Kesses Constituency from 7 youth groups. These were youth who have benefited from at least 2 types of loans in one year. They were expected to provide valuable information on the influence of the funds on youth economic development.

Table 3.1: Target Population

Respondent	**Size of the population**
Individual loans	50
Group loans	150
Total	**200**

Source: Status Report (2016)

3.4 Sample size

Creswell (2014) contends that a sample size is used to determine the confidence level of the study. Slovin's formula was applied in the analysis to determine the sample size of a population. The researcher used the following formulae to determine the sample size from a target population of 200 respondents, with a confidence level of 95% and margin of error of 0.05.

$n = N/ (1+N(e^2)$.

Where;

n = the number of samples needed

N = total population

e = Error of tolerance.

The sample size arrived at is shown below:

Target population 200 respondents

$n = N/ (1+N(e^2)$.

200/ (1+200x0.05^2) =133.333, thus respondents were 133.

Table 3.2: Sample Size

Respondent	Size of the population	Sample Size
Youth who benefited from individual loans	50	33
Youth who benefited from group loans	150	100
Total	200	133

Source: Status Report (2017)

3.4.1 Sampling Procedure

According to Kothari (2004), sampling design is a definite plan for obtaining a sample from a given population. It refers to the procedure the researcher adopts in selecting items for the sample. Cox and Hassard (2010) define sampling technique as the set of tactics a researcher uses to select the actual sample from the population. The study utilized multiple sampling techniques. Purposive sampling was used to select youth groups. This study used stratified sampling technique to divide the youth groups into individual loans and group loans with each forming a stratum. Stratified sampling technique provided a better comparison across the strata (Saunders *et al.*, 2007).

Stratified random sampling was appropriate as it enables the researcher to represent not only the overall population but also key sub-groups of the population. Simple random sampling was used to select the 133 respondents participate in the study. The use of simple random sampling technique to select youth groups ensured an equal chance of inclusion in the sample.

3.5 Data Collection Instruments

Data collection is the systematic process a researcher engages to document data (Cooper & Schindler, 2014). Questionnaires was used which contained questions which are either open ended or closed. According to Kombo and Tromp, (2006), a questionnaire is a way of getting data about a person by asking him questions rather than watching him. Questionnaires are without doubt one of the primary sources of obtaining data in any research endeavor. According to Wilson, (2010), a questionnaire is a method of data collection that comprises a set of questions designed to generate data suitable for achieving objectives of the thesis.

However, the critical point is that when designing a questionnaire, the researcher should ensure that it is valid, reliable and unambiguous (Richards & Schmidt, 2012). On the whole, questionnaires can appear in three types: closed-ended (or structured) questionnaires, open-ended (or unstructured) questionnaires or a mixture of closed-ended and open-ended questionnaires. In this regard, Blaxter *et al*. (2006) divide questionnaires into seven basic question types: quantity or information, category, list or multiple choice, make use of one or several types of these question forms.

3.6. Reliability and Validity of the Research Instruments

Whereas reliability of research instrument refers to the degree to which the instrument yields consistent results (Best & Khan, 2006), validity describes the accuracy and meaningfulness of all inferences, which are based on the research results. It is the level to which the instrument measures what it is supposed to measure (Kothari, 2004).

3.6.1 Validity of the Research Instrument

Validity refers to the accuracy and meaningfulness of all inferences, which are based on the research results. It is the level to which the instrument measures what it is supposed to measure (Kothari, 2004). The content validity was used for ensuring validity in this study. The consistency of the instrument was established by administering the research tool within two weeks to ensure similar conditions of measurements and reduced variations due to varied external conditions. Before data collection, a pilot study was conducted so as to ensure that the data collection instrument is reliable and valid.

Polland (2005) argues that the main aim of pilot testing is to determine the accuracy and consistence of the instruments before they were used for actual data collection. The pilot study was carried out in Turbo Constituency. This is an area not part of the area researched on but has close and similar characteristics to the area of study. According to Orodho (2005) a pilot study can reveal deficiencies in the design of a proposed experiment or procedure and these can then be addressed before time and resources expended on large scale studies.

According to Mugenda & Mugenda (2003), validity refers to a situation where the research instrument is measuring what it is intended to measure. Validity is concerned with whether the research is believable and true and whether it is evaluating what it is supposed or purports to evaluate. It is the extent to which differences found within a measuring instrument reflect true differences among those being tested (Kothari 2008).

In this regard, the quality of the instrument is very critical because the conclusions drawn from the research are based on the information obtained from using this instrument (Fraenkel & Wallen, 2003). Thus, it is imperative that the data and the instrument be validated. In this regard, content validity was used in this research. Content validity is related to a type of validity in which different elements, skills and behaviors are adequately and effectively measured. To this end, the research instruments and the data might be reviewed by the experts in the field of research.

3.6.2 Reliability of the Research Instrument

Regardless of the research procedure used and the method employed, researchers need to critically assess to what extent it is likely to consistently measure what it ought to measure accurately. According to Orodho (2003), reliability is the extent to which results are consistent over time and an accurate representation of the total population under study is said to be reliable if the results of a study can be reproduced under a similar methodology then the research instrument is considered to be reliable.

According to Mugenda and Mugenda, (2008), the reliability of an instrument measures the degree to which a research instrument yields consistent results or data after repeated trials. The questionnaire was administered during the pilot study. Cronbach's Coefficient Alpha was used to determine the reliability of the research instrument using SPSS V. 23 program. A reliability coefficient of 0.7 and above was assumed to reflect the internal reliability of the instruments (Fraenkel & Wallen, 2000). The entire questionnaire was deemed as reliable after several typographical errors and omissions detected are corrected in the instrument confirming that it is sufficient to be used in the main study.

3.7 Measurement of Variables

A five-point Likert scale was used in this study to measure all variables (where 1= strongly disagree and 5= strongly agree). The variables measured include the dependent variable; youth economic development and independent variables; loan lending, market support, market linkages and training. The influence of collateral was measured as moderating variable. The loan lending had 12 statements, market support had six statements; market linkages had five statements; training strategy had 11 statements, collateral had seven statements, economic development had six statements all presented in a 5-point likert scale. In this study, the independent variables are the elements of youth empowerment strategies which include loan lending, market support, market linkages and training. An independent variable is a variable that is expected to influence the dependent variable in some way.

3.8 Data Collection Procedures

Before the actual data collection exercise took place, the researcher sought authorization from the school of Business Management of University of Eldoret. The authorization was used to acquire a research permit from the National commission for Science and Technology Innovation for a research permit. The permit was then presented to the managers of youth empowerment who gave authorization. Data was collected using questionnaires using the drop and pick method. A period of two weeks was given for the respondents to fill the questionnaire after which they were picked.

3.9 Data Analysis

After all data has been collected, the researcher conducted data cleaning, which involved identification of incomplete or inaccurate responses then correct them to improve the quality of the responses. The data was categorized, coded and entered in the computer for analysis using the Statistical Package for Social Sciences (SPSS). The data from questionnaires was analyzed using both descriptive and inferential statistical methods. Descriptive statistics consist of mean and standard deviation.

Inferential statistics consisted of Pearson Product Correlation coefficient, multiple regression analysis and Process Macro. Data was subjected to inferential statistical with the aid of statistical Package for social sciences (SPSS V23). Multiple regressions are parametric statistics used since the data adheres to the following assumptions or parameters (Field, 2009): data must be on interval level, a linear relationship exists, the distributions normal, outliers identified and omitted. Data was presented by use of tables.

The hypotheses were tested using both multiple and hierarchical regression analysis. This was used to analyze moderating effect of collateral on the relationship between youth empowerment strategy and economic development of youth in Kesses Constituency.

3.9.1 Model Specification

To determine the influence of the independent variables on the dependent variable was captured by the null hypotheses H_{01}, H_{02}, H_{03} and H_{04} a multiple regression was undertaken using multiple regression models as follows:

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$ ……………………..……………...Equation 1

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$ ………...............................Equation 2

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 (X_1, X_2, X_3, X_3) + e$ …...........Equation 3

Where:

Y: Economic Development of Youth

X: Empowerment

X_1: Loan Lending

X_2: Market Support Strategy

X_3: Market Linkages Strategy

X_4: Training

X_5: Collateral

β_0: Constant

$\beta_1 - \beta_5$: Regression coefficients

e: Error term

The moderation effect of collateral was conveniently tested using a special PROCESS Macro tool developed by Hayes (2013) using the regular linear regression menu item in SPSS application version 22. PROCESS Macro tool is an inbuilt measurement tool with a bootstrapped confidence interval request procedure prescribed by Preacher and Hayes (2008). In order to confirm a third variable making a moderation effect on the relationship between the two variables empowerment strategy and economic development, the study showed that the nature of this relationship changes as the values of the moderating variable collateral change. This was in turn done by including an interaction effect in the model and checking to see if indeed such an interaction is significant and helps explain the variation in the response variable better than before.

The following four stages of the moderation process were followed; Firstly, the study standardized all variables to make interpretations easier afterwards and to avoid multicollinearity. Secondly, using regular regression menu items in SPSS or similar software, dummy code categorical variables and manually create product terms for the predictor and moderator variables. Thirdly, fitted a regression model predicting the outcome variable Y from both the predictor variable X and the moderator variable M. Both effects as well as the model in general (R^2) should be significant.

Finally, the interaction effect added to the previous model (block 2) and check for a significant R^2 change as well as a significant effect by the new interaction term. If both are significant, then moderation is occurring. When the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred.

3.9.2 Assumptions of Multiple Regression

The assumptions of multiple regression identified as of primary concern in the research included; linearity, homoscedasticity, normality, and collinearity. Normality assumption is based on the shape of normal distribution and gives the researcher knowledge about what values to expect (Keith, 2006). The researcher tested this assumption using visual inspection of data plots, skewness, kurtosis, and P-Plots (Osborne & Waters, 2002). Normality was further checked through histograms of the standardized residuals. Linearity is established using multiple regressions to estimate the relationship between dependent and independent variables when the relationship is linear in nature (Osborne & Waters, 2002). Residual plots showing the standardized residuals and the predicted values was used to establish linearity.

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that the study assumed that errors are spread out consistently between the variables (Keith, 2006). Homoscedasticity was checked using the standardized residual scatter plot. The results will show whether standardized residuals concentrated in the centre (around 0) and whether their distribution rectangular. Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006). Tolerance and VIF statistics were used to carry out the diagnosis (Keith, 2006).

3.10 Ethical Considerations

This refers to moral standards that the researcher observed in all research methods in all stages of the research design. Ethical issues were observed by the researcher during this study. Permission was sought from the University of Eldoret; school of business as well as the local authorities before the data is collected. The youth who took part in the data collection, was notified before that the purpose of the study is purely for academic work. In addition, the youth enterprise development fund board was notified of the same.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter presents the data analysis carried in line with the study objectives from which the findings were presented and interpretations done based on the objectives of the study. Both descriptive and inferential statistics were used to analyze the data. The chapter is organized as follows: response rate, demographic information, descriptive analysis, reliability and validity analysis, correlation analysis, multiple regression and process macro and discussion of the study findings.

4.1 Response Rate

Data was collected from youth owned enterprises in Kesses Sub County in Uasin Gishu County A total of 133 questionnaires were issued from which 117 were filled and returned which represents a response rate of 88%. The response rate was considered satisfactory since Nyanjom (2013) argues that a response rate of 75% is considered excellent and a representative of the population. The good response rate was attributed to the self-administration of the questionnaires applied by the researcher from which the intended respondents were booked for appointment prior to the date of data collection from which the researcher agreed on the actual date for the data questionnaire administration. The response rate is represented in Table 4.1.

Table 4.1 Response Rate of Questionnaire

	Count	**Percentage**
Returned	117	88
Non-returned	16	12
Total	**133**	**100**

4.2 Demographic Information of the Respondents

The demographic information of the respondents included; gender role of the youth in the group, age of the respondents, level of education and the duration the enterprise has been operating as is presented in Table 4.2. The findings indicated that majority 59(50.4%) of the respondents were male and 58(49.6%) female. This indicated that there was gender disparity in the distribution of youth entrepreneurs in Kesses Sub County.

On the age bracket of the respondents, results indicated that 9 (83.8%), were aged between 18 and 35 years, with 17 (14.5%) having more than 36 years and 2(1.7%) were aged below 17 years. This indicated that majority of the respondents were above 18 years and have passion on the youth empowerment. On duration the enterprise has been in operation 46(39.3%) had been in existence for between 7 and 12 months, with 32(27.4%) had been in existence for more than 4 years, while 23(19.7%) had been existed for between 1.5 and 3.5 years and the least 13.7% had business in existence for less than 6 months. This indicated that majority of the youth owned enterprise had been in existence for more than 7 months.

On the highest level of education, 39(33.3%) of the respondents had College qualifications, while 37(31.6%) had secondary education, with 30(25.6%) had university education and 11(9.4%) had primary education. This implied that majority of the youth entrepreneurs had above secondary education. Finally, on the role of the youth in the group, at least 53 (45.3%) of them were group members, with 28 (23.9%) as secretary and 18 (15.4%) being treasurer as well as chairperson. This showed that most of the youth played an active role in management of group.

Table 4.2: Demographic of the Respondents

Variable	**Category**	**Frequency**	**Percent**	**Cumulative Percent**
Gender	Male	59	50.4	50.4
	Female	58	49.6	100.0
	Total	**117**	**100.0**	
Age	<17 years	2	1.7	1.7
	18-35 years	98	83.8	85.5
	>36 years	17	14.5	100.0
	Total	**117**	**100.0**	
Highest level of education	Primary	11	9.4	9.4
	Secondary	37	31.6	41.0
	College	39	33.3	74.4
	University	30	25.6	100.0
	Total	**117**	**100.0**	
Duration enterprise was in operation	0-6months	16	13.7	13.7
	7-12 months	46	39.3	53.0
	1.5 years to 3.5years	23	19.7	72.6
	>4 years	32	27.4	100.0
	Total	**117**	**100.0**	
Role in the group	Chairperson	18	15.4	15.4
	Treasurer	18	15.4	30.8
	Secretary	28	23.9	54.7
	Member	53	45.3	100.0
	Total	**117**	**100.0**	

4.3 Descriptive Analysis for Independent and Dependent Variables

Descriptive analysis is used to describe the basic features of the data under study and provide summaries about the population sample. The variables were Likert-scaled item type questions, in which respondents choose from 5-point score; Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D) and Strongly Disagree (D). The respondents were asked to score on statements explaining the independent, dependent and moderator variables.

In the current study, descriptive analysis included means and standard deviation. The mean was used as a measure of central tendency while standard deviation was used as a measure of dispersion to inform how the responses were dispersed from the mean. Normality was then assessed using skewness and Kurtosis (Tabachnick & Fidell, 2007). The distribution across the variable was considered to be normally distributed if skewness and kurtosis values fell between -2.0 to 3.0. As shown the skewness and kurtosis values for the study variable, skewness and kurtosis values for the variable in the study were within the acceptance range. Normality assumption was therefore considered to have been met.

4.3.1 Descriptive Analysis for Independent Variable

During the study the independent variable was youth empowerment strategy measured using loan lending, market support, market linkages and training. Respondents were asked to indicate on a five-point Likert scale their level of agreement on several statements describing the youth empowerment strategy. Using a five-point likert scale, the study sought to know respondents’ level of agreement on various statements relating to youth empowerment strategy. Descriptive statistics which include mean and standard deviation were used to summarize the responses as presented in Table 4.3.

Majority of the youth agreed on being given a 3 months grace period (4.27), repaid the loan through the bank (4.37) and repaid the loan through M~PESA (3.98). This gave the standard deviations in the range 1.03 to 1.29. These showed that the youth were given a 3 months grace period to repay their loan through the bank and through M~PESA. The study findings showed that most of the respondents were not sure on the statements explaining loan lending as indicated by the mean; the youth that was funded by `Rausha´ loan (3.49), 'Inua' loan (3.35), special loan (2.89), smart loan (3.06), swift loan (3.16), 'Vuka' loan (2.79), LPO Financing loan (2.73) and the 'Agri-Vijana' loan had a mean of 2.74. This gave the standard deviations in the range of 1.29 and 1.51.

This finding indicated that the youth were given a 3 months grace period to repay their loan through the bank and through M~PESA. The lending strategy among the youth were uncertain and sometimes they obtain loan through their mobile phones and banks and included the `Rausha´ Inua loan, special loan, smart loan, swift loan, Vuka loan, LPO Financing loan and the 'Agri-Vijana' loan.

Considering the variable market support, most of the respondents agreed that their products were marketed through trade fairs (4.10), products were marketed through (ASKs) (4.15), success story improved their market products (4.30), products were marketed through county- exhibitions (4.02) and their products marketed through national-exhibitions (3.52).

Table 4.3 Descriptive Statistics of Independent Variable

	Mean	Std. Dev	Skewness	Kurtosis
Loan lending				
I was funded by \`Rausha´ loan	3.49	1.46	-0.39	-1.32
I was funded by \`Inua´ loan	3.35	1.51	-0.20	-1.50
I was funded by Special loan	2.89	1.31	0.33	-1.11
I was funded with ‘Smart’ loan	3.06	1.42	0.19	-1.35
I was funded with ‘Swift’ loan	3.16	1.38	0.05	-1.26
I was funded with ‘Vuka’ loan	2.79	1.33	0.43	-1.02
I was funded with the LPO Financing loan	2.73	1.35	0.47	-1.03
I was funded with the ‘Agri-Vijana’ loan	2.74	1.29	0.46	-0.96
I was given a 3 months grace period	4.27	1.16	-1.46	0.94
I repaid the loan through the bank	4.37	1.03	-1.85	2.85
I repaid the loan through M~PESA	3.98	1.29	-1.03	-0.07
Market support				
My products were marketed through trade fairs	4.10	1.21	-1.05	-0.28
My products were marketed through (ASKs)	4.15	1.10	-1.19	0.35
My success story improved market products	4.30	1.00	-1.42	1.30
My products marketed through county- exhibitions	4.02	1.13	-0.91	-0.32
My products marketed through national-exhibitions	3.52	1.26	-0.33	-1.19
My products marketed through international trade fairs	3.35	1.35	-0.13	-1.42
Market linkages				
I was introduced into partnering by another organization	3.68	1.30	-0.74	-0.72
I was linked to a larger enterprise in a different country	3.84	1.29	-0.96	-0.31
I was outsourced by a large enterprise within the country	3.98	1.27	-1.14	0.16
My success story linked me to larger organizations	4.09	1.20	-1.20	0.29
My success story linked me to customers in my region	4.27	1.11	-1.56	1.46
Training				
I was trained on a weekly basis	3.59	1.33	-0.50	-1.12
I was trained on a monthly basis	3.93	1.28	-1.01	-0.26
I was trained on a quarterly basis	4.22	1.04	-1.53	1.84
I was trained on entrepreneurship skills	4.47	0.88	-2.09	4.57
I was trained on group dynamics skills	4.27	1.15	-1.72	2.08
I was trained on enterprise development skills	4.44	0.89	-1.81	2.88
I was trained on book and record keeping skills	4.43	0.91	-2.00	4.19
I was trained on developing of a business plan	4.41	0.95	-1.96	3.70
I was trained on group registration procedures	4.27	1.09	-1.63	1.93
I was trained on loan repayment techniques	4.31	1.01	-1.77	2.78
Training helped me form a business enterprise	4.27	1.06	-1.38	0.73

However, the youth were not sure whether their products were marketed through international trade fairs (3.35). The mean was found to be in the range 3.35 and 4.3 for the items and standard deviations for market support ranged between 1.00 and 1.35. This finding indicated that market support was evident since their products were marketed through trade fairs, county- exhibitions ASKs and national-exhibitions. The success story of the youth improved marketing of their products.

On market linkages most of the respondents agreed that they were introduced into partnering by another organization (3.68), was linked to a larger enterprise in a different country (3.84), was outsourced by a large enterprise within the country (3.98), success story linked them to larger organizations (4.09) and their success story was linked to customers (4.27). The mean values and the accompanying standard deviations were in the range 3.68 to 4.27 and 1.11 to 1.30 respectively. The mean values and the accompanying standard deviations were in the range 3.68 to 4.27 and 1.11 to 1.30 respectively.

The market linkages showed that the youth were introduced into partnering by another organization that was linked to a larger enterprise in a different country. Some of the enterprises was outsourced by a large enterprise within the country and their success story linked them to larger organizations as well as their success story was linked to customers.

On training most of the respondents agreed that they were trained either on weekly (3.68), monthly (3.93) and quarterly basis (4.22). Majority of the youth agreed that they were trained on group dynamics skills, group registration procedures and the training helped them form an enterprise (4.27). They were also trained on entrepreneurship skills (4.47), enterprise development skills (4.44), book and record keeping skills (4.43), on developing of a business plan (4.41), and finally trained on loan repayment techniques (4.31).

The means for the items were in the range 3.59 to 4.44 and the standard deviations in the range 0.88 to 1.33. This result implies that the youth had been trained on entrepreneurship skills, group dynamics skills, enterprise development skills, book and record keeping skills, developing of a business plan, group registration procedures, loan repayment techniques either on weekly, monthly and quarterly basis.

4.3.2 Descriptive Analysis for Dependent Variable

During the study the dependent variable was economic development measured using six statements on a five-point Likert scale. The study sought to know respondents' level of agreement on various statements relating to economic development using a five-point likert scale. The mean and standard deviation of were used to summarize the responses as presented in Table 4.4.

On the five statements explaining economic development the respondents agreed that being a member helped them get business loan (4.32), they set up business from the individual loan (4.12), they have expanded their business from the loan received (4.36), they have purchased business stock from the loan (4.38), their profit margins rose from ventured business (4.31) and they have employed more casual workers from the loan (3.76).

The descriptive statistics for the items of economic development indicated that the means were in the range 3.76 to 4.38 and standard deviations were in the range 0.88 to 1.31. On economic development the members have helped youth get business loan, set up business from the individual loan, expanded their business from the loan received and purchased business stock from the loan. The youth enterprise profit margins rose from ventured business and employed more casual workers from the loan.

Table 4.4 Descriptive Analysis for Dependent Variable

	Mean	Std. Dev	Skewness	Kurtosis
Youth economic development				
Being a member helped me get business loan	**4.32**	**1.19**	**-1.65**	**1.50**
I set up my business from the individual loan	4.12	1.13	-1.33	0.93
I expanded my business from the loan I received	4.36	0.94	-1.91	3.96
I purchased my business stock from the loan	4.38	0.88	-1.77	3.42
My profit margins went up from ventured business	4.31	1.02	-1.54	1.77
I employed more casual workers from the loan	3.76	1.31	-0.71	-0.76

4.3.3 Descriptive Analysis for Moderator Variable

During the study the moderator variable was collateral measured using seven statements on a five-point Likert scale. The study sought to know respondents' level of agreement on various statements relating to economic development using a five-point likert scale. The mean and standard deviation of were used to summarize the responses as presented in Table 4.5. On the statements explaining collateral the respondents were not sure on using a car logbook to secure the loan (3.32), using a letter of undertaking to secure the loan (3.02) and using a bank guarantee to secure the loan (2.88).

Majority of the youth agreed that they have used household items to secure the loan (3.97), used a title deed to secure the loan (3.68), loan was guaranteed by the group members (3.86) and used my stock to secure the loan (3.62). The mean values and the accompanying standard deviations were in the range 2.88 and 3.97 as well as1.27 and 1.54 respectively. This meant the collateral influenced the bank loan accessibility by youth. The youth have used household items and title deed to secure the loan. The youth loan was guaranteed by the group members and some used business stock to secure the loan. Since most of the youth does not have a collateral and could not afford a logbook, letter of undertaking and a bank guarantee to secure a loan.

Table 4.5 Descriptive Analysis for Moderator Variable

	Mean	Std. Dev	Skewness	Kurtosis
Collateral				
I used household chattels to secure the loan	3.97	1.31	-0.96	-0.45
I used a title deed to secure the loan	3.68	1.34	-0.59	-1.07
The loan was guaranteed by the group members	3.86	1.27	-0.85	-0.54
I used a car logbook to secure the loan	3.32	1.40	-0.06	-1.55
I used a letter of undertaking to secure the loan	3.02	1.43	0.26	-1.44
I used a bank guarantee to secure the loan	2.88	1.35	0.22	-1.27
I used my stock to secure the loan	3.62	1.54	-0.65	-1.14

4.4 Reliability Analysis

A research instrument is reliable if after being administered to different groups of respondent's yields consistent results. Cronbach's alpha was used to assess the internal consistency or homogeneity among the items. From the reliability analysis Cronbach's alpha coefficient of the study variables were; loan lending (.813), market support (.855), market linkages (.850), training (.833), collateral (.805), and economic development (.717).

This indicated that all the variables had a Cronbach's alpha coefficient of above 0.7. The highest Cronbach's alpha coefficient was observed for market support variable (0.855) and the lowest for economic development (0.717) as shown in Table 4.6. According to

Zinbarg (2005) all the data collection instruments with Cronbach Alpha equal to or greater than 0.5 then the data collection instrument is valid.

Table 4.6 Reliability Statistics

	Cronbach's Alpha	Number of Items
Loan lending	.813	11
Market support	.855	6
Market linkages	.850	5
Training	.833	11
Collateral	.805	7
Economic development	.717	6
Overall	**.926**	**46**

The study findings depicted that on overall the Cronbach's Alpha was 0.929, since the coefficient was above 0.7 all the constructs when combined were reliable. The high value of Cronbach's alpha for all the variables under study indicates that the question items are reliable and consistent. This can be attributed to the fact that all the questionnaire items adopted from published journals or articles that have been empirically tested or conceptualized.

4.5 Validity of the Research Instrument

The degree to which a research instrument measures what it is supposed to measure is called validity. Prior to using the questionnaire for data collection, the researcher discussed it with the supervisors and colleagues. Since the researcher self-administered the questionnaire she encouraged the respondents to express their opinion on the clarity and clearness of the questions in the questionnaire. The respondent's opinion was used to improve the research instrument for the final study. In addition, Kaiser-Mayor-Oklin measures of sampling adequacy (KMO) and Bartlett's test of sphericity were applied to test whether the correlation between the study variables exist.

Kaiser- Mayor- Oklin was used as a measure of sampling adequacy and a value of >.5 and p-value <0.5 was acceptable. The Bartlett's test of sphericity was used as a test of the adequacy of the correlation matrix whereby it tests the null hypothesis that the correlation matrix is has all diagonal elements as 1 and non-diagonal elements as 0. If the test value is large and the significance level is small, then the null hypothesis that the variables are independent can be rejected.

4.5.1 Rotated Factor Matrix on Measurement Items for Youth Empowerment Strategy

In this study, factor analysis was used to validate whether the items in each section loaded into the expected categories. Varimax rotation was used to validate the four constructs that are distinct in youth empowerment strategy. On the loan lending construct the results showed two components with eigen values greater than 1.0 and the total variance explained was 52.99% as shown in Table 4.7. The KMO measure of sampling adequacy is 0.695 indicating sufficient inter-correlation, while the Bartlett's Test of sphericity was significant (Chi-square 497.376, p=0.001). This result indicated that the loan lending construct was unidimensional and factorially distinct and that all the items used to measure it were loaded on two factors.

Market support statements was subjected to factor analysis and one component with Eigen values greater than 1 were extracted which cumulatively explained 59.037% of variance as shown in (Table 4.8). The market support indicated that the KMO was 0.842 and the

Bartlett's Test of sphericity was significant ($p<.05$) with a chi square of 316.57. When rotated using Varimax with Kaiser normalization reveals that six items were loaded on the one component and the renamed support explaining 59% of the total variance. No statements were deleted and all the statements retained, computed and renamed support for further analysis.

On the market linkages construct, the results showed one component with five values greater than 1.0 and the total variance explained was 65.409%. The KMO measure of sampling adequacy is .791 indicating sufficient inter-correlation, while the Bartlett's Test of sphericity was significant (Chi-square 298.847, $p=0.001$). This result indicated that the market linkages construct was unidimensional and factorially distinct and that all the items used to measure were loaded on one factor.

Training was subjected to factor analysis and two components with Eigen values greater than 1 were extracted which cumulatively explained 57.688% of variance. The training had a KMO of 0.835 and significant Bartlett's Test of sphericity (562.508, $p<.05$). None of the statement was deleted and all were retained, computed and renamed training for further analysis.

Table 4.7 Rotated factor matrix on measurement items for evaluating Youth empowerment

Survey Items	Component	
Lending	**1**	**2**
I was funded by `Rausha´ loan		.697
I was funded by `Inua´ loan		.614
I was funded by Special loan	.707	
I was funded with 'Smart' loan	.519	
I was funded with 'Swift' loan		
I was funded with 'Vuka' loan	.782	
I was funded with the LPO Financing loan	.834	
I was funded with the 'Agri-Vijana' loan	.713	
I was given a 3 months grace period		.697
I repaid the loan through the bank		.774
I repaid the loan through M~PESA		.639
KMO	0.695	
Chi-Square	497.376	
Bartlett's Test of Sphericity (df=55)	.000	
Eigenvalues	3.566	2.263
% of Variance (52.991)	27.481	25.510
Support		
My products were marketed through trade fairs	.762	
My products were marketed through (ASKs)	.859	
My success story improved market products	.768	
My products were marketed through county- exhibitions	.865	
My products were marketed through national-exhibitions	.725	
My products were marketed through international trade fairs	.598	
KMO	0.842	
Chi-Square	316.570	
Bartlett's Test of Sphericity (15)	.000	
Eigenvalues	3.542	
% of Variance	59.037	
Linkages		
I was introduced into partnering by another organization	.702	
I was linked to a larger enterprise in a different country	.822	
I was outsourced by a large enterprise within the country	.880	
My success story linked me to larger organizations	.819	
My success story linked me to customers in my region	.809	
KMO	0.791	
Chi-Square	298.847	
Bartlett's Test of Sphericity (df=)	.000	
Eigenvalues	3.270	
% of Variance	65.409	
Training		
I was trained on a weekly basis		.714
I was trained on a monthly basis		.731
I was trained on a quarterly basis		.659
I was trained on entrepreneurship skills	.685	
I was trained on group dynamics skills	.580	.536
I was trained on enterprise development skills	.799	
I was trained on book and record keeping skills	.886	
I was trained on developing of a business plan	.879	
I was trained on group registration procedures	.666	
I was trained on loan repayment techniques		.517
Training helped me form a business enterprise	.660	
KMO	**0.835**	
Chi-Square	562.508	
Bartlett's Test of Sphericity (df=55)	**.000**	
Eigenvalues	4.673	1.670
% of Variance (57.668)	38.210	2.140

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

4.5.2 Rotated Factor Matrix on Economic Development

The factor analysis results of economic development, indicated that the KMO was 0.732 and the Bartlett's Test of sphericity was significant ($p<.05$) and a chi-square of (222.002) (Table 4.8). The Varimax rotated principle component resulted in one factor loading of economic development variable that explained 47.296% of variance with Eigen values larger than 1. Two statements being a member helped then get business loan and employed more casual workers from the loan was deleted and the remaining four statements retained, computed and renamed economic for further analysis.

Table 4.8 Rotated factor matrix on Economic development

	Component
	1
Being a member helped me get business loan	
I set up my business from the individual loan	.679
I expanded my business from the loan I received	.846
I purchased my business stock from the loan	.840
My profit margins went up from ventured business	.834
I employed more casual workers from the loan	
KMO	**.732**
Approx. Chi-Square	222.002
Bartlett's Test of Sphericity (df=15)	**.000**
Eigenvalues	2.838
% of Variance	47.296

Extraction Method: Principal Component Analysis.
1 Component extracted.

4.5.3 Rotated Factor Matrix on Collateral Variable

Factor analysis with Varimax rotation was done to validate the collateral variable dimensionality and appropriateness of the measurement scale. With eigen values greater than 1.00 the total variance explained was 62.21%. The KMO measure of sampling adequacy was 0.712 indicating sufficient inter correlation while the Bartlett's Test of Sphericity was significant (Chi square=303.478, p=0.001). There were 7 statements representing collateral variable and were retained, computed and renamed collateral for further analysis (Table 4.9).

Table 4.9 Rotated factor matrix of collateral

	Component	
	1	2
I used household chattels to secure the loan		.821
I used a title deed to secure the loan		.798
The loan was guaranteed by the group members	.555	
I used a car logbook to secure the loan		.716
I used a letter of undertaking to secure the loan	.801	
I used a bank guarantee to secure the loan	.865	
I used my stock to secure the loan	.712	
KMO	**.712**	
Bartlett's Test of Sphericity (df=21)	**.000**	
Approx. Chi-Square	303.478	
Eigenvalues	3.158	1.196
% of Variance (62.210**)**	33.439	28.771

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

4.6 Correlation Analysis of the Variables

The study sought to find out the strength of the influence of youth empowerment strategy on economic development. To achieve this Pearson's moment correlation was used. It was appropriate because all the variables were in interval scale. Results of the study showed that there is a significant influence of loan lending on economic development of youth enterprises (r=0.542, p =0.022) as summarized in Table 4.10. This implies that an increase in loan lending improved the economic development of youth enterprise.

There was a significant positive relationship between market support and economic development (r= 0. 915, p =0.000). Therefore, an increase in market support led to a rise in economic development. There was a significant positive influence of market linkages on economic development (r=0.938, p=0.00). Therefore, an increase in market linkages led to rise in economic development.

Table 4.10 Correlation Analysis of the Variables

		1	2	3	4	5	6
1. Economic	Pearson Correlation	1					
	Sig. (2-tailed)						
2. Lending	Pearson Correlation	.542*	1				
	Sig. (2-tailed)	.000					
3. Support	Pearson Correlation	.915**	.606**	1			
	Sig. (2-tailed)	.000	.000				
4. Linkages	Pearson Correlation	.938**	.623**	.925**	1		
	Sig. (2-tailed)	.000	.000	.000			
5. Training	Pearson Correlation	.701**	.449**	.659**	.678**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
6. Collateral	Pearson Correlation	.319**	.477**	.463**	.402**	.307**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.001	

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).
c. Listwise N=117

The study findings showed that there is a significant positive influence of training and economic development (r =0. 701, p=0.000). This implies that as the training become thorough the economic development improved. There was a significant influence of collateral on economic development (r =0. 319, p=0.000). This implies that the rise in the collateral leads to increase in economic development improved. The findings indicated that the loan lending, market support, market linkages, training and collateral had a significant influence on economic development Kesses Sub County.

4.7 Multiple Regression Analysis

Multiple regression analysis was used to analyze the relationship between a single dependent variable and several predictor variables (Hair *et al.*, 2006). The regression coefficient summary was then used to explain the nature of the relationship between independent variables and the dependent. To determine the effect of empowerment strategy on economic development, the researcher used multiple regression analysis to test hypothesis 1, 2, 3 and 4 of the study. The F-test was used further to determine the validity of the model, while R squared was used as a measure of the model goodness of fit.

4.7.1 Assumptions of Multiple Regressions

Multiple regression is a parametric statistic used since the data adheres to the following assumptions or parameters (Field, 2009): data must be on interval level, a linear relationship exists, the distributions is normal, outliers identified and omitted. The assumptions of multiple regressions was identified in the research include linearity, homoscedasticity, normality, and collinearity.

4.7.1.1 Normality

The assumption is based on the shape of normal distribution and gives the researcher knowledge about what values to expect (Keith, 2006). The researcher tested this assumption through several pieces of information: visual inspection of data plots, skew, kurtosis, and P-Plots (Osborne & Waters, 2002). Normality was further checked through histograms of the standardized residuals (Stevens, 2009). Histograms are bar graphs of the residuals with a superimposed normal curve was used as summarized in Figure 4.1.

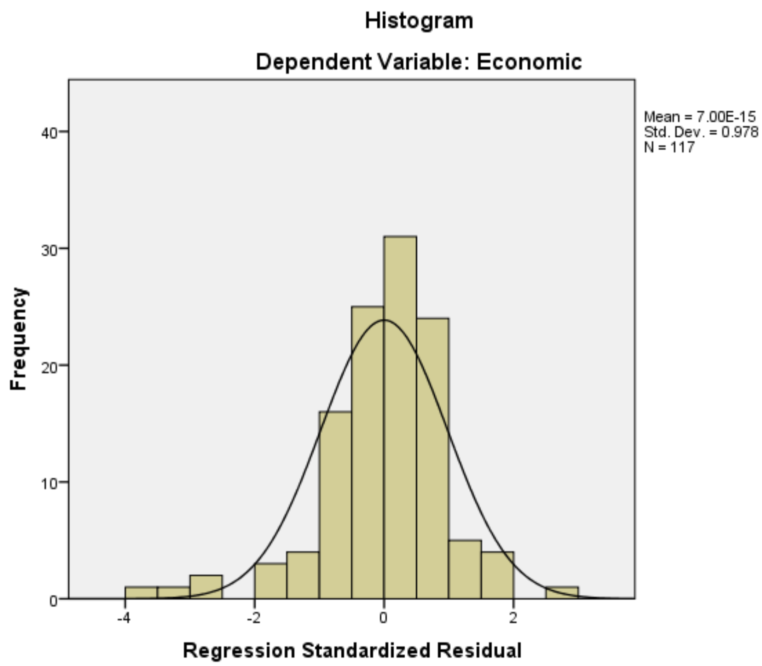

Figure 4.1: Normality

4.7.1.2 Linearity

Multiple regression can accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature (Osborne & Waters, 2002). Violation of this assumption threatens the meaning of the parameters estimated in the analysis (Keith, 2006). More in-depth examination of the residual plots and scatter plots available in most statistical software packages indicated linear vs. curvilinear relationships (Keith, 2006; Osborne & Waters, 2002). Residual plots showing the standardized residuals versus the predicted values were useful in detecting violations in linearity (Stevens, 2009). Any systematic pattern or clustering of the residuals suggests violation

(Stevens, 2009). Residual plots showing the standardized residuals and the predicted values were used to establish linearity as shown in Figure 4.2.

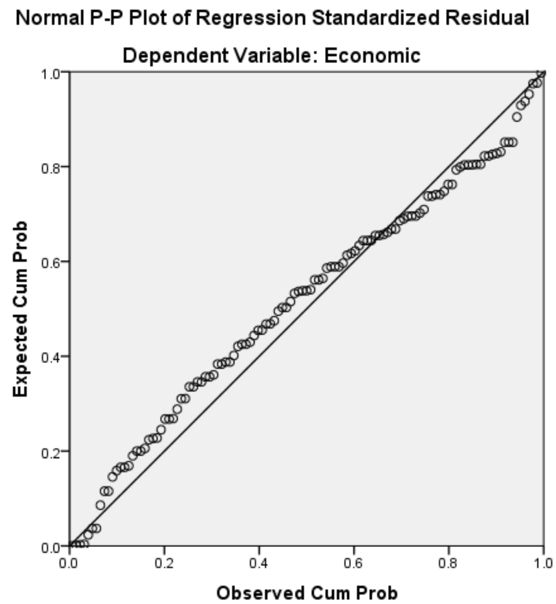

Figure 4.2: Linearity

4.7.1.3 Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that the study assumed that errors are spread out consistently between the variables (Keith, 2006). Specifically, statistical software scatterplots of residuals with independent variables was used for examining this assumption (Keith, 2006). Heteroscedasticity was indicated when the scatter is not even, fan and butterfly shapes are common patterns of violations. Some examples of homoscedasticity and heteroscedasticity was seen in scatter plots. Homoscedasticity was checked using the standardized residual scatter plot (Figure 4.3).

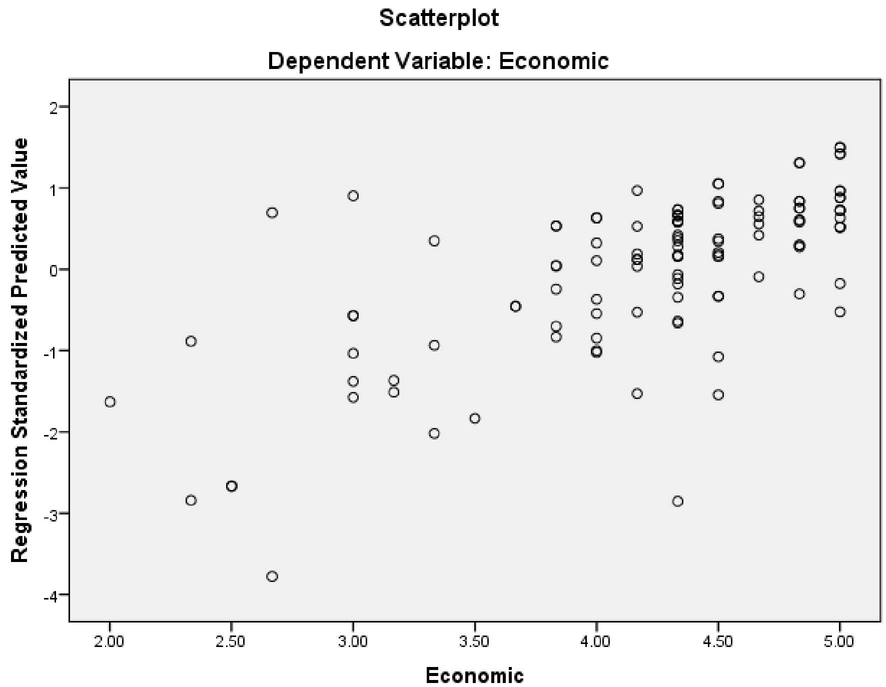

Figure 4.3 Homoscedasticity

The results showed whether standardized residuals concentrated in the centre (around 0) and whether their distribution was rectangular. This was an indication that the variance of the residuals about the dependent variable scores are the same, an indication that homoscedasticity is not a problem.

4.7.1.4 Multicollinearity

Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006). The more variables overlap (correlate) the less able researchers separated the effects of variables. Statistical software packages include collinearity diagnostics that measure the degree to which each variable is independent of other independent variables. Tolerance and VIF statistics were used to carry out the diagnosis. The rule of thumb for a large VIF value is ten and tolerance should be greater than 0.2 (Keith, 2006) as shown in Table 4.11. Small values for tolerance and large VIF values show the presence of multicollinearity (Keith, 2006).

Table 4.11 Multicolinearity

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Loan lending	.601	1.663
Market support	.140	7.159
Market linkages	.131	7.663
Training	.532	1.879
Collateral	.946	1.057

a. Dependent Variable: Economic

4.8 Youth Empowerment Strategy and Economic Development

Based on the regression model and table 4.12 below, the coefficient of determination (R squared) of 0.905 showing that 90.5 % of the variation in economic development can be explained by youth empowerment strategy. The adjusted R square of 0.902 depicts that youth empowerment strategy in exclusion of the constant variable explained the variation in economic development by 90.2 % the remaining percentage can be explained by other factors excluded from the model. The R shows the correlation coefficient of the combined effects of youth empowerment strategy, an R =0.951 shows that there is a strong positive relationship between youth empowerment strategy and economic development. The standard error of estimate (0.206) shows a small deviation of the independent variables from the line of best fit.

Table 4.12 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	**.951[a]**	**.905**	**.902**	**.20577**	**.905**	**267.006**	**4**	**112**	**.000**

a. Predictors: (Constant), Training, Lending, Linkages, Support

b. Dependent Variable: Economic

4.8.1 Youth Empowerment Strategy and Economic Development ANOVA

The regression model with youth empowerment strategy as a predictor was significant (F=267.006, p value =0.000) shows that there is a significant relationship between youth empowerment strategy and economic development and at least the slope (β coefficient) is not zero as shown in Table 4.13. Therefore, it can be implied that there is a significant relationship between youth empowerment strategy and economic development.

Table 4.13 Empowerment Strategy and Economic Development ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.222	4	11.305	267.006	.000[b]
	Residual	4.472	112	.042		
	Total	**49.964**	**116**			

a. Dependent Variable: Economic

b. Predictors: (Constant), Training, Lending, Linkages, Support

4.8.2 Youth Empowerment Strategy and Economic Development Coefficients

In addition, the β coefficients for empowerment strategy as independent variable were generated from the model, in order to test the hypotheses of the study. The t-test was used as a measure to identify whether the empowerment strategy predictor was making a significant contribution to the model. Table 4.14 gave the estimates of β-value and the contribution of each predictor to the model. The β-value for loan lending and market support had a negative relationship, while training and market linkages had a positive coefficient, depicting positive relationship with economic development as summarized in the model as:

$Y = -.151 - .089X_1 + .324X_2 + 0.622X_3 + 0.105X_4 + \varepsilon$………………. Equation 4.1

Where:

Y =Economic development, X_1 = loan lending, X_2 = market support, X_3 = market linkages, X_4= training and ε = error term

From the findings the t-test associated with β-values was significant and the empowerment strategy as the predictor was making a significant contribution to the model. The coefficients results showed that the predicted parameter in relation to the independent factors was significant.

Table 4.14 Youth Empowerment Strategy and Economic Development Coefficients

Model 1	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Correlations**			**Collinearity Statistics**	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	-.151	.214		-.702	.484					
Lending	-.087	.037	-.089	-2.371	.019	.542	-.219	-.069	.605	1.653
Support	.349	.083	.324	4.179	.000	.915	.367	.122	.141	7.083
Linkages	.608	.079	.622	7.726	.000	.938	.590	.225	.131	7.649
Training	.169	.064	.105	2.638	.010	.701	.242	.077	.532	1.879

a. Dependent Variable: Economic

4.8.3 Hypotheses of Independent Variable

The study hypothesized that there is no significant influence of loan lending on economic development. The study findings depicted that there was a negative significant relationship between loan lending and economic development (β_1= -0.089 and p value < 0.05) as shown in Table 4.14. Since the p value was less than 0.05, the null hypothesis (**Ho_1**) was rejected that there was no significant influence of loan lending on economic development. An increase in loan lending led to a decrease in economic development. This agrees with Manson & Mat (2010) that bureaucratic lending procedures has been postulated as a major constrain to access to credit by women and youth.

This agrees with Gangata and Matavire, (2013) that in many SMEs are not successful in accessing funding from financial institutions; this is because they fail to meet lending requirements, which include collateral security, information asymmetry and therefore leading to a delay of financing. This agrees with Gangata and Matavire (2013) that challenges SMEs face accessing finance from financial institutions, revealed that not many SMEs are successful in accessing funding from financial institutions, this is because they fail to meet lending requirements, which include collateral security.

Unsuitable finance sources may bring about an unbalanced loan capital and risk capital mix leading to a threat of the business solvency. Over-dependence on credit finance can test the cash flow position of the company, resulting to unnecessary responsibilities for the company to pay back capital as well as interest that is associated with it. If an organization begins to experience financial difficulties, inadequate risk capital would just situation worse, since the present loan capital might prevent raising debt finance further and therefore affecting the financial performance of SMEs (Ryan, 2014).

The findings indicated that there was significant effect of market support on economic development (β_2= 0.324 and $p < 0.05$). Therefore, the null hypothesis (**Ho_2**) was rejected that there was no significant effect of market support on economic development. Thus, market support does affect economic development. The study found that support services influence access to finance by SMEs. Charbonneau and Menon (2013) suggest that SMEs for their sustenance need to use ICT which can then make them become more competitive and provide opportunities to participate in global value chains. The business support services could improve access to finance and that there are enough number of funding programs and financial schemes to assist SMEs but most of them are not able make proper proposals for funding. This finding agrees with Rambo (2013) observations that most SMEs are not aware of funding programs and that most SMEs face difficulties in accessing funds to invest in their projects.

The study findings depicted that there was a positive significant relationship between market linkages and economic development (β_3 = 0.622 and $p < 0.05$). Therefore, an increase in market linkages led to an increase in economic development. Therefore, the null hypothesis (**Ho_3**) was rejected. Market linkages have a significant influence on economic development.This agrees with Falkena *et al*., (2001) that the flow of information in the financial market is crucial for both youth enterprise and financial providers. In order for SMEs to identify potential suppliers of financial services, they require enough information. This study therefore infers that availability of information is essential to both the banks and the SMEs. This will enhance the understanding of the potential risks associated with the SMEs that apply for bank financing and also to access the location where the same SMEs will be operating and its market segments (Othieno, 2010).

The study had hypothesized that there is no significant influence of training on economic development. The study findings depicted that there was a positive significant influence of training on economic development (β_4=0.105 and $p < 0.05$). Thus, a thorough training led to an increase in economic development. Therefore, the null hypothesis (**Ho_4**) was rejected and the alternative hypothesis accepted. Training positively influenced economic development. This agrees with Huka Sharu (2013) that entrepreneurial skills influence the growth of youth owned SMEs most followed by market access, government policy and credit access. The study established that some of the youth who had started SMEs had no training in business.

4.9 Hypothesis Testing of Collateral

Based on the regression model and table 4.15 below, the coefficient of determination (R squared) of 0.911 showing that 91.1 % of the variation in economic development can be explained by empowerment strategy and collateral. The adjusted R square of 0.907 depicts that all the empowerment strategy and collateral explained the variation in economic development by 90.7% the remaining percentage can be explained by other factors excluded from the model. The R shows the correlation coefficient of the combined effects of empowerment strategy, an R =0.954 shows that there is a strong positive relationship between empowerment strategy, collateral and economic development.

Table 4.15 Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**				
					R Square Change	F Change	df1	df2	Sig. F Change
2	**.954[a]**	**.911**	**.907**	**.20026**	**.911**	**226.979**	**5**	**111**	**.000**

a. Predictors: (Constant), Collateral, Training, Lending, Linkages, Support
b. Dependent Variable: Economic

4.9.1 Collateral and Economic development ANOVA

The regression model with empowerment strategy and collateral as a predictor was significant (F=226.979, p value =0.000) shows that there is a significant relationship between youth empowerment strategy, collateral and economic development as shown in Table 4.16. Therefore, it can be implied that there is a significant relationship between collateral and economic development.

Table 4.16 Collateral and Economic development ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	45.513	5	9.103	226.979	.000[b]
	Residual	4.451	111	.040		
	Total	**49.964**	**116**			

a. Dependent Variable: Economic
b. Predictors: (Constant), Collateral, Training, Lending, Linkages, Support

The t-test was used as a measure to identify whether the youth empowerment strategy and collateral predictors were making a significant contribution to the model. Table 4.17 gave the estimates of β-value and the contribution of each predictor to the model. The β-value for collateral had a positive coefficient, depicting positive relationship with economic development as summarized in the model as:

$Y = -.288-0.138X_1+0.364\ X_2+0.172X_3-0.027\ X_4+0.576X_5+\varepsilon$................... Equation 4.2

Where; Y =economic development, X_1 = loan lending, X_2 = market support, X_3 = market linkages, X_4= training, X_5=collateral and ε = error term

Table 4.17 Collateral and Economic development Coefficients

Model 2	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.178	.242		.737	.463					
Lending	-.079	.036	-.081	-2.220	.028	.542	-.206	-.063	.601	1.663
Support	.372	.082	.345	4.548	.000	.915	.396	.129	.140	7.159
Linkages	.599	.077	.613	7.817	.000	.938	.596	.221	.131	7.663
Training	.169	.063	.105	2.699	.008	.701	.248	.076	.532	1.879
Collateral	-.098	.036	-.078	-2.693	.008	.112	-.248	-.076	.946	1.057

a. Dependent Variable: Economic

The study findings depicted that there was a negative significant effect of collateral on economic development (β_5= -0.078and $p < 0.05$) as shown in Table 4.17. An increase in collateral led to a decrease in economic development. Therefore, the null hypothesis (**Ho_5**) was rejected. The finding of the study supports Bougheas (2005), who noted that collateral is an important prerequisite for to access finance from financial institutions.

4.10 Moderating Effect of collateral on the Relationship between empowerment strategy and economic development

The fifth objective was to establish the moderating effect of collateral on the relationship between empowerment strategy and economic development. The independent variables representing youth empowerment strategy were computed and denoted *Empw* as an independent variable.

The moderation model results showed R^2=0.812 and was significant ($p<0.000$) an indication that collateral moderates the relationship between youth empowerment strategy and economic development. The interaction explained 81.2% (R^2 = 0. 812) of the variance on economic development thus contributing a significant F value of 104.028 which was significant as shown as shown in Table 4.18. From the findings there was a significant relationship between youth empowerment strategy ($\beta = 1.163$, t (113) = 16.141, $p <0.05$) and economic development, (Table 4.18). In this moderation model, the regression of collateral and economic development was significant ($\beta = -0.116$, t (113) = -2.223, $p <0.05$). There was a significant effect of collateral on economic development.

The interaction term between youth empowerment strategy and collateral was added to the regression model, which accounted for a non-significant proportion of the variance in economic development (β = -0. 081, t (113) = -0.766, $p >0.05$). In addition, LLCI = -0.291 and ULCI = 0.129 and zero lie in between, moderation never took place. This was in line with the findings of (Ackah & Vulvor, 2011) that most of small enterprises businesses owned by youth were not able to provide the collateral which was the main requirement to access loans.

Table 4.18 Model Summary and Coefficients on Collateral Interaction

Model Summary 3

R	R-sq	MSE	F	df1	df2	p
.901	.812	.083	104.028	3.000	113.000	.000

Model 3

	coeff	se	t	p	LLCI	ULCI
constant	4.304	.029	146.773	.000	4.245	4.362
Colla	-.116	.052	-2.223	.028	-.220	- .013
Emp	1.163	.072	16.141	.000	1.020	1.306
int_1	-.081	.106	-.766	.445	-.291	.129

A bootstrap procedure was used to test statistical significance of moderated models. It provides a 95% confidence interval for the value of the effect in terms of standardized coefficients. The lower limit of confidence interval was 0.917 and the upper limit was 1.359 as shown as shown in Table 4.19. Since the confidence interval does not include zero at $p < 0.05$, the null hypothesis was rejected.

Table 4.19 Conditional effect of X on Y at values of the moderator(s):

Colla	Effect	se	t	p	LLCI	ULCI
-.524	1.205	.078	15.538	.000	1.052	1.359
.000	1.163	.072	16.141	.000	1.020	1.306
.524	1.121	.103	10.927	.000	.917	1.324

From the analysis since the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred. Therefore, concluded that the collateral moderates the relationship between youth empowerment strategy and economic development. Therefore, the hypothesis (**H_{O5}**) stating that collateral does not moderate the relationship between youth empowerment strategy and economic development is rejected. The findings showed that collateral had significant positive moderating effect on the relationship between youth empowerment strategy and economic development.

The study found that collateral requirements influence access to finance by SMEs. It is evident that most SMEs are denied and discriminated by the lenders in provision of financing. This is because of high risk and for not having adequate resources to provide as collateral. The study also found that houses, land, and businesses are used as security and that banks demand SMEs to post the collateral in order to reduce moral hazard. This finding is in line with the findings of Mullei and Bokea (2000) that banks ask for collaterals in order to finance SMEs and to accept loan proposal and that the collateral must therefore be 100 % or more, equal to the amount of credit extension or finance product. This finding concurs with Kihimbo *et al*., (2012) that most SMEs are denied and discriminated by the lenders in providing financing.

This finding agrees with Etemesi (2017), stated that collateral reduces the risk factor of a loan by giving the financial institution a claim on the tangible asset. A research on the challenges that SMEs face in accessing finance from financial institutions, revealed that not many SMEs be successful in accessing funding from financial institutions, this is because they fail to meet lending requirements, which include collateral security (Gangata & Matavire, 2013).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The current chapter presents the summary of the study based on specific objectives and hypothesis, conclusions reached based on the findings and recommendations as well as suggestions for further research.

5.1 Summary of Findings

5.1.1 Loan Lending

On loan lending, the youth were given a 3 months grace period to repay their loan through the bank and through M~PESA. The lending among the youth were uncertain and sometimes they obtain loan through their mobile phones and banks and included the `Rausha´ Inua loan, special loan, smart loan, swift loan, Vuka loan, LPO Financing loan and the 'Agri-Vijana' loan.

From multiple regression (R squared) of .905 indicated that 90.5 % of the variation in economic development can be explained by youth empowerment strategy. There was a negative significant relationship between loan lending and economic development (β_1= -.089, $p < 0.05$), the null hypothesis (**Ho_1**) was rejected that there was no significant influence of youth empowerment strategy on economic development. Loan lending had negative significant influence on economic development.

5.1.2 Market Support

On market support it was evident that youth products were marketed through trade fairs, county- exhibitions ASKs and national-exhibitions. The success story of the youth improved marketing of their products. There was significant effect of market support on economic development (β_2= 0.324 and $p < 0.05$). The null hypothesis (**Ho_2**) was rejected that there was no significant effect of market support on economic development. Market support does affect economic development.

5.1.3 Market Linkage

The market linkages showed that the youth were introduced into partnering by another organization that was linked to a larger enterprise in a different country. Some of the enterprises was outsourced by a large enterprise within the country and their success story linked them to larger organizations as well as their success story was linked to customers. There was a positive significant relationship between market linkages and economic development (β_3 = 0.622 and $p < 0.05$). An increase in market linkages led to an increase in economic development. Therefore, the null hypothesis (**Ho_3**) was rejected. Market linkages have a significant influence on economic development.

5.1.4 Training

On training, the youth had been trained on entrepreneurship skills, group dynamics skills, enterprise development skills, book and record keeping skills, developing of a business plan, group registration procedures, loan repayment techniques either on weekly, monthly and quarterly basis. There was a positive significant influence of training on economic development (β_4=0.105 and p <0.05). Thus, a thorough training led to an increase in economic development.

Therefore, the null hypothesis (**Ho_4**) was rejected. Training positively influenced economic development. The strategy empowerment had helped youth get business loan, set up business from the individual loan, expanded their business from the loan received and purchased business stock from the loan. The youth enterprise profit margins rose from ventured business and employed more casual workers from the loan.

5.1.5 Collateral

The collateral influenced the loan accessibility among the youth. The youth used household items and title deed to secure for a loan. The youth loan was guaranteed by the group members and some used business stock to secure the loan. Since most of the youth did not have a collateral and could not afford a logbook, letter of undertaking and a bank guarantee to secure a loan. The coefficient of determination (R squared) of .091 indicated that 91.1 % of the variation in economic development can be explained by youth empowerment strategy and collateral. The β-value for collateral had a positive relationship with economic development.

There was a negative significant effect of collateral on economic development (β_5= -0.078 and p 0<0.05). The null hypothesis (**Ho_5**) was rejected. An increase in demand of collateral led to a decrease in economic development. The moderation model results showed that collateral moderates the relationship between youth empowerment strategy and economic development. The moderator collateral explained only 32.8% (R^2 = 0. 328) of the variance on economic development.

From the analysis since the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred. Therefore, concluded that the collateral moderates the relationship between empowerment strategy and economic development. Therefore, the hypothesis (**H_{O6}**) stating that collateral does not moderate the relationship between youth empowerment strategy and economic development is rejected. The findings showed that collateral had significant moderating effect on the relationship between youth empowerment strategy and economic development.

5.2 Conclusion

Loan lending had no significant influence on economic development. The youth were given a 3 months grace period to repay their loan through the bank and through M~PESA. The youth products were marketed through trade fairs, county- exhibitions and national-exhibitions. There was positive significant effect of market support on economic development. There was a positive significant relationship between market linkages and economic development. Market linkages have a significant influence on economic development.

The youth in Kesses sub County have been trained on entrepreneurship skills, group dynamics skills, enterprise development skills, book and record keeping skills and developing of a business plan on weekly, monthly and quarterly basis. The training positively influences economic development of youth.

The collateral had a significant negative effect on the economic development. The availability of a collateral leads to an increase in economic development among the youth. The collateral had significant moderating effect on the relationship between youth empowerment strategy and economic development. The limitation of collateral has led to poor economic development among the youth

5.3 Implication of the Study

Based on the findings of this study, the researcher came up with several recommendations to promote the economic development of the youth through strategic empowerment; Entrepreneurship training programmes should be rolled out among the youths. These programmes should be tailored in a manner that can equip the youth with skills to run their own enterprises. The barriers faced by the youth when accessing credit on individual basis from financial institutions is lack of collateral and these programmes should be addressed by making the collateral not mandatory.

Credit programmes should be redesigned to overcome the weaknesses that hinder their effectiveness. To increase the market, access the government should increase its consumption of products from youth run enterprises from the current 30% to 50% across all its ministries and parastatals. The government should improve its tendering system by making it easier for youth enterprises to win government tenders. Youth should be encouraged to venture in different sectors to reduce the competition amongst themselves.

The study recommends that the YEDF should improve the time take to process the group loans from the two or three months to at least one month. A long processing time tends discourage potential youth applicants from applying these funds. The use of collaterals also prevents more youth accessing these funds. YEDF should abolish the use of these collaterals as securities and use social collaterals as groups provide social security to the lenders.

The study concludes that youth enterprises should be sensitized about funding programs and financial schemes provided by the government and private sector and they put in place funding programs and financial schemes to assist youth enterprises. YEDF should ensure that more youths and youth groups are trained on financial skills. This will enable them have more knowledge on financial literacy and give them confidence to apply for these funds and hence increase in uptake of group loans.

The youth enterprises need to use technology to sustain businesses and to become more competitive and that small business support services could improve access to finance; there is not enough number of funding programs and financial schemes to assist economic development among the youth; majority of youth are not aware of funding programs and financial schemes provided by the government and private sector; and public and private sectors have not put in place enough funding programs and financial schemes to assist youth.

5.4 Recommendation for Further Studies

The main objective of the study was to determine moderating effect of collateral on the relationship between youth empowerment strategy and economic development in Kesses Sub County, Kenya. Future studies should be carried out in other sub counties other than in Uasin Gishu County in order to make comparisons. A study should be carried out on the collateral challenges facing youth empowerment and how to overcome them, as this may improve their development.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

This questionnaire has been developed in order to achieve the objectives of the study. The questions highlight the moderating effect of collateral on the relationship between youth empowerment and youth economic development in Kesses Constituency as moderated by collateral. Please answer all questions. Your response was treated with outmost confidentiality.

Please tick the appropriate answer.

SECTION A: PROFILE INFORMATION OF THE YOUTH RESPONDENT

Please indicate your gender.

1) Male ☐ (2) Female ☐

.What is your role in the group?

1. Chairperson ☐ (3) Treasurer ☐

(2) Secretary ☐ (4) Member ☐

Please indicate the range of your age.

(1) 0 – 17 year ☐ (2) 18 – 35 years ☐ (3) Above 36 years ☐

3. Please indicate your highest level of education.

(1) Primary School ☐ (3) Secondary School ☐

(2) Tertiary/college ☐ (4) University ☐

4. How long has your business been operating?

(1)0-6 months ☐ (3) 7 months - 1 year ☐

(2) 21/2-3 years ☐ (4) 4 years and above. ☐

SECTION B. LENDING

The sections below contain statements on the various loan products to youth enterprises. Please tick to indicate the extent to which you agree or disagree with each of the statements about lending using the scale below:

Key: 5-Strongly Agree (SA) 4-Agree (A) 3- Neutral (N) 2- Disagree (D) 1-Strongly Disagree (SD)

Lending Strategy	SA(5)	A(4)	N(3)	D(2)	SD(1)
Types of Loans					
I was funded by `Rausha´ loan					
I was funded by `Inua´ loan					
I was funded by Special loan					
I was funded with ‘Smart’ loan					
I was funded with ‘Swift’ loan					
I was funded with 'Vuka’ loan					
I was funded with the LPO Financing loan					
I was funded with the 'Agri-Vijana' loan					
I was given a 3 months grace period					
I repaid the loan through the bank					
I repaid the loan through M~PESA					

SECTION C: MARKET SUPPORT

The sections below contain statements on the various factors that influence market support of youth enterprises. Please tick to indicate the extent to which you agree or disagree with each of the statements about market support using the scale below:

Key: 5-Strongly Agree (SA) 4-Agree (A) 3- Neutral (N) 2-Disagree (D) 1-Strongly Disagree (SD)

Market Support	SA(5)	A(4)	N(3)	D(2)	SD(1)
My products were marketed through trade fairs					
My products were marketed through (ASKs)					
My success story improved products					
My products were marketed through county-exhibitions					
My products were marketed through national-exhibitions					
My products were marketed through international trade fairs					

SECTION D: MARKET LINKAGES

The sections below contain statements on the various factors that influence market linkages of youth enterprises. Please tick to indicate the extent to which you agree or disagree with each of the statements about market linkages using the scale below:

Key: 5-Strongly Agree 4-Agree 3- Neutral 2- Disagree 1-Strongly Disagree

Market Linkages Strategy	SA(5)	A(4)	N(3)	D(2)	SD(1)
I was introduced into partnering by another organization					
I was linked to a larger enterprise in a different country					
I was outsourced by a large enterprise within the country					
My success story linked me to larger organizations					
My success story linked me to customers in my region					

SECTION E: TRAINING STRATEGY

How do you rate the importance of youth training? Please tick one.

Please use the scale below to indicate the extent to which you agree or disagree with the following statements about training. Key: 5-Strongly Agree 4-Agree, 3- Neutral 2-Disagree;1-Strongly Disagree

Training	SA(5)	A(4)	N(3)	D(2)	SD(1)
I was trained on a weekly basis					
I was trained on a monthly basis					
I was trained on a quarterly basis					
I was trained on entrepreneurship skills					
I was trained on group dynamics skills					
I was trained on enterprise development skills					
I was trained on book and record keeping skills					
I was trained on developing of a business plan					
I was trained on group registration procedures					
I was trained on loan repayment techniques					
Training helped me form a business enterprise					

SECTION F: COLLATERAL

Please use the scale below to indicate the extent to which you agree or disagree with the following statements about collateral

Key: 5-Strongly Agree 4-Agree 3- Neutral 2- Disagree 1-Strongly Disagree

Collateral	SA(5)	A(4)	N(3)	D(2)	SD(1)
I used household chattels to secure the loan					
I used a title deed to secure the loan					
The loan was guaranteed by the group members					
I used a car logbook to secure the loan					
I used a letter of undertaking to secure the loan					
I used a bank guarantee to secure the loan					
I used my stock to secure the loan					

SECTION G: YOUTH ECONOMIC DEVELOPMENT

How do you rate the importance of economic development? Please tick one.

Please use the scale below to indicate the extent to which you agree or disagree with the following statements about youth employment

Key: 5-Strongly Agree 4-Agree 3- Neutral 2- Disagree 1-Strongly Disagree

Youth Economic Development	SA(5)	A(4)	N(3)	D(2)	SD(1)
Being a member helped me get business loan					
I set up my business from the individual loan					
I expanded my business from the loan I received					
I purchased my business stock from the loan					
My profit margins went up from ventured business					
I employed more casual workers from the loan					

Thank you for your co-operation

APPENDIX II: PROCESS PROCEDURE FOR SPSS

```
**************** PROCESS Procedure for SPSS Release 2.13.2 **************

Run MATRIX procedure:

**************** PROCESS Procedure for SPSS Release 2.13.2 **************

     Written by Andrew F. Hayes, Ph.D.       www.afhayes.com
   Documentation available in Hayes (2013). www.guilford.com/p/hayes3

**************************************************************************
Model = 1
   Y = Y
   X = X6
   M = X5

Sample size
      117

**************************************************************************
Outcome: Y

Model Summary
      R     R-sq      MSE        F      df1      df2        p
    .901     .812     .083  104.028    3.000  113.000     .000

Model
           coeff       se        t        p     LLCI     ULCI
constant   4.304     .029  146.773     .000    4.245    4.362
X5         -.116     .052   -2.223     .028    -.220    -.013
X6         1.163     .072   16.141     .000    1.020    1.306
int_1      -.081     .106    -.766     .445    -.291     .129

Interactions:

 int_1    X6        X     X5

Conditional effect of X on Y at values of the moderator(s):
      X5   Effect       se        t        p     LLCI     ULCI
    -.524    1.205     .078   15.538     .000    1.052    1.359
     .000    1.163     .072   16.141     .000    1.020    1.306
     .524    1.121     .103   10.927     .000     .917    1.324

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

**************************************************************************
```

Data for visualizing conditional effect of X on Y
Paste text below into a SPSS syntax window and execute to produce plot.

```
DATA LIST FREE/X6 X5 Y.
BEGIN DATA.

   -.512    -.524    3.747
    .000    -.524    4.364
    .512    -.524    4.982
   -.512     .000    3.708
    .000     .000    4.304
    .512     .000    4.899
   -.512     .524    3.669
    .000     .524    4.243
    .512     .524    4.816

END DATA.
GRAPH/SCATTERPLOT=X6 WITH Y BY X5.
```

******************** ANALYSIS NOTES AND WARNINGS *************************

Level of confidence for all confidence intervals in output:
95.00

------ END MATRIX -----

APPENDIX III: RESEARCH PERMIT

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
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NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/19/46155/26016**

Date: **16th January, 2019**

Mildred Nafula Wakapisi
University of Eldoret
P. O. Box 1125-30100
ELDORET.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Moderating effect of collateral on the relationship between youth empowerment strategy and Youth Economic Development in Kesses Constituency"*** I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu County** for the period ending **15th January, 2020.**

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

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GKalerwa

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Uasin Gishu County.

The County Director of Education
Uasin Gishu County.

APPENDIX: IV SIMILARITY REPORT

Turnitin Originality Report

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SBM/PGMBM/006/15 By Wakapisi Mildred Nafula

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