

Effect of Youth Enterprise Development Fund Services on the Growth of Micro and Small Enterprises in Nyando Constituency, Kenya

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Article History

Received: 05.08.2018

Accepted: 13.08.2018

Published: 30.08.2018



Abstract: The Kenyan government is currently supporting the start-up as well as the growth of youth enterprises, in line with the Medium Term Plan of Vision 2030, by creating a conducive environment and support programmes in order to develop the sector. Despite these efforts, the performance of youth enterprises in Kenya has been miserable. The breadth to which this huge amount of money has influenced the growth and profit margins of these many youth enterprises remains unexplored. Furthermore, there is a lack of enough literature as far as the effect of youth enterprise development fund on the growth of MSEs. This research, therefore, sought to establish the effect of Youth Enterprise Development Fund services on the growth of MSEs in Nyando Constituency. The objectives that guided this study include: to determine the effect of YEDF lending financing services on growth of youth MSEs in Nyando Constituency; to determine the effect of YEDF linkage services with large enterprises on growth of youth MSEs in Nyando Constituency; to establish the effect of YEDF marketing services on growth of youth MSEs locally and internationally in Nyando Constituency and to determine the extent to which YEDF provides Business Development Services to Youth MSEs in Nyando Constituency. A descriptive survey research design was employed. This study was carried out in Nyando Constituency and targeted 1,348 beneficiaries of Youth Enterprise Development Fund in Nyando Constituency funded from January 2015 to December 2017. The study employed stratified sampling and simple random sampling techniques to sample 308 respondents from the 5 wards in Nyando constituency. Data was collected using self-administered structured questionnaires and analysed using both descriptive and inferential statistics. Frequencies and percentages were used to analyse the demographic data, and the multiple regression model equation was used to determine if the independent variables (YEDF Services) together predicted the dependent variable (MSEs Growth). The findings are presented in the form of bar graphs, pie charts, and tables. The study established that YEDF Lending Financing Services, Business Development, Marketing Services significantly ($p < 0.05$) predicts MSEs growth. Nonetheless, the findings established that there was no significant association ($p > 0.05$) between Market Linkage Services and MSEs Growth. In summary, Youth Enterprise Development Fund offers MSEs a good chance of accessing the funds needed for them to either start or expand their businesses. However, the study established that YEDF has not achieved the MSEs growth as it was anticipated. While it seems to have made some impact on MSEs growth, some of the YEDF services such as market linkage services still lagged behind. Therefore, YEDF needs to strengthen market linkages services to balance the supply side and the demand side for the objective of developing a specific enterprise.

Keywords: Kenyan government, youth enterprises, profit margins, funds.

INTRODUCTION

Micro and Small Enterprises (MSEs) are progressively viewed as playing a significant role in the economy of any country. In fact, governments around the globe pay attention to the MSE sector to enhance their respective countries economic growth through development [1]. Most MSEs progress in complicated business environments: defined by globalization, markets internationalization, efficiency, effectiveness

and competitiveness, that is based on knowledge and innovation [2].

In most research studies it has been observed and recommended that a firms growth is not only determined by its size and age, but also by other firms specific factors such as indebtedness, future growth opportunities, process, product innovation, internal financing, and organization changes. It is therefore

important that governments must pay increased attention to MSEs, in order to create an environment that is favourable to the MSE development [2]. On the contrary, MSEs also face many obstacles that prevent their growth as a start-up, such as their access to markets and procurement, due to a discouraging shortage of information, existing opportunities and complicated procedures which hinder their potential [3].

Fleisig [4] in his study on collateral laws reforms to expand access to finance in Washington DC, argued that collateral touches on financial borrowers because they provide more favourable terms compared to the unsecured ones irrespective of their size. Moreover, he states that a borrower who is able to provide collateral can obtain a superior loan relative to his/her income, has a larger repayment period and lower interest rate, while those unable to provide collaterals get worse loan terms than other similar borrowers.

According to [5], facilitating access to credit, business development services and promoting government formalization is likely to increase the business growth. In support of this [6] in their study entitled 'Enterprise growth and survival in Vietnam and whether Government supports the matter?' it was realized that various government policy interventions had played an important role in justifying MSEs success in Asian. In fact, the promotion of MSEs has been an evident ideology in the Vietnamese government policy statements.

In South Africa, the National Youth Development Agency, (NYDA) whose mandates include: implementing the integrated youth development plan and strategy for the country, advancing youth development through guidance and support to all government sectors and economic development of young people initiatives, had assisted many young people in South Africa to become economically empowered more [7].

In Kenya, the Youth Enterprise Development Fund was established by the government of Kenya in 2007 to provide lending to the youth, at no interest rate and with flexible payment terms to micro and small enterprises [8], with the intention to create employment, as part of the government economic recovery strategy (ERS) for wealth and employment creation (2011-2007). It was projected that about 500,000 jobs needed to be created annually, 88% of which, mostly came from the MSE sector. In fact, Omolo [3] stated that the Kenyan youth represented 30% of the unemployed population, which is twice the country's average, and is seen to be slowly increasing, which obviously meant that, the Kenyan youths are faced with the underemployment and unemployment challenges to a large extent.

According to the Kenya National Youth Policy [9] found out that lack of jobs is not the only cause of unemployment among the Kenyan youth but also lack of skills and training that are not done according to the needs of the current job demands, which has led to an increase of poverty levels. It is also because of this that, the government initiated the idea of institutional financing, meant to reduce unemployment. Hence, the Youth Enterprise Development Fund (YEDF) idea is based on micro, small and medium enterprise development initiatives, which have the biggest impact on job creation in Kenya.

In line with this, the Sessional Paper No. 2 of 2012 has the legitimate policy framework of MSEs in Kenya formed on the basis of enacting the MSE Act that institutionalized the MSEs strategy, that addressed the business environment, the legal and regulatory framework, business linkages, tax regime, skills and technology, markets and marketing, as well as financial services [10].

The Youth Enterprise Development Fund

Access to financial services is viewed as one of the initiatives meant for creating employment, promoting growth and reducing poverty in the country, which forms part of the Government's poverty reduction strategy i.e. Economic Recovery Strategy (ERS) for Wealth and Employment Creation, for the purpose of developing the microfinance industry development in order to deepen access to financial services, specifically for the poor [9].

The Youth Enterprise Development Fund was conceived in June 2006 to address youth unemployment and was licensed by His Excellency President Mwai Kibaki on 1st Feb 2007 and then converted to a state parastatal under the Ministry of Youth Affairs and Sports on 11th May 2007. Some of its objectives include: providing lending financing services, business development services to youth-owned and youth-focused enterprises, market linkages in supporting youth-oriented Micro MSEs with large enterprises and marketing of products and services of youth owned enterprises in both domestic and International Markets and to carry out any other activities relevant to its principal mandate [11].

Originally 700 million was set aside and disbursed to all districts and divided as a factor of the population of the young people in each district, and targeted areas not sufficiently served by financial Intermediaries, focusing on funding geographical areas based on economic potentials with an emphasis on funding of economic factors with high potential for youth employment. The fund benefits Kenyan Youth aged between of 18-34years, whereby they invest the fund in a business venture in the form of a loan, which must be repaid back promptly in instalments. The fund targets enterprises (individuals, youthful companies,

and groups) and attracts a management fee of 5% p.a. for group loans and 8% p.a. for individual loans, and requires flexible collateral as security for those individual borrowers.

Growth of MSE's

Most vertical growth studies have indicated that a lot of MSEs do not generally grow as expected, but instead retains their initial size [12, 13]. Particular case studies have shown that between 50% - 60% of the current MSE in Latin America and Asia developed from small businesspersons [12]. In fact, Gudda & Ngonze, [14] cited that not many businesses grew from small, micro to medium, for instance, in Nigeria only 43.7% of businesses grew out of Small and Medium Enterprises. However, Botswana and Rwanda have had the worst situation as they have only registered a growth rate of 10.75% and 20.7% respectively.

However, the MSE sector in Kenya has faced many challenges in terms of growth and development. One of the main challenges being the financial dues which don't allow them to access credit. In fact, according to [7], some informal microfinance have helped MSE to access credit. In fact, it was approximated that 98% of the Kenyan businesses were made up of the MSEs, and this had helped in creating of over 50% of the employment especially the non-firm employees, which contributed to more than 30% of total employment and 3% of the country's GDP [15]. The growing of the MSEs in Kenya into SMEs and again into big enterprises with a turnover of almost one billion is considered to be very little and depressing. According to the Business Daily and KPMG research survey conducted in 2015, it was found out that only four out of 100 companies made it from SMEs to reach the one-billion mark. This represents only 4%. However, both SMEs and MSEs are viewed as the biggest employer in the country, accounting for between 8.3 to 10 million, who are mostly in the informal sector (Jua Kali), with every year persons employed in this sector are at an average rate of 2%, which is slowly being identified by the Kenyan government. However, it has been noted that soon there will be policies that will enable the informal MSEs to move into formal SMEs and then into big companies [16]. In a speech read out by the then Minister of Finance in Kenya Uhuru Kenyatta on June 10, 2012, during his National budget presentation, it was evident that most MSEs suffer due to a poor business environment. There are major provisions that YEDF has put into place to encourage growth of MSEs in Kenya. This study therefore sought to assess the effects of these provisions on performance of MSEs in Nyando Constituency.

Problem statement

Ideally, the Kenyan government currently supports both the start-up and the development of youth businesses in accordance to the Medium Term Plan

(MTP) of Vision 2030, by providing an enabling environment and supporting programmes aimed at developing the MSE sector [15, 17]. In fact, according to the 2015 status report of the Youth Enterprise Development Fund in Kenya, it was revealed that 7 billion Kenya shillings had been spent to fund 200,000 youth enterprises countrywide, and by the end of 2015, only 3 million Kenya shillings had been given out to youths within Nyando Sub-County [18]. The breadth to which this huge amount of money has influenced the growth and profit margins of these many youth enterprises remains unexplored; hence, this research study seeks to fill this gap by establishing the outcome of YEDF services on the progress of MSEs in Nyando Constituency.

However, the extent to which the Kenyan government initiatives have succeeded in supporting the youth enterprises remains unknown. Additionally, there is lack of literature on the effect of youth enterprise development fund on the growth of MSEs, since most studies have concentrated on the structure of the youth enterprise development fund that makes it a preferred source of finance, while other studies, seek to bring forth the challenges that the youth fund faces and why the bulk of the youths are progressively turning to the YEDF to finance their entrepreneurial activities [19-22]. This research study will, therefore, seek to find out how the Youth Enterprise Development Fund has influenced growth of MSEs in regard to expansion, employment creation, sales increase, and profitability of youth groups projects in Nyando constituency since the youths in the constituency have also benefited from the YEDF funds. However, even with strategies for accelerated youth development in Nyando Constituency being put in place, it is obvious that economic development of the youth has been slower than expected, which has led to a prolonged gross socio-economic disparity between the youth and the rest of the population. This research, consequently, sought to establish the effect of Youth Enterprise Development Fund Services on the growth of MSEs in Nyando Constituency which reflects on rural Kenya in general. This is with the view of suggesting appropriate remedial measures on how to address the inadequacies noted in order to meet the challenge of improving the performance of youth enterprises for the present and future needs.

Research objectives

The following are general and specific objectives of this study

General objective

The main objective of this study is to determine the effect of YEDF services on the growth of Micro and Small Enterprises in Nyando Constituency.

Specific objective

- To find out the effect of YEDF lending financing services on the growth of youth MSEs in Nyando Constituency.
- To determine the effect of YEDF linkage services with large enterprises on the growth of youth MSEs in Nyando Constituency.
- To establish the effect of YEDF marketing services on the growth of youth enterprises both at local and international levels in Nyando Constituency.
- To determine the scope of help that Youth MSEs in Nyando Constituency get through the provision of Business Development Services.

Research Questions

The research aimed at answering the following research questions.

- What is the effect of YEDF lending financing services on the growth of youth MSEs in Nyando Constituency?
- What is the effect of YEDF Market linkage services with large enterprises on the growth of youth MSEs in Nyando Constituency?
- What is the effect of YEDF marketing services on the growth of youth MSEs locally and internationally in Nyando Constituency?
- To what extent does YEDF provide Business Development Services to Youth MSEs in Nyando Constituency?

LITERATURE REVIEW

According to a study which was done in South Africa by [23], the MSE sector was seen to help in creating new employment that eventually enhances economic growth. MSEs are key in boosting the country's only and also creation of employment among the youth especially for the ever increasing growth in the urban labour force [24]. In fact, most MSEs have been considered as the drive for economic growth in promoting equitable development [25]. MSEs also contribute to the economic development by; creating employment for rural and urban growing labor force, providing the necessary sustainability and innovation to the economy as a whole [23]. Moreover, it is argued that MSEs contribute over 55% of GDP and 65% of the total employment in great income countries. In conclusion, informal enterprises and MSEs account for over 60% of the GDP and over 70% of the whole employment in most low-income countries [23].

YEDF is mostly based on the group project approach of financing, and the philosophy that lies behind this is that the demerits or weaknesses at an individual level are overcome by collective responsibility, and the security is afforded by the formation of groups. Individual people in the groups improve the education and bargaining power through coming together of groups compared to individuals by achieve tasks, brainstorming solutions, innovativeness,

and creativeness because groups have to pull their talents, skills, and ideas since strength is in unity. Benefits range from donor support and private sector companies having interests in training and supporting organized groups, where groups are able to get collective marketing which increases product volumes and buyers, and reduce mismanagement of funds, for groups and individuals because of strong follow up [26].

Kamau [27] in a study on the role of Youth Enterprise Development Fund on growth of micro and small Enterprises in Kiharu Constituency, Muranga County, discovered that most youths were unaware of the YEDF Lending Financing Services, and recommends that YEDF needs to inform massively the youths about how to access this source of business finance.

Linkages also provide incredible chances for MSEs to advance their products and technology and can bring with it new markets and marketing capabilities for MSEs [28]. In addition to this, they also the local SMEs to have their capacity built by making them ready to face various business challenges as well as making them more competitive. According to [8], through the interaction of small and large companies, MSEs can improve their organizational structure, managerial norms in a way that make them advance their technologies, improve their efficiency, hence enabling them to become financially stable.

Mahajan [29] proposed that market linkage can be considered as the mechanism for rural development, which physically connects the producer and the ultimate consumer. Most Institutions also facilitate the flow of products and services between the different levels of marketing systems, such that the market systems are more efficient and more competitive in facilitating economic growth and maximizing youth's benefits. The market process must be undertaken efficiently at the least cost, with minimum losses at each stage, when it is perceived that the relationship among wholesalers, producers, and retailers play an important role in the marketing of products and services [30]. The linkages make up different functionalities in the marketing system and the dependence relationship between persons that make it difficult for new entrants in the marketing process.

According to Hunter [31], there is a partnership between less experienced and more experienced persons, i.e., mentored and the mentor. She further explains that many mentioning relationships are informal, while others are formally structured partially, or either supported by an organization or described as planned mentioning and natural mentoring. It is further emphasized that mentoring does not substitute training, education and industrial participation, but describes

mentoring benefits that link industrial participation and formal education.

Beresford and Saunders [32] opine that while academic abilities were originally identified as essential wants, it is the interpersonal skills like listening, which were considered important. To prove this [33], mentoring model application, that helped people focus on challenges, creative solutions, and conclusions, further states that when discussing mentors and mentees; pulling calls on the ability to offer a safe place for the mentee to share their: interests, goals, support by listening, asking the right questions and drawing out mentee's own answers to problems. Pushing, on the other hand, calls on the capacity to offer inspiration to offer creative ideas, success stories, knowledge, and wisdom tools.

Knowledge Gap

Amenya *et al.* [34] outlines the challenges faced by YEDF and why most youths are turning to YEDF to fund their MSEs. Also [35], looked at why the YEDF structure acts as an ideal source of finance and lending. Based on these studies, a great amount still remains unknown, as to whether the YEDF initiatives have actually helped address the funding challenges faced by youth MSEs in Nyando Constituency.

METHODOLOGY

A descriptive survey research design was employed. This study was carried out in Nyando Constituency and targeted 1,348 beneficiaries of Youth Enterprise Development Fund in Nyando Constituency funded from January 2015 to December 2017. The study employed stratified sampling and simple random sampling techniques to sample 308 respondents from the 5 wards in Nyando constituency. Data was collected

using self-administered structured questionnaires and analysed using both descriptive and inferential statistics. Frequencies and percentages were used to analyse the demographic data, and the multiple regression model equation was used to determine if the independent variables (YEDF Services) together predicted the dependent variable (MSEs Growth). The findings are presented in the form of bar graphs, pie charts, and tables. The study established that YEDF Lending Financing Services, Business Development, Marketing Services significantly ($p < 0.05$) predicts MSEs growth. Nonetheless, the findings established that there was no significant association ($p > 0.05$) between Market Linkage Services and MSEs Growth.

FINDINGS AND ANALYSIS

This study collected data from 308 respondents who were administered questionnaires by the investigator, and their response rate of 100% was deemed fit for analysis.

Youth Enterprise Development Fund Services

Youth Enterprise Development Fund Services was measured by four main concepts, i.e., lending financing services, market linkage services, marketing services and business development services. The respondents were asked to indicate the extent to which they agreed with four items in each of the concepts on a five-point Likert scale. The findings are presented below.

YEDF Lending Financing Services

There were four items that the respondents were asked to rate regarding the level of YEDF Lending Financing Services on a five-point Likert scale. The results are revealed in table 1 below.

Table-1: YEDF Lending Financing Services

ITEMS		SD	D	FA	A	SA	Total	Mean	Std. Deviation
YEDF group loan has enabled my business profits to increase	F	2	5	88	171	42	308	3.80	0.712
	%	0.6	1.6	28.6	55.5	13.6	100	76	
YEDF sector specific loan has facilitated my business to physically expand	F	1	8	61	167	71	308	3.97	0.750
	%	0.3	2.6	19.8	54.2	23.1	100	79.4	
YEDF trade finance loan has enabled my business to employ more workers	F	0	11	64	147	86	308	4.00	0.795
	%	0	3.6	20.8	47.7	27.9	100	80	
YEDF business expansion loan has enabled my business to increase its sales	F	1	8	60	143	96	308	4.06	0.799
	%	0.3	2.6	19.5	46.4	31.2	100	81.2	

Table 1 above shows that (76%) of the respondents agreed that the YEDF group loan had enabled their business profits to increase (Mean = 3.80, Std. Deviation = 0.712.). Furthermore, (79.4%) agreed that the YEDF sector specific loan had facilitated their business to expand physically (Mean = 3.97, Std. Deviation = 0.750). (80%) of the respondents agreed

that the YEDF trade finance loan had enabled their business to employ more workers (Mean = 4.0, Std. Deviation = 0.795). In addition, (81.2%) agreed that YEDF business expansion loan had enabled their business to increase its sales (Mean = 4.06, Std. Deviation = 0.799).

The results obtained in the study tally with those found by [33] who found out that once the MSEs are given the surety of the steady funding, their sales will improve. Faida Market Link [36] on the other hand found out that the profitability of the MSEs is greatly improved by the ability to access finances.

Market Linkage Services

The study sought to establish the role of market linkage services by YEDF on the growth of MSEs. One rationale behind market linkage services is that target markets are enhanced, and the respondents were asked whether they either agreed or disagreed with four items regarding the market linkage services. The results are presented in figure 1.

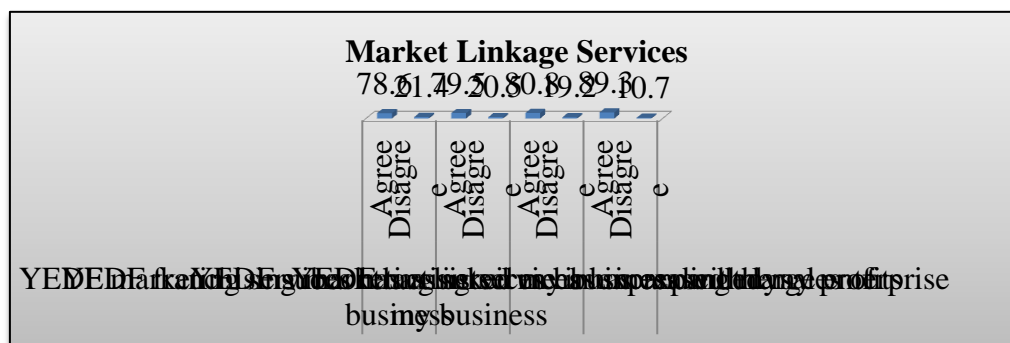


Fig-1: Market Linkage Services

Figure 1 shows that most respondents (78.6%) agreed that YEDF marketing services had assisted them in expanding their business. Furthermore, (79.5%) agreed that YEDF franchising marketing services had increased the sales of their business, (80.8%) agreed that YEDF subcontracting services had expanded their profits and (89.3%) agreed that YEDF had linked their business with large enterprise. The results of the study are in line with the ones found by Siwadi [28] who found that linkages give great opportunities to MSEs by improving their products and technology, and bring with it new markets and marketing capabilities to MSEs. In addition to this, they also give the MSEs the ability to be more competitive and ready to face the challenges they meet. In addition to this, the findings of the current study are consistent with the findings of Badal [8] who pronounces that through the interaction of small and large companies, the MSEs can enhance

various aspects of their businesses including management, and organizational structure. These changes are very important as they can help the SMEs to become technologically advanced hence enhancing their efficiency, and eventually they become financially stable.

Marketing Services

The study sought to establish the role of marketing services by YEDF on the growth of MSEs. Marketing is central to enterprise growth, hence the need for the investigator to establish whether YEDF had successfully marketed and brought about the growth of MSEs. The respondents were asked to indicate whether they agreed or disagreed with four items regarding marketing services. The findings are presented in figure 2.

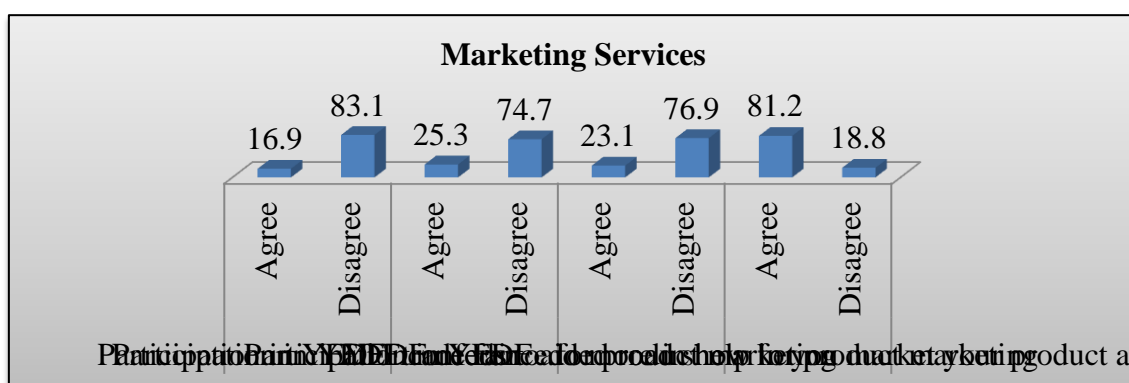


Fig-2: Marketing Services

Figure 2 above shows that most respondents, i.e. (83.1%) indicated that YEDF had not enabled them to participate in the trade fair. Furthermore, (74.7%)

reiterated that YEDF had not enabled them to participate in the conference for product marketing. (76.9%) indicated that YEDF had not assisted them

through road shows for product marketing. Consequently (81.2%) indicated that YEDF needs to do more to help them to market their product and services.

The results of this study contradict the findings of Oduol *et al.* [8] who asserted and proposed that YEDF services had facilitated the flow of products between different levels of marketing systems, such that market systems were more efficient and competitive in facilitating their economic growth, which will result in their profits being maximized.

Business Development Services

The study required to establish the role of YEDF Business Development Services on the growth of MSEs. The Business Development Service is also central to enterprise growth, hence the need for the investigator to establish whether YEDF had successfully developed the growth of MSEs. Four items were given to respondents, from which they were to rate the extent of their agreement regarding the Business Development Services level on a five-point Likert scale. The results are presented in Table 2 below.

Table-2: Business Development Services

ITEMS		SD	D	FA	A	SA	Mean	Std. Deviation
YEDF has taught me how to develop a business plan	F	14	6	8	144	136	4.24	0.949
	%	4.5	1.9	2.6	46.8	44.2	84.8	
YEDF has assisted me in keeping appropriate business records	F	12	5	7	109	175	4.40	0.923
	%	3.9	1.6	2.3	35.4	56.8	88	
YEDF has set up reliable communication and information Centre for my business	F	13	4	15	108	168	4.34	0.954
	%	4.2	1.3	4.9	35.1	54.5	86.8	
YEDF has provided me with business incubators for the purpose of helping my business grow	F	14	7	9	101	177	4.36	0.987
	%	4.5	2.3	2.9	32.8	57.5	87.2	

Table 2 above displays that (84.8%) of the respondents agreed that YEDF had taught them how to develop a business plan (Mean = 4.24, Std. Deviation = 0.949). In addition, (88%) agreed that the YEDF sector specific loan had facilitated their business to expand physically (Mean = 4.40, Std. Deviation = 0.923). (86.8%) of the respondents agreed that YEDF had set up reliable communication and information centres for their business (Mean = 4.36, Std. Deviation = 0.987). Additionally, 87.2% agreed that YEDF had provided them with business incubators for the purpose of helping their business grow (Mean = 4.36, Std. Deviation = 0.987). The results of the study concur with the findings of (Oduol et al., 2013) who reiterates that

business development services provide non- fiscal services e.g. development and sustainable growth, supporting MSEs in their promotion, supplementing the role of financial services, supporting MSEs development to gain competitive advantage, accounting and legal advice to MSEs. Through these interventions, the businesses have been able to enhance their profit margin hence making them grow.

Growth of MSE(s)

The respondents were asked to rate the extent to which they agreed with four items regarding their MSEs growth on a five-point likert scale. The results are presented in table 3.

Table-3: Growth of MSEs

ITEMS		SD	D	FA	A	SA	Total	Mean	Std. Deviation
YEDF has made me to physically expand my business	F	3	6	76	172	51	308	3.85	0.747
	%	1.0	1.9	24.7	55.8	16.6	100.0	77	
YEDF has made my business create employment opportunities	F	2	6	54	188	58	308	3.95	0.707
	%	0.6	1.9	17.5	61.0	18.8	100	79	
YEDF has greatly helped my business to increase its profits	F	2	13	73	145	75	308	3.90	0.837
	%	0.6	4.2	23.7	47.1	24.4	100	78	
YEDF has greatly helped my business to improve its sales	F	3	8	54	156	87	308	4.03	0.807
	%	1.0	2.6	17.5	50.6	28.2	100	80.6	

Table 3 above shows that 77% of the respondents agreed that YEDF had enabled them to expand their business physically (Mean = 3.85, Std. Deviation = 0.747). In addition, 79% agreed that YEDF had made their business to create employment

opportunities (Mean = 3.95, Std. Deviation = 0.707). 78% of the respondents agreed that YEDF had greatly helped their business to increase its profits (Mean = 3.90, Std. Deviation = 0.837). Moreover, 80.6% agreed

that YEDF had greatly helped their business to improve its sales (Mean = 4.03, Std. Deviation = 0.807).

Regression Analysis

The Multiple linear regression analysis was integrated to model the relationship between YEDF

services and the growth of MSEs, with the concept of YEDF services as the independent variables and the concept of growth of MSEs as the dependent variable. The results of the regression analysis are discussed as follows:

Table-4: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.441 ^a	.695	.584	.57744
a. Predictors: (Constant), Marketing Services, Business Development, YEDF Lending Financing Services, Market Linkage Services				

In table 4 above, the closeness of the data to the fitted regression line (coefficient of determination) was estimated by the use of R-squared. The value of variance $R^2 = 0.695$ indicates that 69.5% of the MSEs growth is explained by YEDF Marketing Services, Business Development, Lending Financing Services

and Market Linkage Services. This implies that efficient practices of these factors by YEDF would boost the growth of MSEs by 69.5%, while other factors covered in this study, contributed to 31.5% of the MSEs growth in Nyando.

Table-5: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.290	4	6.072	18.211	.000 ^b
	Residual	100.366	301	.333		
	Total	124.655	305			
a. Dependent Variable: Growth						
b. Predictors: (Constant), Marketing Services, Business Development, YEDF Lending Financing Services, Market.						

In table 5 above, the value of F (4, 305) = 18.211, P-value < 0.05 shows that YEDF services significantly predict MSEs' growth, and hence, this shows that the regression model significantly predicts

the outcome variable and is deemed as a good fit for the data.

Linkage Services

Table-6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.034	.325		6.251	.000
	Financing Services	.400	.058	.381	6.937	.000
	Market Linkage Services	.128	.078	.111	1.644	.101
	Business Development	.114	.051	.155	2.235	.026
	Marketing Services	.285	.086	.175	3.304	.001
a. Dependent Variable: Growth						

Multiple regression analysis was conducted to determine the contribution of YEDF Lending Financing Services, Business Development and Marketing Services on the growth of MSEs in Nyando Constituency. The findings indicate that YEDF Lending

Financing Services, Business Development Services, Marketing Services significantly predicts MSEs growth $\alpha=0.05$. Nonetheless, the findings established that they were no significant association between Market Linkage Services and MSEs growth $\alpha = 0.05$.

The equation that defines regression model is: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + E$
MSEs Growth = 2.034 + 0.4 × YEDF Lending Financing Services + 0.114 × Business Development + 0.285 × Marketing Services

From the model, it can be deduced that any unit increase in any of the predictor variables leads to an equal increase in the MSEs growth by a positive unit of the value of the respective factor. YEDF Lending

Financing Services was the predictor variable which increases MSEs growth by a higher value (0.400), followed by Marketing Services (0.285), with the least being the Business Development Services (0.114). The

findings imply that of the four concepts of YEDF services, i.e. (YEDF Lending Financing Services, Market Linkage Services, Business Development, and Marketing Services), only three concepts (YEDF Lending Financing Services, Business Development, Marketing Services) significantly predict MSEs Growth. Therefore, the improvement in YEDF Lending Financing Services, Business Development Services, and Marketing Services will result in the significant increase in MSEs Growth. This implies that Lending Financing Services, Business Development, and Marketing Services could be applied in a similar setting where the objective is to boost the MSEs growth. The YEDF Lending Financing Services and Marketing services were the highest contributing factors to the performance of youths in Nyando constituency, compared to other factors in this study.

DISCUSSIONS

YEDF Lending Financing Services

Small business owners often rely on working capital financing to help them bridge the gap when there is a shortfall. Finances act as fuel to gain: large market capitalizations, increase employees, expand location, develop a new product, offer a service, and in establishing a new demographic. The study established a significant positive association between YEDF Lending Financing Services and MSEs growth at $\alpha = 0.05$. The results of the study concur with the findings of Badal [8] who asserted that most businesses grow when they have access to finance. The other main factors that are affected by the access to finance include growth, creation, and survival. Access to finance therefore helps the MSEs to increase their profit margin as they have the chance to diversify market and expand their enterprise which will lead to increased employment. The impact of access to finances on growth is supported by Maiyo [13] who found out that access to finance had a positive significant relationship with business performance and the findings of Waliaula [37] who stated that access to finances is an important tool for business growth.

YEDF Market Linkage Services

Market support is critical for the growth and general success of any youth owned enterprises, and this is where many businesses with immense potential have failed, due to their inability to access the right markets for their products and services. However, the results of this study found an insignificant association between YEDF market linkage services and MSEs growth at $\alpha = 0.05$, which contradict the findings of Faida Market Link [36] assert that YEDF market linkage approach brought together the supply and the demand side of an enterprise, that will assist in the development of a specific enterprise. This may have been contributed to by lack of relevant information on training and enterprise development and as such, it is imperative for YEDF services to promote and strengthen their market linkage services. It is also worth

noting that the beta value of the YEDF linkage services was slightly high though not significant, and this may have been affected by the presence of multicollinearity, whereby the effect of this factor on the growth of MSEs might have been influenced by other factors in this study, e.g., marketing services. For example, according to Badal [8], the market linkage services provide the opportunities for businesses to share information that will help to promote business growth. Moreover, the findings by McCommick [9] conclude that linkages aid businesses to attain high productivity.

Marketing Services

Marketing is considered as the heart of any successful business growth. Promotional, advertising campaigns and decisions for an appropriate media combined with creative execution have the potential to build awareness, acquire new customers and give the business a competitive edge. The findings of this study hence established a significant positive association between marketing services and MSEs growth at $\alpha = 0.05$. The results of the study concur with the findings of Marketing Cents International [9] which suggested that marketing services stimulate local market response and market opportunities, in order to provide to the youth owned services. These findings suggest that success of MSEs relies on YEDF marketing, and hence, YEDF needs to assist in exposing these enterprises to potential consumers. Marketing is deemed not only as an essential element but also as a very important activity that enables businesses to both survive and grow. Therefore, YEDF needs to facilitate ways through which youth businesses have their products and services marketed in both the local and global markets, that will lead to high sales and hence increased profitability and MSEs growth, and these finding are also further supported by Faida Market Link [36] who found out that linking supply with demand promotes business growth; and thus effective marketing will lead to increased sales and resulting in profitability.

Business Development Services

According to the European Commission, Business Development Services help micro, small and medium-sized enterprises (MSMEs) in developing countries to run their business more profitably, as well as allowing the private sector to become a more effective driver of socially-inclusive development. This has been confirmed by the findings of this study which found a significant positive association between YEDF business development services and MSEs growth and is also supported by the findings of the study of Heathwood [38] who considers planned mentorship and grant mentorship valuable for young people. Particularly, a formal mentorship arrangement provides young people with industry professionals, and an understanding of the likely career paths within the industry, resulting in enlarged confidence. Furthermore, successful mentoring requires matching mentors and youth on the relative criteria of the on-going training

and contact frequency. Cox [39], states that mentors and mentees bond in an informal mentoring relationship, which challenges the organizers of many formal mentoring systems. Clutterbuck [40] noted that when people come together without guidance and clarity, the mentoring role becomes a challenge, and he further states that not only is the relationship very variable, but the pairing will omit people who don't fit into their culture, gender, race, or in some other distinguishing factors. It is in his view that such an environment contains some structured elements that give an organization the greatest value by integrating both formal and informal mentoring. Therefore it is vital for the youths to engage in entrepreneurship training before and after getting the loans as well as provided with adequate market information, for their operational areas to be more proficiency for competitive advantage.

SUMMARY OF FINDINGS AND CONCLUSION

Summary of the findings

YEDF Lending Financing Services

The study ascertained a significant positive association between YEDF Lending Financing Services and MSEs growth ($p < 0.05$). These findings suggest that growth opportunities are experienced when there is access to finances, particularly on the creation, survival, and growth of an enterprise, which is often hindered by the inability to access funding. Sales and profit margin of MSEs normally increase if they are able to access finances as this enable them to diversify, market their products and expand their businesses that can lead to increased employment.

Market Linkage Services

The findings of the study established that there was no significant positive association between YEDF market linkage services and MSEs growth ($p > 0.05$). These findings suggest that the current YEDF market linkage services have not enhanced target markets, and as a result, the MSEs lack the benefits of collective efficiency; making them unable to connect with large producers, expand into national and global markets, enjoy the benefits of economies of scale, reduce their costs in the value chain and improve their quality.

Marketing Services

The study established a significant positive association between marketing services and MSEs growth ($p < 0.05$). The findings suggest that the YEDF marketing services are very important to the success of an MSE, and hence YEDF should expose these enterprises to potential customers. Marketing is also recognized as one of the most important and critical elements that help in the survival and growth of enterprises. Consequently, YEDF has facilitated youth owned MSEs to have their services and products marketed in both the domestic and global markets, and this has led to an increase in their sales and profitability as well as growth.

Business Development Services

The study established a significant positive association between YEDF business development services and MSEs growth. These findings suggest that business development services have enabled the MSEs to improve profitability and growth, however, YEDF needs to focus more on mentorship, coaching, and entrepreneurship training, since they greatly help in creating employment directly to the youth through such programs, as well as those youths who may want to start new or improve their existing enterprises.

CONCLUSION

In summary, Youth Enterprise Development Fund is seen to have offered the MSEs an exceptional chance to have the ability to access monetary support that can enable them to either start or expand their enterprises. The strategic emphasis of the YEDF lies in MSEs growth, which aligns with the YEDF's objectives are aligned to. Nonetheless, the current study established that YEDF has a long way to go to achieve MSEs growth, even though it may seem to have made some impact on MSEs growth. Some of the YEDF services such as market linkage services are perceived to be still lagging behind. Hence, YEDF needs to put in more effort in order to fully and effectively attain its established objectives and develop the MSEs.

Recommendations

Based on the above findings, this study makes the following recommendations. YEDF needs to strengthen market linkages services to bring together the supply side and demand side of an enterprise, for the purpose of developing a specific enterprise, by obtaining the relevant information on training, enterprise development, as well as intensify the Lending Financing Services offered to MSEs, so as to minimize the access of business finance problem.

Also, YEDF should focus their Marketing services attentions on the actual needs and opportunities from the current and potential entrepreneurs by developing programs, stimulating market development, sustaining the products or services as well as obtaining solutions to the various requirements needed. Likewise, the YEDF Market mechanisms should be encouraged to respond to youth needs by facilitating and stimulating local market responses, instead of just using temporary direct service providers.

Finally, the MSEs market processes should be undertaken efficiently and at the least cost, with minimum losses occurring at each stage, as observed in the relationship among wholesalers, producers, and retailers who play an important role in the marketing of products and services.

Suggestions for further studies

The current study examined the effect of YEDF services on the growth of MSE. Over the last

decade, the Kenyan government has greatly strengthened its support of MSEs at the constituency level by embracing institutional financing such as YEDF, WEF, and Uwezo fund, therefore it is suggested that further studies need to be done on the effects of Uwezo fund and Women Enterprise Fund (WEF) on growth of MSEs in other constituencies.

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